

Application Score Sheet

Proposed Project: The Panama City Port Authority, Intermodal Distribution Center Expansion (227)

Proposed Project/Program County: Bay

Board of County Commission Support: Yes

Total Projected Project Cost: \$7,419,221

Match Provided: \$4,419,221

Triumph Funds Requested: \$3,000,000 (40%)

Triumph Funds Recommended by Staff: \$3,000,000

Score: A

ROI: \$33.2 in additional personal income per Triumph Gulf Coast dollar requested

Economic Analysis and Score

The Panama City Port Authority proposes improvements to their Intermodal Distribution Center (IDC) including an extension of Commerce Boulevard to provide access to the industrial sites, and the realignment and extension of water, sewer, and electrical service, and the construction of storm-water ponds and the improvement of forty-five acres of industrial property. The Port Authority is requesting \$3,000,000 from Triumph to undertake these engineering and construction activities. The Port notes that the proposed award will bring total seamless investments in this phase of the IDC property to a total of \$7,419,221, so that the Triumph award represents 40.4% percent of all improvements in this phase of the IDC. Of the specific activities within this phase of the IDC to be undertaken in 2020-2021 with the Triumph dollars, the Port Authority brings 34 percent match.

The Port Authority expects to enable creation of between 175 and 375 new jobs due to the specific improvements to be funded. The Port Authority notes that these jobs would be expected to pay wages of between \$56,191 (if typical of Bay County warehousing jobs) and \$80,123 (if typical of Bay County manufacturing jobs).

Assuming that the Port Authority guarantees the lower of those two jobs figures (i.e., 175 jobs), then the cost per direct job to Triumph Gulf Coast is \$17,143. This is competitive with other infrastructure programs approved for funding by the Board. It is expected that the increment to personal income in the region over both phases of the project will be as much as \$99.7 million over a 10 year job maintenance period following completion of the improvements and associated employment ramp-up. This represents \$33.2 in additional personal income per Triumph Gulf Coast dollar requested.

For these reasons, staff score this program as a "A."

Project Summary (based on information provided by the applicant)

The Panama City Port Authority is requesting a \$3,000,000 Triumph grant to expand and provide site readiness upgrades at the Port's inland Intermodal Distribution Center (IDC). The project includes extension of Commerce Boulevard to provide access to the industrial sites; the realignment and extension of water, sewer, and electrical service, construction of two storm-water ponds and site improvements on forty-five acres of industrial property.

The Port Authority developed the IDC to support growth in the warehousing and distribution sector which could serve the Port's new Mexican trade and provide "shovel ready" industrial sites suitable to large scale manufacturing operations. The proposed expansion project promotes manufacturing and transportation related jobs to create a more balanced and diverse economy that is less vulnerable to the ups and downs of tourism or military spending.

The Port of Panama City is the primary U.S. port for containerized imports and exports between the U.S. and the state of Yucatan, Mexico. In recent years, there has been a significant increase in the diversification of manufacturing activity in the Yucatan. Much of the new production is based on supplying the U.S. market. As U.S. companies are reducing reliance on Chinese companies, the reliance on Mexican suppliers had been growing.

The quality and scale of the industrial sites proposed at the IDC are designed to attract new manufacturing jobs, which are expected to produce new long-term tax revenues for local government and permanent jobs with wages well above the average for Bay County.

The increased availability of industrial land will provide the Bay County EDA with the flexibility to attract either a large manufacturing prospect to the IDC, or to locate two or three smaller manufacturing operations on the site. It should be noted, there are very few large rail-serviced industrial sites in Northwest Florida.

Currently, there are approximately 175 full time jobs related to the FedEx Ground operation located at the IDC and two tenants operating in the Port Authority's 250,000 sq. ft. distribution facility. The operations provide critical transportation and logistics support to the large local Trane plant and to Port users.

One of the Port's tenants is ramping up the national distribution of imported kitchen cabinets from Mexico and is estimating the need for an additional 200,000 sq. ft. of distribution warehouse space within two years.

The Panama City area generally has no available large modern warehouse facilities (100,000 sq. ft. or more). Such facilities are essential to transportation infrastructure, which supports other economic activity in the region. The Port Authority has direct experience related to the local demand for modern warehouse space with adequate loading docks, good flat floors, and high clearance of which limited inventory currently exists. The Port expects a steady number of importers to be interested in new modern warehouse space for distribution of products produced in Mexico.

Through the development of new distribution warehouse capacity at the IDC, the Port of Panama City expects to increase its role in the U.S. – Mexico trade and to solidify its position in that trade by attracting related logistics activity to the IDC. The long-term expansion of this trade will, over time, distinguish Northwest Florida as the gateway to Southern Mexico.

The Port also has a history of attracting manufacturing to the region based on the attractive logistics for certain industries. Examples of that include Berg Pipe, Oceaneering, and Enviva Partners. Together, these companies have invested in excess of \$100 million in their respective plants and have created hundreds of good jobs. Berg has operated continuously for forty years. Oceaneering has been operating for sixteen years and recently renewed their lease for another ten years. The Enviva pellet plant has been producing biofuels for eleven years and is considering a significant expansion.

The Port Authority has consistently partnered with the City of Panama City on development of the IDC. The City annexed the site into the City and has invested over \$1 million in water and sewer infrastructure. The City has also loaned money to the Port to incentivize the Port to improve the fifty-four acre industrial site. The City ultimately will accept the ownership and maintenance of Commerce Boulevard once it is completed.

In order to mitigate for the environmental impacts of the IDC, the Port Authority has placed 1,388 acres of adjacent land into a permanent conservation easement. This easement represents a five acre to one acre offset of wetlands impacted. The land within the easement has been enhanced to recreate the natural sand hills and wetlands that existed prior to the conversion to planted pine in past decades.

Based on the current activity, 250,000 sq. ft. of new warehousing should support 75-125 new jobs. In Bay County, these jobs typically produce a \$56,191 annual wage. The additional manufacturing site could support 100-250 new manufacturing jobs which, in Bay County, typically produces an \$80,123 annual wage. The Port Authority is prepared to make a commitment to Triumph Gulf Coast to achieve a reasonable result in new capital investment or new jobs within a five year period of time.

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.)

Road Construction:	\$1,397,000
Design & Engineering:	\$576,000
Land Improvement:	\$5,446,221

Total Project Costs: \$7,419,221

B. Other Project Funding Sources:

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

Port Authority	\$4,275,085
Other (FDOT)	\$144,136

Total Other Funding \$4,419,221

Total Amount Requested: \$3,000,000

Note: The total amount requested must equal the difference between the costs in 3A. and the other project funding sources in 3.B.