

Application Score Sheet

Proposed Project: Pensacola-Escambia Promotion and Development Commission (PEDC), Project Pioneer (#259)

Proposed Project/Program County: Escambia

Board of County Commission Support: On BOCC Agenda October 18, 2021

Total Projected Project Cost: \$17,665,000

Match Provided: \$15,165,00

Triumph Funds Requested: \$2,500,000 (14%)

Triumph Funds Recommended by Staff: \$2,500,000

Score: A

ROI: \$24.6 in additional personal income per Triumph Gulf Coast dollar requested.

Economic Analysis and Score

The PEDC is partnering with FloridaWest EDA in this application to acquire and renovate a 172,000 sq. ft. facility at the Ellyson Field Industrial Park that will allow a leading business in pharmaceutical drug research and development and manufacturing to expand in Pensacola. Activities include early phase formulation development, product and process development, full analytical laboratory testing, commercial manufacturing, and packaging of finished pharmaceutical products.

The Triumph request of \$2.5 million represents 14.2 percent of the \$17.6 million total project cost (including site purchase), or 27.2 percent of the cost when including only construction, renovation and equipment purchases. PEDC will maintain ownership of the facility and enter into a long-term lease with the company. Importantly, 10 acres will be available for expected future growth and development.

The 63 net new scientific and life-sciences manufacturing jobs will pay an average of 136 percent of the most recent EFI-specified average wage for Escambia County, and will provide a complete fringe benefits package. It is anticipated that the job creation commitment will be met by the end of the third year following completion of the building construction and improvements and that these jobs will then be maintained for at least three additional years.

For a job guarantee of 63 jobs and an award amount of \$2,500,000, the cost per direct job to Triumph Gulf Coast is \$39,683. This is within the acceptable cost per job for higher wage jobs relative to other infrastructure programs approved for potential funding by the Board. However, the proposed private sector is in the key advanced manufacturing sector and will help establish a nucleus for pharmaceutical manufacturing in Northwest Florida.

It is expected that the increment to personal income in the region attributable to the project will be as much as \$61.6 million over a 10 year job maintenance period following completion of the

improvements and associated employment ramp-up. This represents \$24.6 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 Pensacola-Escambia Promotion and Development Commission (PEDC) is requesting a \$2,500,000 Triumph grant to win Project Pioneer, a pharmaceutical drug research and development and manufacturing company. The grant would be used to assist the PEDC with the acquisition of an existing 172,000 square foot facility in the Ellyson Industrial Park.

The PEDC will maintain ownership of the facility and enter into a long-term lease with the company. Project Pioneer will undertake subsequent build-out/renovation of the manufacturing facility and purchase equipment. The project will involve major conversion of the existing manufacturing facility to meet the company’s present and future needs. Specialized clean room laboratories will be added along with cooler space utilized to control critical product temperatures, as well as purchase of new equipment for innovative, advanced research. The project will be FDA compliant and include state-of-the-art pharmaceutical and nutraceutical development.

Pharmaceutical development is traditionally more prevalent in the northeast and mid-west U.S. The company could co-locate this project at other company facilities or elsewhere. Locating the project in Escambia will further diversify the manufacturing base in Northwest Florida by broadening life-sciences company activities in our community. Life-sciences manufacturing jobs incorporate advanced technologies and innovation within the product development processes providing high skill job opportunities.

The company has a long and successful history in this industry. This project will include manufacturing and product development for U.S. and international markets. Activities include early phase formulation development, product and process development, full analytical laboratory testing, commercial manufacturing, and packaging of finished pharmaceutical products. Project Pioneer proposes to add two - three new product lines in phases to potentially double its current pharmaceutical production capabilities.

To achieve their expansion plans, Project Pioneer proposes to create 63 new, scientific laboratory and life-sciences manufacturing jobs in Escambia County within three to five years at an annual average wage of \$61,204, which is 136% higher than the current 2021 Escambia average wage of \$45,074.

PEDC, FloridaWest EDA, and counterpart economic development organizations throughout Northwest Florida intensely focus efforts in attracting and growing industries that generate maximum prosperity for the region. Advanced manufacturing is a primary target, highly sought for its ability to positively impact economic growth and raise the standard of living. Manufacturers across the region are extraordinarily diverse in the dynamics of automotive, aviation, life sciences, renewable energy, chemicals, construction, and consumable goods and materials produced locally that are exported nationally and internationally. This wide range of productivity fuels innovation and trade, making advanced manufacturing an extremely valuable component to the regional economy.

