

Application Score Sheet

Proposed Project: Panama City - Bay County Airport and Industrial District, Project Gator (#231)

Proposed Project/Program County: Bay

Board of County Commission Support: Yes

Total Projected Project Cost: \$26,435,000

Match Provided: \$21,434,000

Triumph Funds Requested: \$5,000,000

Triumph Funds Recommended by Staff: \$4,780,800 (18.2%)

Score: A

ROI: \$10.8 in additional personal income per Triumph Gulf Coast dollar recommended

Economic Analysis, Impact and Score

The Northwest Florida Beaches International Airport proposes to partner with Space Florida to construct and lease a 65,000 sq. ft. hangar that will allow a leading business in the aviation refinishing sector to expand to Florida. This will put the company closer to several key customers.

Triumph staff analysis is based on a proposed award amount of \$4,780,800 from Triumph as part of the \$26.2 million project that calls for a \$21 million facility along with \$5.2 million in ramp improvements and extensions. The proposed Triumph investment would represent 18.2 percent of total project cost. The airport authority plans to put up \$2.6 million for ramp improvements, and the private sector partner proposes to expend \$15.947 million for construction of the hangar and necessary items. The Florida Department of Transportation is shown in the application to have a \$2.6 million commitment to ramp improvements.

For purposes of calculating this impact score, we use the company's estimated wage bill as presented in the award application. The average pay meets the 115 percent of the current EFI-specified average wage for Bay County. That average wage to be used in 2020 incentive calculations is \$38,736, so that 115% of the average wage is then \$44,546. The projected payroll of \$4.5 million would fund 96 positions at project ramp-up, for an average of \$46,875, or more than \$2,000 per year above the 115 percent threshold.

For a job guarantee of 96 jobs and an award amount of \$4,780,800, the cost per direct job to Triumph Gulf Coast is \$49,800. This is at the higher end of costs per job relative to other infrastructure programs approved for potential funding by the Board. However, the proposed private sector is in the key aviation maintenance, repair, and overhaul (MRO) business sector and may well serve as the nucleus of an MRO cluster for the Northwest Florida Beaches International Airport. Further, the business is an active participant in DoD aviation MRO projects, which may both lend stability in uncertain times for passenger aviation, while providing support for Northwest Florida's critical military sector.

It is expected that the increment to personal income in the region over both phases of the project will be as much as \$42.6 million over a 10 year job maintenance period following completion of the improvements and associated employment ramp-up. This represents \$10.8 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 - Bay County Airport and Industrial District is requesting a Triumph grant of \$5,000,000 for confidential Project Gator to support the creation of 96 full-time private sector jobs in the aviation sector in Bay County and further enhance the development of the ECP - Aviation Center of Excellence at the Northwest Florida Beaches International Airport.

The grant funds would be used by the Airport and its partner Space Florida to support the construction of a of a two-bay narrow body hangar (~65,000 sq. ft.) to be located at the Northwest Florida Beaches International Airport.

The hangar will be leased to Project Gator. Once constructed, the proposed hangar for Project Gator will be owned by Space Florida, which is a governmental entity designed by the State of Florida. Upon completion, Project Gator will enter into a long-term lease on the facility and the Airport Authority will hold a long-term ground lease on the Project.

When fully staffed, Project Gator is estimating that they will hire 96 employees at the new location with an average wage of \$45,895, which is over 115% of the Bay County average. The estimated capital investment is approximately \$21M for the Project Gator facility and equipment, with an additional \$5,200,000 needed for necessary ramp improvements and extensions.

Project Gator, an aviation and aerospace company based in the southeast United States, has facilities and operations in three states and desires to expand to Florida. Founded 10 years ago, the Company has grown to be a renowned leader as an aviation refinishing specialist. The company has seen record growth in sales in their business due to their reliable and meticulous approach to servicing customers and their business needs. The company has experienced substantial growth in sales, 53% in 2017, 134% in 2018, and 16% in 2019.

The company has a strong anchor customer base that includes large multinational aviation companies such as Delta Airlines, Northrop Grumman Company, and AAR MRO Services. To expand its customer base, the company has leveraged their 25-year relationships in the industry to win several new clients with the intent to diversify.

