

## **Application Score Sheet**

Proposed Project: Walton EDA/Walton County/DeFuniak (#190)

Proposed Project/Program County: Walton

Board of County Commission Support: Yes

Total Projected Project Cost: \$4,742,407

Match Provided: \$3,000,000

Triumph Funds Requested: \$1,742,407 (36.7%)

Triumph Funds Recommended by Staff: \$1,742,407

Score: A

ROI: An expected increase of \$23 dollars in personal income for every Triumph dollar spent.

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### **Economic Analysis and Score**

The Walton Economic Development Alliance (Walton EDA) Walton County and the City of DeFuniak Springs jointly request \$1,742,407 to extend water and sewer service along the west side of US 331 for nearly 4 miles. The extension would run from approximately 1-10 south to just north of Eglin Range Road. The Walton EDA, in conjunction with the County, currently has an option for purchase of parcels of land along the corridor that would be suitable for business, industrial, and commercial development. The Triumph request represents 37 percent of expected total project cost.

The project has committed to creation and maintenance of at least 100 new to Florida jobs at the new Park that are QTI eligible paying an average wage (before fringes) of 115 percent of the County wage. A firm commitment is in hand from a defense contractor currently active at DeFuniak airport for the creation of 40 such jobs at the new site. Because the contractor already has approximately five jobs at the existing DeFuniak airport, the net new job creation would be 35 jobs. Because most existing industrial sites in Walton County are now fully committed, the County, City of DeFuniak and EDA are confident in guaranteeing the additional job creation and have offered to pledge Highway 331 TIF revenue as collateral for the guarantee. The cost per direct job is thus \$17,424, which is quite competitive with other infrastructure programs approved for potential funding by Triumph.

### **Return on Investment**

Staff used the REMI model to run the analysis of the impact of these jobs in the Triumph counties (including impacts in Walton and in adjacent counties). We used a window of 7 years following the completion of the infrastructure, so as incorporate infrastructure installation cost to be incurred in 2020, followed by a three-year ramp-up period of new jobs, followed by a four-year maintenance period during which jobs are guaranteed (through 2027). The increment to personal income, adjusted for expected inflation of two percent and then using a real discount rate of four percent, is \$39.1 million. Dividing this by the Triumph cost of \$1,742,407 yields an

expected increase of \$23 dollars in personal income for every Triumph dollar spent. Using an alternative assumption of a 10-year job period yields an expected increase of \$33 per Triumph dollar spent, while use of a 20-year job period yields an expected increase of \$62 per Triumph dollar spent.

Given the good economic impact of these direct jobs sector and the ability to improve infrastructure in a key County asset, staff score this program as a "A."

### **Project Summary (based on information provided by the applicant)**

In a joint application, the Walton Economic Development Alliance (Walton EDA) Walton County and the City of DeFuniak Springs are requesting \$1,742,407 to extend water and sewer service along the west side of US 331 for nearly 4 miles. The extension would run from approximately 1-10 south to just north of Eglin Range Road. The EDA in conjunction with the County is currently negotiating for parcels of land along the corridor that would be suitable for business, industrial, and commercial development. The proposed project is located in a state designated Rural Area of Opportunity (RAO).

The Walton County Board of County Commissioners (BCC) will oversee construction of the project through project completion and provide matching funds. The City of DeFuniak Springs will operate, maintain and collect revenue from the system once it is constructed.

The parcels on US 331 are near Eglin AFB site C-6 and are expected to serve as an attractive location for the growth of aerospace related jobs. The Pentagon's recently announced migration of approximately 2000 jobs over 5 years from Ohio to Eglin for a weapons testing program is expected to bring an influx of defense industry contractors seeking locations in close proximity to site C-6 in Walton County.

The Walton EDA is currently working with a defense contractor who has committed to 40 new jobs over a 3 year period if the corridor can obtain water and sewer. Eglin AFB currently has in excess of \$21 Billion in contracts to be executed over the next several years. Site readiness improvements along US 331 will provide Walton County and DeFuniak Springs an opportunity to compete for these new high tech jobs.

Walton County is one of the fastest growing counties in the United States. Business growth has occurred where infrastructure (water, sewer, and electricity) is in place. Shovel ready parcels including, Mossy Head Industrial Park are nearing capacity.

Traveling south from 1-10, the four mile proposed project area is essentially an "economic desert." The lack of water and sewer capacity is the principal detriment to bringing in new business to this area.

The proposed project is expected to enable the attraction of high paying professional jobs, not only to service Eglin and Site C-6, but also to enable already existing businesses the opportunity to expand and grow in areas of Distribution/Logistics and Manufacturing. Available sites along

the corridor are also expected to allow for a shift away from tourism related jobs and towards jobs that increase wages for families in the region.

**Funding and Budget (as provided by the applicant)**

5. Please provide a Project/Program Budget. Include all applicable costs and other funding sources available to support the proposal.

A. Project/Program Costs:

Example Costs (Note: Not exhaustive list of possible Cost categories.)

Construction: \$4,742,407.00

**Total Project Costs: \$4,742,407.00**

B. Other Project Funding Sources:

Example Funding Sources (Note: Not an exhaustive list of possible Funding Sources.)

City/County Funding \$3,000,000.00\*

**Total Other Funding \$3,000,000.00**

**Total Amount Requested: \$1,742,407.00**

\*Walton BCC will be using \$3,000,000 of Restore Act Pot #1 money as a match.

**Letters of Support**

Walton County Commissioners

City of DeFuniak Springs