

Application Score Sheet

Proposed Project: Bay County Board of County Commissioners, Project Lightning Strike (#258)
Proposed Project/Program County: Bay
Board of County Commission Support: Yes

Total Projected Project Cost: \$21,970,291

Match Provided: \$14,970,291

Triumph Funds Requested: Up to \$7,000,000 (31%)

Triumph Funds Recommended by Staff: Up to \$7,000,000

Score: A

ROI: \$21.9 in additional personal income per Triumph Gulf Coast dollar

Proposal 258 Bay County BOCC Project Lightning Strike Impact Score

The Bay County Economic Development Alliance, on behalf of the Bay County Board of County Commissioners, proposes to lease and improve a six-acre lay-down facility in the Venture Crossings industrial park to enable a leading business in the electricity distribution sector to relocate out-of-state operations to Bay County. The tenant company designs and manufactures electrical distribution transformers and transformer component parts. The product line offering of electrical transformers includes both single phase pole and pad mounted units, vaults for underground applications in urban areas, and three phase pad mounted units primarily used in light commercial applications

The Triumph request of up to \$7 million would be matched against \$14.9 million in City/County tax reduction and in investment by the company in facilities and equipment representing 31.9 percent of the \$21.97 million total project cost. The County will maintain control of the property and half of the funding will be used to lease and improve the lay-down facility, while the other half will be used for property tax reduction over the life of the project (matched in equal amounts by local government tax reduction). In both activities, any unused committed Triumph funds will not be disbursed. Thus the award is for up to \$7,000,000.

The 200 net new manufacturing jobs will pay an average of more than 115 percent of the most recent (2021) EFI-specified average wage for the Panama City metro area. 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 are intended to be permanent, and are guaranteed to be maintained for at least three years.

For a job guarantee of 200 jobs and an award amount of \$7,000,000, the cost per direct job to Triumph Gulf Coast is \$35,000. This is within the acceptable range in terms of 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 expand a growing manufacturing cluster in Northwest Florida.

It is expected that the increment to personal income in the region attributable to the project will be as much as \$153 million over a 10 year job maintenance period following completion of the improvements and associated employment ramp-up. This represents \$21.9 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 Bay County Board of County Commissioners (BOCC) is requesting a \$7,000,000 Triumph grant to support the recruitment of Project Lightning Strike to locate a new manufacturing facility at Venture Crossings in Bay County. The Triumph grant would be used to offset infrastructure costs related to a laydown yard and property tax reductions. Project Lightning Strike is a key supplier to a number of large investor-owned utilities throughout the U.S. They will create 200 new jobs at an average wage of at least \$48,026, 115% of Bay county's average wage, however wages are expected to average closer to \$60,000 per job.

To support the project, the Bay BOCC plans to acquire rights to the laydown yard and make necessary infrastructure improvements in exchange for the creation of these 200 jobs. Bay County would maintain ownership of the Project Lightning Strike improvements and enter into a long-term lease with the Company.

Project Lightning Strike has conducted a search for a new manufacturing facility to expand production. Limited labor resources along with the age and layout of their current facility limit their ability to expand manufacturing at their existing location. The company has experienced double-digit growth over the past eight years and the proposed expansion will allow it to continue to grow while servicing its existing customers.

Lightning Strike designs and manufactures electrical distribution transformers and transformer component parts including single phase pole and pad mounted units, vaults for underground applications in urban areas, and three phase pad mounted units primarily used in light commercial applications.

The company would relocate part of its manufacturing to Florida in stages, with the first phase being pole transformer manufacturing to allow for an increase in overall production capacity. Following that they plan to pursue additional project lines including three-phase manufacturing and a pad producing plant.

The company has committed to creating 200 jobs by the end of 2025. The positions include welders, coil winders, multi-craft maintenance professionals, metal fabricators, painters, quality assurance technicians, assemblers, and laborers in addition to supervisory positions for production, shipping/receiving, maintenance, human resources, accounting, engineering and IT. In addition to above average wages, the company provides health insurance benefit, 401(k) plan, paid vacation and holidays.

Bay County leaders and economic development officials have been working toward establishing the county as a manufacturing hub. This project will establish Bay County as a prime location for private sector manufacturing and related companies. The success of Project Lightning Strike will support the marketability of Bay County and Northwest Florida for additional manufacturing related business investments and suppliers. Due to the type of products they produce, once established, it is anticipated the region will see nationwide exposure to attract other manufacturing companies.

The products being manufactured by this company will create resiliency and allow for a faster recovery should a catastrophic power equipment loss event such as Hurricane Michael occur in the region again.

A large portion of the employment within the Panama City Metropolitan Statistical Area (MSA) is clustered within hospitality and retail trade. On average the Panama City MSA hospitality employment base is approximately 6% higher than the U.S. average and 5% higher for retail trade. In addition, the manufacturing employment levels are 4% lower than the U.S. average. The establishment of Project Lightning Strike would provide new employment opportunities in the manufacturing sector. With each economic development project ‘win’ the community becomes more diversified and better able to recover in the wake of unforeseen events.

Economic and natural disasters have become more common in the recent decade. In 2010 Bay County was directly impacted by the Deepwater Horizon explosion, in 2018 Bay County suffered through Hurricane Michael, and in 2020 the global Coronavirus Pandemic severely handicapped the largest existing sectors. The establishment of a new advanced manufacturer, specifically Project Lightning Strike, would further diversify the income streams and recovery efforts for the citizens of Northwest Florida in the wake of disasters.