In 2019, the company secured projects with cargo carriers, regional carriers, and additional military carriers. Because of the company's growth and vision, the company is evaluating siting a new business location in Panama City, Bay County, Florida. Once operational, the project will allow Project Gator the opportunity to begin operation in a fourth location and service additional customers and contracts to support their growing business. This potential expansion will have no impact to the company's current operating locations.

Currently, with one fixed and two remote locations, the company has capacity for 12-14M of annual revenue. Adding Project Gator would put the company in a position to grow to capacity of >25M of annual revenue. According to the applicant, the pattern of the 4-year revenue history shows that it is now the time to sustainably add capacity for their network of clients.

To support Project Gator, Space Florida has vetted the financials of the Company and reviewed associated support information including performance history, customer list, and planned contracts. Space Florida staff has completed this due diligence and is in the process of securing a financial partner for the financing of the Project.

The applicant and its partners believe the available history of the Company suggests solid revenue growth as well as a willingness to re-invest in preparation for sustainable growth. The company's reputation with existing customers, their partnerships with industry leaders, and ability to pivot to growing market sectors ensure measurable growth. The company hopes to capitalize on a "bottleneck" of opportunity that is certain to exist 2021-2024.

Should Project Gator locate at the Northwest Florida Beaches International Airport, it will be the first major investment from a private aviation maintenance company at the Airport. Additionally, the investment would be a major milestone in the establishment of the ECP Aviation Center of Excellence.

The locating of Project Gator to the Airport would add approximately \$4.5M of private payroll to the Bay County region annually. This new company would contribute significantly to one of the main economic priorities for Bay County - further diversification of the employment base in the community.

The Northwest Florida Beaches International Airport, Airport officials, community officials, and economic development officials, have a vision to establish the ECP Aviation Center of Excellence. This vision combines educational and Airport assets directly to private sector companies. This Center would accomplish several goals for the community. First, it would establish Bay County as a prime location for private sector aviation related companies to invest within. Secondly, it would diversify the regional workforce further beyond the established pillars of tourism and military, helping to remain resilient in the face of unforeseen disasters.

The establishment of this Center of Excellence is also expected to assist in the stabilization of the regional economy in the wake of major disasters. Economic disasters have become more common in the recent decade. In 2010, Bay County was directly impacted by the Deepwater Horizon Oil Spill, in 2018 Bay County suffered through Hurricane Michael, and in the 2020 Global Coronavirus Pandemic has had substantial adverse effect on our largest existing sectors. The establishment of the ECP Center of Excellence and specifically Project Gator would further diversify the revenue streams for the Airport and the region.

Since its opening in 2010, ECP has been considered by site selection consultants and companies for business locations due to it being one of the newest International Airports in the U.S., its 3,000 (+/-) developable acres, global air traffic network, and ready development sites adjacent to

the 10,000 foot long runway. These key assets are the prime contributors to making the Airport a desirable location for economic development projects.

Because of these opportunities available at ECP, the Airport Authority, Bay EDA, Bay County Commission, and several partners have come together and assembled the first two phases of establishing the Aviation Campus called the ECP Aviation Center of Excellence.

To bring the ECP- Aviation Center of Excellence to fruition the establishment of private aviation facilities will be necessary. From maintenance repair and overhaul operations (MRO operations), training schools, painting facilities and more, the need to have private sector involvement is crucial to ensure the success of the ECP Aviation Center of Excellence.

Private company investment will provide the full-time private sector jobs that are necessary to sustain growth at the Airport and act as a pipeline for students coming out of training centers such as Haney Technical Center's FAA Certified A&P Program. Because of the vision of the community leadership and the goal to grow the Airport into an economic development hub, community leaders are working to solidify the establishment of private sector companies at the Airport.

In Northwest Florida and in the Gulf South, the aerospace and aviation industry are prime targets for economic development growth and economic diversification. Northwest Florida has established itself as a burgeoning region for growth in this sector because of its military assets and its geographical proximity to several large original equipment manufacturers (OEMs) and aviation company headquarters. With the aviation and aerospace sector being such a major component of the U.S. economy, Northwest Florida and Bay County specifically, is working to ensure that proper investments are made now to keep pace with the national growth of the sector.

