

## Application Score Sheet

Proposed Project: Port of Port St. Joe Port Authority, Dredge Project(237)

Proposed Project/Program County: Gulf

Board of County Commission Support: Yes

Total Projected Project Cost: \$56,308,646

Match Provided: \$41,308,646

Triumph Funds Requested: \$15,000,000 (26.6%)

Triumph Funds Recommended by Staff: \$15,000,000

Score: A

ROI: \$17.6 dollars in increased family incomes for the region over a ten-year window

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### **Economic Analysis, Impact and Score**

The Port of Port St. Joe Port Authority (Port Authority) Proposal describes dredging to be undertaken to improve access to maritime port facilities at the Port of Port St. Joe. It is expected that this dredging will enable addition of maritime traffic, and associated jobs and tonnage that will drive economic activity, as well as revenue and associated jobs via the Port operator.

The Triumph request of \$15 million will be met by \$41,308,646 in match from sources that are anticipated to include Florida DOT, the Gulf BOCC via CDBG funds, and the St. Joe Corporation. This yields a total project value of \$56,308,646, with the proposed Triumph commitment representing 26.6 percent of total project cost. The proposed Triumph commitment would be contingent upon partner participation at funding levels sufficient to keep the Triumph commitment at 26.6 percent or less. Staff recommend that if binding commitments for these match amounts are not in hand by July 1, 2023, that the Triumph commitment would then be withdrawn.

Further, because the Port Authority does not own revenue-generating waterfront assets and thus has limited revenue generation potential, and thus limited ability to provide financial performance guarantees to meet Triumph requirements, contractual participation by partners to cover potential Triumph clawback is likely needed. Such a contractual commitment by the clawback guarantor(s) must be provided to Triumph by the Port Authority and its partners by July 1, 2023 or the Triumph funding commitment would be withdrawn.

The Port Authority states that it has obtained all necessary permits to enable it to dispose of dredged materials, and that the Army Corps of Engineers has all permits needed to conduct the dredging. Due to the lack of a navigable channel, the Port currently cannot support port-dependent businesses that might wish to establish in the region. Both jobs, tonnage, and associated economic activities, including revenue associated with operation of port facilities would be expected to grow substantially in coming years if needed port assets, particularly the navigable channel, allow. Future cargo growth is highly anticipated by the economic

development community, with growth in internationally traded manufactured components, as well as agricultural exports, expected to play a large role.

Staff recommend that the Board incorporate a three-pronged approach requiring attainment of specified levels of jobs created, or tonnage, or operating revenue, as has been done for at least one other port project previously. Staff recommend that any Triumph funding commitment require that port-dependent sustainable jobs (i.e., those regional jobs which likely could not be sustained absent the availability of a functioning Port of Port St. Joe) be at least 375, or, that total tonnage shipped through the Port (including imports, exports, and domestic cargo) be at least 530,000 tons per year, or, that gross revenue generated by Port operations total at least \$4.8 million annually, over the anticipated 3-year maintenance period. This 3-year maintenance period would follow a presumed 3-year period required for accomplishing the dredging improvements, and also a 3-year activity ramp-up period. Triumph would count those port-dependent jobs paying an annual wage (w/o fringes) of 115% or more of the Gulf County average annual wage as measured by the most recent EFI incentive standards, and because the jobs in supply chain logistics have a large earnings multiplier, and because these jobs are in the Water Transportation cluster identified as one of five regional target clusters by the Northwest Florida Forward report, Triumph could consider these jobs as very desirable.

Using a standard of the 2021 Gulf County average wage, i.e., 115% of \$44,165 per job, and 375 jobs, each dollar of TGC expenditure is calculated to have an impact of \$17.6 dollars in increased family incomes for the region over a ten-year window. For these reasons, staff rate this program “A” in terms of economic impact.

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

The Port St Joe Port Authority is requesting a \$15,000,000 Triumph grant in support of dredging the shipping channel to a depth of 32 feet plus 1 foot to provide access for domestic and international trade activity at the Port of Port St. Joe. The 32 feet plus 1 foot dredged depth will allow for ocean going ships and the expansion of port tonnage providing new opportunities for the region.

Recent global events have transformed the way shipping companies think about their businesses. Greater consumer spending on e-commerce platforms have led to an increase in the shipping business. Seaports add to the comparative advantage of high value-added industries by lowering shipping costs to markets outside the local area. Despite a \$23 billion loss due to COVID, Florida's Ports remain strong and have budgeted \$3.1 billion in capital improvements over the next five years to service growth in the shipping business.

The Port of Port St. Joe (Port) was inactive for 18 years and lost many prospective businesses and jobs due to the inadequate depth of the shipping channel. Currently, a number of businesses are considering locating at or near the Port. For example, Twin Rivers Land Development, now located at the bulkhead, would be able to ship wood chips to Honduras and return with aggregate rock.

Prospective businesses considering Gulf County are dependent on the increased depth of the shipping channel and all propose to pay a per capita income higher than the U.S. per capita income and almost twice Gulf County's income. Both Gulf County and neighboring Franklin County will benefit from direct and indirect job increase. The Port is less than a 25-minute drive from Apalachicola.