The growth of the manufacturing industry in Northwest Florida is important to ensure that the region remains competitive today and in the future. With the manufacturing industry being a major component of the U.S. Gross Domestic Product, Northwest Florida needs to be on the leading edge of new company investments and educational training so our communities can continue to keep exiting military wanting to stay in the region, young professionals who are eager to get into manufacturing, and skilled technicians who would otherwise find employment in another region with a strong manufacturing cluster.

Project Lightning Strike would leverage existing education assets at all three higher education institutions within the county, Tom P Haney Technical Center, Gulf Coast State College, and Florida State University- Panama City. Each institution currently provides curriculum that compliment Project Lightning Strike’s business and offer opportunities to expand course offerings in partnership with the company.

The company has expressed interest in participating in the Federation for Advanced Manufacturing Education (FAME) program, for which the first cohort of the Gulf Coast Chapter started fall of 2021. Through this program, the company will partner with Gulf Coast State College to sponsor students enrolled in the program. The students will go to class two days and

work with the company three days per week, for five semesters. This is a unique opportunity for both students and participating companies.

The net new job creation, wages, overall capital investment, annual payroll increase for the community and product export are proposed to be measured.

As evidenced in the wake of Hurricane Michael in 2018 and COVID-19 in 2020, having an established industrial base in the wake of a major disaster allows the economy to stabilize much quicker.

Budget and Funding Attached

Exhibit A**Project #, name**

258 Bay- Project Lightning Strike

Budget

\$ 21,970,291.00

Estimated construction start date if applicable

Q1 2022

Estimated education component start date if applicable

N/A

	Renovation, Construction & Equipment	Lease Payments	State &/or County Tax Incentives	Triumph Tax Rate Reduction	Total
Please change year # to actual year					
Project Total					
Calendar Year 1	-	71,353.26	-	-	71,353.26
Calendar Year 2	8,500,000.00	857,509.65	847,000.00	-	10,204,509.65
Calendar Year 3	2,550,790.00	872,756.20	120,221.00	350,000.00	3,893,767.20
Calendar Year 4	-	888,002.75	120,221.00	350,000.00	1,358,223.75
Calendar Year 5	-	903,364.80	120,221.00	350,000.00	1,373,585.80
Calendar Year 6	-	919,997.40	120,221.00	350,000.00	1,390,218.40
Calendar Year 7	-	857,306.95	120,221.00	350,000.00	1,327,527.95
Calendar Year 8	-	-	120,221.00	350,000.00	470,221.00
Calendar Year 9	-	-	120,221.00	350,000.00	470,221.00
Calendar Year 10	-	-	120,221.00	350,000.00	470,221.00
Calendar Year 11	-	-	120,221.00	350,000.00	470,221.00
Calendar Year 12	-	-	120,221.00	350,000.00	470,221.00
Project Total	11,050,790.00	5,370,291.01	2,049,210.00	3,500,000.00	21,970,291.01

Triumph

2021	-	-	-	-
2022	3,500,000.00	-	-	3,500,000.00
2023	-	350,000.00	350,000.00	350,000.00
2024	-	350,000.00	350,000.00	350,000.00
2025	-	350,000.00	350,000.00	350,000.00
2026	-	350,000.00	350,000.00	350,000.00
2027	-	350,000.00	350,000.00	350,000.00
2028	-	350,000.00	350,000.00	350,000.00
2029	-	350,000.00	350,000.00	350,000.00
2030	-	350,000.00	350,000.00	350,000.00
2031	-	350,000.00	350,000.00	350,000.00
2032	-	350,000.00	350,000.00	350,000.00

Triumph Total

3,500,000.00	-	-	3,500,000.00	7,000,000.00
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Grantee

2021	71,353.26	-	-	71,353.26
2022	5,000,000.00	857,509.65	-	5,857,509.65
2023	2,550,790.00	872,756.20	-	3,423,546.20
2024	-	888,002.75	-	888,002.75
2025	-	903,364.80	-	903,364.80
2026	-	919,997.40	-	919,997.40
2027	-	857,306.95	-	857,306.95
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-

Grantee Total

7,550,790.00	5,370,291.01	-	-	12,921,081.01
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State Sales Tax Exemption on Equipment

2021	-	-	-	-
2022	-	847,000.00	-	847,000.00
2023	-	-	-	-
2024	-	-	-	-
2025	-	-	-	-
2026	-	-	-	-
2027	-	-	-	-
2028	-	-	-	-
2029	-	-	-	-
2030	-	-	-	-
2031	-	-	-	-
2032	-	-	-	-

Match Source 1 Total

-	-	847,000.00	-	847,000.00
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Bay County Tax Abatement

2021	-	-	-	-
2022	-	-	-	-
2023	-	120,221.00	-	120,221.00
2024	-	120,221.00	-	120,221.00
2025	-	120,221.00	-	120,221.00
2026	-	120,221.00	-	120,221.00
2027	-	120,221.00	-	120,221.00
2028	-	120,221.00	-	120,221.00
2029	-	120,221.00	-	120,221.00
2030	-	120,221.00	-	120,221.00
2031	-	120,221.00	-	120,221.00
2032	-	120,221.00	-	120,221.00

Match Source 2 Total

-	-	1,202,210.00	-	1,202,210.00
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