Because of the importance of this Sector for the U.S. economy and for U.S. global security, Northwest Florida has been taking steps to remain a key region for the Sector. As stated in the Northwest Florida Forward Strategic Plan, the Northwest Florida Region has a location quotient of 1.05 in this Sector. However, according to EMSI projections from the University of West Florida- HAAS Center within the Strategic Plan, this targeted cluster is projected to decrease in employment by 16% between 2016 to 2026 within Northwest Florida.

To measure the success and impacts of Project Gator, to Bay County and the surrounding communities, the net new job creation will be measured, along with the average wages of the new positions, overall capital investment of the project, the annual payroll increase for the community, and additional aviation activity to the Airport. These areas will help support the economic diversification of the Bay County economy and support the region that has been so heavily affected by the Deepwater Horizon Oil Spill (2010), Hurricane Michael (2018), and COVID-19 (2020). These reoccurring impacts to the economy, have reinforced community efforts to attract diversified companies, helping to stabilize the Region for future unforeseen crises.

The success of Project Gator is expected to support the marketability of Bay County and Northwest Florida for additional aviation related business investments. Once Project Gator is

established and because of their customer list, the Region is expected to see worldwide exposure to attract other MROs and aviation/aerospace manufacturing companies.

Budget and Funding

To support Project Gator, the State of Florida and Bay County are supporting the project with matching tax incentives including the Qualified Target Industry Tax Refund (QTI). Through this program, the State will be funding up to \$230,400 in tax refunds back to the company. Bay County will also be supporting the project by providing tax refunds up to \$57,600. The total QTI award in support of the project is \$288,000.

The Airport Authority is investing in required infrastructure to support the project. The investment being made by the Airport Authority in partnership with the Florida Department of Transportation for a total of \$5,200,000.

Project #, name	Project Gator- Bay County Florida				
Budget	Jul-20				
Estimated construction start date if applicable	1-May-21				
Estimated education component start date if applicable	Phase 2 of Project is planned to begin in 2023				
	Recruitment	Construction of Hangar and Necessary Items	Personnel & Operations	Ramp Improvements	Total
Please change year # to actual year					
Project Total					
2020		-		-	-
2021	91,000.00	-		4,000,000.00	4,091,000.00
2022	105,000.00	-		1,200,000.00	1,305,000.00
2023	140,000.00	-	6,148,800.00	-	6,288,800.00
2024	327,750.00	-	6,969,375.00	-	7,297,125.00
2024	327,750.00	-	6,969,375.00	-	7,297,125.00
2025	285,000.00	-	7,317,843.00	-	7,602,843.00
2026	285,000.00	-	7,683,735.15	-	7,968,735.15
2027	285,000.00	-	8,067,921.91	-	8,352,921.91
2028	285,000.00	-	8,471,318.00	-	8,756,318.00
Project Total	2,131,500.00	-	51,628,368.06	5,200,000.00	26,279,050.00
Triumph					
2020					-
2021		4,000,000.00			4,000,000.00
2022		1,000,000.00			1,000,000.00
2023					-
2024					-
2024					-
2025					-
2026					-
2027					-
2028					-
Triumph Total	-	5,000,000.00	-	-	5,000,000.00
Grantee- ECP Airport Authority					
2020					-
2021				2,000,000.00	2,000,000.00
2022				600,000.00	600,000.00
2023					-
2024					-
2024					-
2025					-
2026					-
2027					-
2028					-
Grantee Total	-	-	-	2,600,000.00	2,600,000.00
Match Source 1- Project Gator Company (Space Florida for construction)					
2020					-
2021	285,000.00	11,960,250.00	2,808,000.00		15,053,250.00
2022	327,750.00	3,986,750.00	4,498,200.00		8,812,700.00
2023	376,120.00		6,148,800.00		6,524,920.00
2024	327,750.00		6,969,375.00		7,297,125.00
2025	285,000.00		7,317,843.00		7,602,843.00
2026	285,000.00		7,683,735.15		7,968,735.15
2027	285,000.00		8,067,921.91		8,352,921.91
2028	285,000.00		8,471,318.00		8,756,318.00
Match Source 1 Total	2,456,620.00	15,947,000.00	51,965,193.06	-	37,687,995.00
Match Source 2- Florida Department of Transportation					
2020					-
2021				2,000,000.00	2,000,000.00
2022				600,000.00	600,000.00
2023					-
2024					-
2025					-
2026					-
2027					-
2028					-
Match Source 2 Total	-	-	-	2,600,000.00	2,600,000.00