Once fully operational, the port is expected to be a driver of economic diversification in rural northwest Florida counties as the port of entry for the Gulf to Gadsden Freight Logistics Zone (FLZ) a four-county economic development strategy linking identified and vetted industrial development sites along the Apalachicola Northern Railroad, operated by Genesee & Wyoming, from the port to Interstate 10. The proposed dredge project is an integral component of this rural FLZ.

As part of the process to designate the Gulf to Gadsden FLZ, a Strategic Sites Inventory (SSI) project was conducted by Leotta Location and Design, (LL+D) in each of the four counties Gulf, Franklin, Liberty and Gadsden. The goal of the SSI project was to identify potential high quality industrial and commercial sites situated along or near key transportation assets in the area in order to market these sites for development of manufacturing and distribution projects that rely on multimodal transportation means for receiving process inputs and delivery of products to market.

The SSI search was tailored to meet the specific needs of each county based on its location, natural resources, transportation assets, and economic interests.

The SSI Phase I search for Gulf County was an expansion of a previous Duke Energy-funded SSI Phase I site search that was focused on identifying large contiguous tracts for heavy industrial project development. The goal was to identify any additional potential strategic sites for economic development beyond initial SSI Phase I site searches. Site searches were geographically constrained within a two-mile buffer along state and federal highway corridors and the Apalachicola Northern Railroad and within a three-mile radius of the Port of Port St. Joe. Specific site search consideration was given to areas around the Port of Port St. Joe.

The SSI Phase I search for Franklin County was conducted to identify potential strategic sites with attributes suitable for wood product manufacturing for both construction materials and utilization of wood waste byproduct repurposing. Additionally, sites suitable for light manufacturing and aviation related light industrial and commercial operations were considered. As with Gulf, site searches were geographically constrained within a two -mile buffer along state and federal highway corridors and the Apalachicola Northern Railroad. Specific site search attention was given to areas around the Apalachicola Regional Airport. The capacity of the airport to accommodate cargo and rail access immediately to the north positions the airport as a strategic intermodal transportation asset.

The Gulf to Gadsden FLZ strategy identified two Intermodal Logistic Centers (ILC) opportunities: 116 acres and 126 acres adjacent to the Port of Port St. Joe and 600 acres in Gadsden County bordered by both Interstate 10 and the railroad. Both proposed ILC's have employers seeking certainty in the port development process.

The location of the potential ILCs serve regional goals of growth and connectivity and would provide the multimodal service required for a successful freight industry network. Each potential ILC location has convenient access to a regionally significant road. The ILC in Gulf County has connectivity to SR 71, a north/south road that intersects 1- 10, an east/west highway and part of the Florida Department of Transportation (FDOT)'s Strategic Intermodal System (SIS). SR 71 continues north where it changes to SR 53 in Alabama and has connections to many other highways in Dothan, AL.

The exercise of evaluating sites in each county shows commitment to economic development on a regional level that can have far-reaching impacts on the state and southeastern US economies. When the Port of Port St. Joe is operating at full capacity, it's expected that there will be a domino effect of new industry and support services attracted to the rural Northwest Florida region.

The proposed dredge project is part of the Florida Department of Transportation long term plan for the port's development . The FDOT has paid 75% of the \$1 million cost for permitting in partnership with the St. Joe Company. FDOT also contributed \$750,000 for engineering and design of the dredge material disposal sites. The US Army Corps of Engineers (Corps) will accomplish the actual dredging through a contributed funds agreement with the Port St. Joe Port Authority.

The metrics of the dredge operation were received from the Corps and include dredge size, capacity, and flow rates etc. The disposal area design method from the Corps manuals was followed for procedures, formulas etc. The footprint of the disposal areas was established and has been permitted by the Corps. The St. Joe Company has agreed to donate land and mitigation credits for the building of the disposal sites. The Army Corps of Engineers will be responsible for maintenance dredging once the project is complete.

## Budget & Funding

### A. Project/Program Costs:

Dredging	\$ <u>25,000,000</u>
Spoil Site Construction	\$ <u>17,500,000</u>
Design/Engineering/permits	\$ <u>1,500,000*</u>
*Previously paid by FDOT	
Land for spoil sites	\$ <u>4,869,896</u>
Land Mitigation	\$ <u>7,188,750</u>
Permitting	\$ <u>250,000*</u>
*Previously Paid by St. Joe Co.	
Total Project Cost:	\$ <u>56,308,646</u>

Match includes: Gulf County \$7,500,000 (Community Development Block Grant (CDBG) funds), FDOT \$21,500,000 and the St. Joe Company \$12,308,646.

## **Letters of Support**

Gulf County Board of County Commissioners  
Franklin County Board of County Commissioners  
St. Joe Company  
Liberty County Board of County Commissioners  
Gadsden County Development Council  
Apalachee Regional Planning Council  
Florida's Great Northwest  
Opportunity Florida  
City of Port St. Joe  
Florida Ports Council  
Representative Jason Shoaf