A recent announcement that Escambia County is losing a long-standing existing manufacturing company that will be consolidating and moving operations to another company owned facility in Mexico, by March 2022 is a reminder of the competitive nature of manufacturing site location projects. Project Pioneer provides an opportunity to help fill the void that the impending plant closure will cause and can help off-set or limit the effects.

To further illustrate the positive impacts of advanced manufacturing within Northwest Florida, for the Pensacola MSA, total employment picture, the combined \$47,142 total average wage across all industry sectors is well below the national annual average of \$63,393. The largest concentration of lower wage employment in the Pensacola MSA area is within retail trade, accommodation, and food services sectors, which combined makes up almost 25% of total employment.

Although manufacturing accounts for a substantially smaller 3.74% of existing jobs, manufacturing ranks in the top five highest wage levels present and outpaces many other sector wages throughout the region's communities. The establishment of advanced manufacturing projects like Project Pioneer's life sciences, pharmaceutical development has the capacity to be both differentiating and transformational for the regional workforce in elevating the foundation of technical and scientific occupations and opportunities for residents of the community.

Project Pioneer life-sciences manufacturing project directly aligns with Pensacola-Escambia County, Northwest Florida, and Florida's leading target Industry attraction and retention and quality job growth goals. The Northwest Florida Forward: A Regional Strategy for Economic Transformation developed by TIP Strategies and the Haas Center (2017), identified five target industry clusters for Northwest Florida that, "will transform the region if successfully developed through business recruitment, retention, expansion, and entrepreneurial support." These five industry sectors include: Aerospace and Defense, Financial Services, Water Transportation, Cybersecurity and Advanced Manufacturing. Further noted, "Advanced Manufacturing is an important target for growth as it impacts many other clusters and offers high-wage employment growth for all areas of the region." Section 2.1.3 (page 31) also highlights the importance of supporting the vibrancy of Advanced Manufacturing across clusters as "Advanced Manufacturing generally involves the integration of innovative technologies into production processes and manufactured products. It is innovation in the manufacturing process that assures the ability to survive and prosper.

Enterprise Florida states, "Florida is home to the nation's #2 largest pharmaceuticals and medicine manufacturing industry and #2 for medical device manufacturing industry and #5 for biotech R&D facilities." The state also recognizes that "nothing is more important to a company's success than its workforce. More than 32,000 Floridians work in Florida's biotechnology, pharmaceutical manufacturing, and medical device manufacturing industries and our universities are among the nation's top producers of STEM graduates."

In addition to the PEDC assistance with the facility, the State of Florida will provide sales tax exemptions of approximately \$330,000 on the purchase of the new manufacturing equipment. CareerSource Escarosa, Pensacola State College, Escambia County Schools and University of West Florida plan to actively engage with the company and their workforce needs.

The Pensacola-Escambia Promotion and Development Commission is Escambia County’s economic development authority, a dependent special district, originally created pursuant to Chapter 67-1365, Laws of Florida (Exhibit 6) subsequently amended, revised for definition and membership structure (Chapter 2017-177). “Development” shall be deemed to mean the improvement of the County of Escambia and all municipalities therein (including that portion of Santa Rosa Island under the jurisdiction of the Santa Rosa Island Authority) or its successor through economic development, job creation, workforce development, enhancement of the economic environment, expansion of the tax base, enticement of industry and other business to the area, and acquisition, lease and construction of facilities for such purposes within the subject area.

Budget and Funding

A. Project/Program Costs:

Example Costs (Note: Not exhaustive list of possible Cost categories.)

Building and Land acquisition	\$ 8,400,000
Reconstruction	\$ 3,800,000
Design & Engineering	\$ _____
Land Acquisition	\$ _____
Land Improvement	\$ _____
Equipment	\$ 5,465,000
Supplies	\$ _____
Salaries	\$ _____

Other (specify) \$ _____

Total Project Costs: \$ 17,665,000

B. Other Project Funding Sources:

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

City/County	\$ <u>0</u>
Private Sources	\$ <u>9,265,000</u>
Other (lease payments)	\$ <u>5,900,000</u>

Total Other Funding \$ _____

Total Amount Requested: \$ 2,500,000

The project’s total capital investment of \$17,665,000 includes \$8.4 million to acquire the existing facility, construction and renovation of \$3,800,000, and new equipment purchases of \$5.4+ million. The proposed 10-acre site provides an opportunity for longer-term expansions.