

Application Score Sheet

Proposed Project: Santa Rosa County Board of County Commissioners, Project Runner Infrastructure (#205)

Proposed Project/Program County: Santa Rosa

Board of County Commission Support: Yes

Total Projected Project Cost: \$65,300,000

Match Provided: \$51,500,000.00

Triumph Funds Requested: \$4,500,000.00

Triumph Funds Recommended by Staff: 4,500,000.00

**This proposal is requested in conjunction with Proposal #163*

Score: A

ROI: An expected increase of \$30 dollars in personal income for every Triumph dollar spent.

Economic Analysis and Score

The Santa Rosa County Board of County Commissioners is requesting \$4,500,000 to fund infrastructure improvements for Project Runner (confidential per s.288.075, F.S.). These funds would be used to fund certain infrastructure improvements associated with development of the property in question at the Blackwater Industrial Park.

The project has committed to create at least 400 new to Florida jobs at the Park paying an average wage (before fringes) of \$46,000. The County notes in its application that it is also requesting funding of \$3,500,000 in order to abate certain property taxes for the site. Taken together, the County is requesting \$8,000,000 and will commit to at least 400 new sustainable high wage jobs. The cost per direct job is thus \$20,000 which is competitive with other infrastructure programs approved for potential funding by Triumph.

Given that this is a competitively recruited project that is also considering Alabama or Georgia, it is appropriate to consider every job as a net new job that may not exist in Santa Rosa absent the Triumph incentive, so that the associated wages would be net new to our area. Staff used the REMI model to run the analysis of the impact of these jobs in the Triumph counties (Santa Rosa has the lion's share of the impact). We used a window of 8 years following the award, so as incorporate infrastructure installation cost to be incurred in 2020 - 2022, followed by a three-year ramp-up period of new jobs, followed by a four-year maintenance period during which jobs are guaranteed (through 2028). The increment to personal income, adjusted for expected inflation of two percent and then using a real discount rate of four percent, is \$240 million. Dividing this by the Triumph cost of \$8 million yields an expected increase of \$30 dollars in personal income for every Triumph dollar spent. Using an alternative assumption of a 10-year job period yields an expected increase of \$45 per Triumph dollar spent, while use of a 20-year job period yields an expected increase of \$102 per Triumph dollar spent.

Given the good economic impact of these direct jobs in the transportation and logistics 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)

The Santa Rosa County Board of County Commissioners is requesting a \$4,500,000 Triumph grant to complete county infrastructure to the Blackwater Industrial Park for confidential competitive economic development project, Project Runner (Confidential per s. 288.075, F.S.). Infrastructure improvements would include a road to access the industrial park from Highway 87 along with extending water, sewer, and electrical to the site. All improvements will be on a county owned and maintained easement. All improvements will also benefit future tenants on the remaining 136 acres of the Florida First Site.

The Santa Rosa Economic Development Office and Enterprise Florida, Inc. have been engaged with a distribution company seeking to expand their presence in the Southeast. In recent months discussions have intensified. With competition from Birmingham and New Orleans, a competitive incentive package is required to win the project.

The Triumph funding will be used to complete infrastructure construction to the Blackwater Industrial Park specifically to allow a distribution company to expand into the site with a new 350,000 sq foot warehouse. Suppliers to the distribution company have already expressed interest in also expanding into this and the adjacent county-owned I-10 Industrial Park to maintain proximity to the distribution company as it expands and better services the southeastern market from New Orleans to Birmingham to Jacksonville. Once the infrastructure is in place, it will be maintained by the county.

Project Runner has committed to create at least 400 new to Florida target sector jobs in the distribution industry - Global Logistics and Trade. The jobs will have an average annual wage of \$46,000 and the company will make a capital investment of at least \$50 million. According to the US Census American Community Survey, the median earnings for an individual worker in Santa Rosa County is \$31,333.

The infrastructure grant to Santa Rosa County would be part of a competitive incentive package that also includes tax refunds from the county and state as well as a property tax abatement grant requested from Triumph. Annual job and wage reports from the company will be required to ensure that target goals are being met to gain the value of the tax refunds.

This project would have a transformational impact on Santa Rosa County by becoming one of the largest employers in the County at over 125% of the average county wage (EFI State of Florida Incentives Average Wage Requirements). This project would also spur additional growth in regional industrial parks. Supply chain suppliers have already begun inquiring about co-locating with the facility.

The Santa Rosa Board of County Commissioners has worked for years to bring higher paying jobs to the County. The current net inflow/outflow of commuters is largely outward from Santa Rosa County. Workers are commuting outside the county to higher paying jobs. They are

commuting to the metropolitan core areas of Pensacola or Fort Walton Beach or to Crestview. The downturn of the economy in 2008 and the Deepwater Horizon Oil Spill in 2010 both hit the county's economy very hard (unemployment rose from 2.8 in 2006 to 9.5 in 2010) because of the reliance on growth in the construction/housing industry and tourism for jobs and revenues.

Years later, the choice among better paying jobs in the county is still limited. As of 2016 according to the Northwest Florida Forward County Snapshots, a publication of Florida's Great Northwest, the top five industry sectors by employment are, in order, elementary and secondary schools, limited service restaurants, full service restaurants, the federal government including military, and local government. Missing from the list are the types of industries that can create an industry cluster around a major consumer of other businesses products.

It is intended that this major distributor, by locating at the Blackwater Industrial Park, will attract not only other distribution businesses but also businesses within the supply chain of the distributor. Development of the distribution industry will not only diversify the economy but would also provide stability as the need increases nationally and locally for distribution hubs. According the American Trucking Association, demand for product transportation will increase, from 16 billion tons in 2018 to 21.7 billion tons by 2029.

Garner Economics, LLC in its 2018 strategic plan for Santa Rosa County, *Building a Better Santa Rosa County: A Five-Year Strategic Blueprint for Economic Development* listed many characteristics of Santa Rosa County that support the efficacy of Distribution and Logistics businesses succeeding if locating in the county. Some of those include excellent interstate access, rail service via CSX, proximity to Pensacola & Mobile Ports, high number of military veterans in area with logistics & related skills and availability of distribution-oriented workforce.

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

PROJECT RUNNER BUDGET

INFRASTRUCTURE

Capital Investment	\$50,000,000
Triumph Request (<i>Infrastructure application</i>)	\$4,500,000
EDA Grant	\$1,500,000
TOTAL INFRASTRUCTURE	\$56,000,000

TAX REDUCTION

Triumph Request	
	\$3,500,000
State QTI	\$960,000
SRC QTI match	\$240,000
EDATE	\$3,400,000
SRC QTI	\$1,200,000
TOTAL INCENTIVE PKG	\$9,300,000

TOTAL PROJECT BUDGET	\$65,300,000
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Percent of Project Cost (Infrastructure Request)	6.89%
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Percent of Project Cost (Tax Reduction Request)	5.36%
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Total Amount Requested (<i>Infrastructure application</i>):	\$4,500,000
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Project Runner Infrastructure Proposal

Proposed improvements subject to change once design is complete.

