

Application Score Sheet

Proposed Project: City of Mexico Beach, Artificial Reef/Casino Boat Wreck (#155)

Proposed Project/Program County:

Board of County Commission Support:

Total Projected Project Cost: \$1,100,000

Match Provided: \$130,00

Triumph Funds Requested: \$970,000 (88%)

Triumph Funds Recommended by Staff: \$0

Score: C

ROI: Underminable based on information provided in the application

Economic Impact Analysis and Score

The City of Mexico Beach is requesting an infrastructure award of \$970,000 from Triumph to purchase an artificial reef to be located Southwest of the Mexico Beach Canal. This amount represents 88.2% of the estimated total project cost of \$1,100,000. The matching funds are to be provided from pledges funded by the Mexico Beach Artificial Reef Association (MBARA) in the amount of \$80,000 and by St. Joe Community Foundation in the amount of \$50,000. These amounts were identified in letters from MBARA (11/18/19) and St. Joe (7/3/18) and included in the proposal.

The City's application notes (p15) that it is the permit holder for its reef sites and that upon construction completion, no maintenance or upkeep is required. The required permit from the US Army Corps of Engineers SAJ-2006-1340-IP was issued on November 27, 2006 and will expire and require reauthorization on November 1, 2022. The proposal notes (p35 of pdf file) that Walter Marine/Reefmaker offers a salvaged Casino Boat as a candidate for a large-scale artificial reef/shipwreck project. The heavy gauge steel vessel has dimensions of 215' in length x 66" wide x 70' tall, displacing 2,165 tons. It would be deployed in 102' of water some 18.8 miles southwest of the Mexico Beach Canal. It is expected to be a viable reef for 50+ years (pdf page 37)

The artificial reef to be created with the sunken casino ship is intended to provide a new transformational marine habitat to promote tourism/ecotourism, boating, commercial/recreational fisheries, and SCUBA diving activities. It is also intended to enhance hotels, restaurants, marinas, charter boats and other commercial and recreational activities. The proposal cites studies showing that artificial reefs such as the USS Oriskany (sunken off the coast of Escambia County) and other artificial reefs generate tourism commerce and bed tax collections. The project is recommended by the Mexico Beach City Council (letter dated 12/2/19), the Mexico Beach TDC (letter dated 12/10/19), Bay County TDC (letter dated 1/2/20) and Gulf County TDC and BOCC (letter dated 11/25/19).

While the proposal cites studies associating job creation with artificial reefs, the proposal does not identify specific sources of net new jobs to the area nor does it propose a specific number of jobs guaranteed to have been created by the presence of the new reef. Further, the average wage identified by the 2014 Huth et al study (p43 of pdf) was \$26,360 (translated forward to 2020 dollars from the original 2014 dollars). In contrast, the most recent annual average wage requirement for Bay County for State of Florida incentives was \$38,736, so that the expected wage (as taken from the Huth et al study) was 32 percent below the County average and 41 percent below the level that the Triumph Board would typically require for an award of job creation incentives.

Because of the lack of a specific net new job creation number and associated performance guarantee by the applicant, and because of the low wages likely to be associated with the jobs that may be created in the tourism sector, staff score this project as a “C” and do not recommend further consideration by the Triumph Board at this time.

Project Summary (based on information provided by the applicant)

The City of Mexico Beach is requesting a \$970,0000 Triumph grant to create an artificial reef 18 miles off shore to enhance recreational fishing in the region. The project, using a large vessel as the structure, proposes to provide a new transformational marine habitat for environmental conservation of marine life promoting regional economic trade related to tourism/ecotourism, boating, commercial/recreational fisheries, and SCUBA diving activities.

This project aims to impact and enhance all community services such as hotels, restaurants, marinas, fishing/diving charter boats, tackle shops, dive shops, and numerous other entities supporting both commercial and recreational activities.

According to the applicant, Florida reportedly has the largest complement of permitted artificial reefs in the nation with large ships having a greater value as large artificial reefs. Larger reefs have capacity for large groups of divers and fishermen aboard recreational chartered vessels.

Florida Fish & Wildlife Conservation Commission (FWC) manages the state’s artificial reef program. On a regional scale, County and City Artificial Reef Coordinators annually request funding, plan for and execute reef construction creating an evolving and interconnecting marine ecosystem/infrastructure to increase/improve commercial/recreational resources for public diving/snorkeling and fishing along Florida’s Atlantic and Gulf coasts.

The large vessel selected will be prepared according to the Best Management Practices for Preparing Vessels Intended to Create Artificial Reefs published by the U.S. Environmental Protection Agency & The U.S. Maritime Administration Gulf States Marine Fisheries Commission Guidelines for Marine Artificial Reef Materials to meet US Army Corps of Engineers artificial reef permit requirements.

While much of Florida has natural reefs, artificial reefs also contribute to the local economy. For example, estimates from research submitted by The University of West Florida indicate there are

more than 4,200 chartered dive trips taken annually to the artificial reef/aircraft carrier Oriskany off of Pensacola, carrying divers from all over the world. Annual revenue generated from visitors traveling from Escambia and Baldwin counties is estimated at \$2.2 million, and dive-related expenditures drive an economic impact of \$3.6 million in local output and additional jobs while generating \$1.4 million in local income. (Source: 2018 DEMA “Fast Facts: Recreational Scuba Diving and Snorkeling”)

Using the USS Oriskany as a model, the applicant predicts this project could generate \$1-1.4 million per month in tourism commerce for Bay and Gulf Counties. And increase Bed-tax collections by 17% (Source: Artificial Reefs International). Travel cost models indicate an average use value of \$1,215 per diver with current Oriskany dive trips. (Source: U.S. Environmental Protection Agency National Center for Environmental Economics).

The Empire Mica was sunk approximately 24 miles offshore south of Gulf County in 1942. After 77 it’s still a viable reef today and continues to attract divers and fishermen. The proposed project is expected to be a viable reef for 50+ years without need for maintenance costs after sinking. Reefs/wrecks provide an excellent foundation/substrate for marine organisms to attach and grow, setting up habitat and ecosystems mimicking natural reefs. Overall, nature takes over maintenance and sustainment of the reef/wreck. Upon completing the project at the time of sinking the vessel, no further maintenance or funding will be required. The project will be indefinitely financially viable supporting the growth of recreation and tourism depending on our marine resources.

The MBARA sustains and maintains the City’s artificial reef program. The organization has a 20- year history of successfully and promptly providing deliverables required to the Florida Fish & Wildlife Conservation Commission for State and Federal grants.

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:	
	Construction	\$ 1,085,000
	Reconstruction	\$ _____
	Design & Engineering	\$ _____
	Land Acquisition	\$ _____
	Land Improvement	\$ _____
	Equipment	\$ 10,000
	Supplies	\$ 5,000
	Salaries	\$ _____
	Other (specify)	\$ _____
	Total Project Costs:	\$ 1,100,000

B. Other Project Funding Sources:

Private Sources \$80,000

Other Sources \$50,000

Total Other Funding \$130,000

Total Amount Requested \$970,000

The Mexico Beach Artificial Reef Association Inc (MBARA) is nonprofit 501(c)(3) organization representing its, members, donors, and sponsors supporting Mexico Beach's artificial reef program. The MBARA pledges \$80,000 in matching funds for the project. In addition, the St Joe Community pledges another \$50,000 for the project for a total of \$130,000.

Letters of Support

City of Mexico Beach

Mexico Beach Community Development Council

Panama City Beach Convention and Visitors Bureau

Gulf County Tourist Development Council