

Triumph Gulf Coast, Inc.
MyFloridaTriumph.com

The Honorable Van W. Johnson, Sr.
Mayor
City of Apalachicola
1 Avenue E
Apalachicola, FL 32320

June 19, 2019

Dear Mayor Johnson:

Thank you for submitting an application for funding to Triumph Gulf Coast, Inc. We appreciate your time and effort and your commitment to creating a better Northwest Florida.

As you may know, Triumph Gulf Coast has received many more requests for funding than can be supported with the resources available to us. Unfortunately, after a thorough review by our professional advisors, it does not appear that your proposal meets our purposes and requirements for substantially improving the economy of the eight counties disproportionately affected by the Deepwater Horizon Oil Spill.

We are required by law to score each application as to its likely return on investment and potential for diversifying and enhancing our regional economy. Proposal # 34, "City of Apalachicola Solar Project", was scored as an F based on its failure to identify a quantifiable financial match and the economic impact information provided in the application. By statute, Triumph Gulf Coast is not allowed to provide 100% of the cost of any project.

Proposals with a score of C, D, or F will not be recommended to our Board of Directors. There is no certainty that all A and B scored proposals will be funded.

The City of Apalachicola proposal to install solar panels at two city-owned locations to generate electricity to be used by the City for various purposes would include charging of City-owned electric vehicles, reduction of city utility costs, and reduction of customer ad valorem taxation. The project partner is Duke Power, which will provide electric vehicle charging stations. The request for Triumph Gulf Coast funding for \$900,000 represents 100 percent of the total cost of the project as presented in the proposal. ***Because the project does not include a financial match, it does not meet the statutory eligibility requirements for a Triumph award.*** However, the project also mentions that Duke Power will install charging stations in Apalachicola as part of the project. Because the City would need to purchase and use electric vehicles as part of this effort, it seems that the City will also provide match to make the project work. Thus, the project appears to have a match component, although that match is not specifically identified.

If we consider that the project does have the Duke Power match and the City's own match and thus is potentially eligible for a Triumph award, then it is appropriate to calculate an economic impact score. The proposal states on the first page of the "Additional Details" section that the installation will save the taxpayers of Apalachicola some \$1.5 million dollars over the next 25 years that they would otherwise have had to pay in the form of higher electricity rates. The City is willing to commit to use 45 percent of the anticipated electricity bill savings to fund ad valorem tax rate reductions for residents of Apalachicola. Thus, the \$1.5 million in anticipated savings would represent additional available revenue for the City as well as lower ad valorem taxes for residents.

The Triumph Board has usually wanted to measure the increment to wages from net new jobs versus the cost to Triumph. However, if the Board wished instead to consider an infrastructure project such as this one that does not have a direct job commitment, it could consider the electricity cost saving as an increment to disposable personal income. Here we consider the upfront Triumph costs of \$900,000 against the anticipated \$1.5 million (\$60,000 per year for 25 years) in savings. Using a 10-year window to measure anticipated benefits, we find that the sum of benefit measured in discounted dollars, \$1,151,799, for a benefit to cost ratio of 1.3. If we were to expand that window to 20 years of benefits, then the benefit to cost ratio would rise to 2.2. However, this is a very low benefit to cost ratio relative to the portfolio of Triumph projects. While Franklin is a disadvantaged rural County severely affected by Hurricane Michael, the low benefit to cost ratio and the lack of direct job creation lead staff to score this project as an "F."

We appreciate your participation and welcome any future proposals that more closely fulfill the purposes and requirements of Triumph Gulf Coast.

Sincerely,

A handwritten signature in cursive script, appearing to read "Susan Skelton".

Susan Skelton
Executive Director