

Application Score Sheet

Proposed Project: Bay Economic Development Council/Bay Board of County Commissioners,
Project Arrow, #261

Proposed Project/Program County: Bay

Board of County Commission Support: Yes

Total Projected Project Cost: \$47,000,000

Match Provided: \$45,000,000

Triumph Funds Requested: \$2,000,000 (4%)

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

Score: A

ROI: \$39.9 in additional personal income per Triumph Gulf Coast dollar requested

Impact Score

The Bay County Economic Development Alliance, on behalf of the Bay County BOCC proposes to provide an ad valorem property tax reduction to support the construction of a 200,000 square foot facility in the Venture Crossings industrial park. The proposed \$2 million Triumph investment would be used to match the County's ad valorem rate reduction amount. This will enable a leading manufactured home provider to locate in Bay County and supply its dealers in markets in the Southeastern United States. The Bay EDA has stated to Triumph staff that more than 50 percent of the output of this facility will be sold outside the eight county Triumph area, thus providing jobs in Bay County that will be supported by home purchasers around the Southeast. As is standard with economic development projects, this greater than 50 percent export outside the region percentage ensures that Triumph is not simply subsidizing one local producer at the expense of market share of other local home builders, but is instead creating net new jobs that would not otherwise exist at other firms in our region.

The application notes that the Bay County investment by the company and its financial partners in this site will be an additional \$45 million, so that the Triumph investment would be four percent of the total project infrastructure value.

The 100 net new manufacturing jobs, at an average pay rate excluding fringes of \$50,000, will pay an average of 119 percent of the 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 100 jobs and an award amount of \$2,000,000, the cost per direct job to Triumph Gulf Coast is \$20,000. This is an attractive cost per job for higher wage jobs relative to other infrastructure programs approved for potential funding by the Board. The proposed private sector project is in the key manufacturing sector and will help expand a growing manufacturing

sector in Northwest Florida. It is expected that additional jobs may be created at this site by the company over time, and that creation of those additional jobs may well require improvements in County-owned assets including roadway.

It is expected that the increment to personal income in the region attributable to the project will be as much as \$80 million over a 10 year job maintenance period following completion of the improvements and associated employment ramp-up. This represents \$39.9 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)

On behalf of the Bay County Commissioners, the Bay Economic Development Council is requesting a \$2,000,000 grant for property tax reduction over 10 years for Project Arrow. Project Arrow is a construction manufacturing company proposing to create 100 jobs paying an average wage of at least \$50,000 per year with a capital investment of \$45,000,000. The new jobs will be created over three years at the Venture Crossings Business Park where the company will build an approximately 200,000sf facility on a 12-acre site.

Project Arrow uses third party companies to manufacture prefabricated units necessary for its workforce housing end-product. Due to labor shortages and other issues in the construction industry, Project Arrow conducted a site search for a manufacturing facility that will allow the company to bring approximately 70% of the production of the units in-house, allowing for greater control over the process.

Jobs at the new manufacturing facility will include but are not limited to Managers, Coordinators, Purchasing Agents, Administrative Staff, Multi-Craft Maintenance Professionals, Metal Fabricators, Line Workers, CNC Technicians, Quality Assurance Technicians and Assemblers.

While over 50% of the products being manufactured at this location will leave the state of Florida, the product being manufactured will help create resiliency within the geographic region for natural disaster recovery in the event of major workforce housing damage occurring such as the scenario endured with Hurricane Michael.

In Northwest Florida and the Gulf South the advanced manufacturing industry is a prime target 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 educational partners.

Bay leaders and economic development officials have communicated a vision to establish Bay County as an Advanced Manufacturing hub. This project advances that goal and will help diversify the regional workforce further beyond the established pillars of tourism and military, helping to remain resilient in the face of unforeseen disasters.

On average, the Panama City MSA hospitality employment base is approximately 6% higher than the U.S. average and 5% higher for retail trade while manufacturing employment levels are 4% lower than the U.S. average. Project Arrow will provide new employment opportunities in the "Manufacturing" sector which helps provide a new differentiating employment opportunity for residents. With each economic development project 'win' the community and region are more diversified, which supports economic recovery.

Project Arrow is expected to be a catalyst company for new and additional manufacturing related businesses in Bay County and the region. Currently, the Bay County average wage per the Florida Dept. of Economic Opportunity is \$44,209 which is only 78% of the State of Florida average. Bay County's household income average is \$70,630, while the State of Florida average household income is \$78,335. For average household income, Bay County only attains, 90% of the State of Florida average. Project Arrow plans to create 100 jobs with an average wage over 115% of the Bay County average wage increasing the household income in Bay County and Northwest Florida.

The success of Project Arrow will support the marketability of Bay County and Northwest Florida for additional manufacturing related business investments and suppliers. Once Project Arrow is established and because of the nature of their products, the region is expected to see nationwide exposure to attract other manufacturing companies.

Growth of manufacturing in Northwest Florida is crucial to ensure the region remains competitive in the decades to come. With the manufacturing industry being a major component of the U.S. GDP, it is clearly evidenced that Northwest Florida should be on the leading edge of new company investments and educational training. Investments made now will help keep exiting military, young professionals and skilled technicians in the region who might otherwise leave for a community with a strong manufacturing cluster.

Bay County boasts incredible educational opportunities for its residents and regional residents. Project Arrow plans to leverage existing 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, as each institution presently provides curricula that compliment Project Arrow's business. There is opportunity to expand course offerings at each of the institutions in partnership with the Company.

Project Arrow has expressed interest in participating in the Federation for Advanced Manufacturing Education (FAME) program. Through this program, the Company would partner with Gulf Coast State College to sponsor one or more students enrolled in the program. The students will go to class 2 days and work with the company 3 days per week, for 5 semesters. This is a unique opportunity for both students and participating companies.

To support Project Arrow, the State of Florida and Bay County are offering tax abatements, workforce training, and startup assistance. The State will be funding approximately \$560,000 in tax exemptions for sales tax on equipment and Bay County is offering the project real and personal property tax reduction of approximately \$1,996,290 over a 10- year period. The

project's building and equipment will be financed through private funding secured by the company.

Bay County is fortunate to have a pad-ready certified site at Venture Crossings for Project Arrow to utilize. Project Arrow is greatly benefitting from this asset, as the project doesn't have to bear initial site development costs and associated timelines. Facility construction is estimated at \$35,000,000 to accommodate Project Arrow's manufacturing operations. Remaining costs include equipment necessary to run the operation estimated at \$8,000,000 and land costs of \$2,000,000. The total proposed budget for Project Arrow is approximately \$45M. This level of investment is substantial for the region and the Bay County community. Through a long-term ground lease, Project Arrow will be financially obligated for the term of the lease and commit to the job creation previously described.

Project Arrow is an award-winning, vertically integrated real estate company that specializes in developing, building, and managing high-quality multifamily communities across the United States. They have a land acquisition division, design team that includes a full staff of in-house architects, development team, construction division, and Property Management team. The company originated in South Florida and has expanded to Atlanta, Georgia, Dallas, Houston and Austin, Texas. Upcoming projects will expand to Colorado, and the Washington DC area.

The Company's mission is to deliver budget-friendly, exceptional living experiences to the nearly 12 million American households currently spending more than half of their income on rent. It's communities appeal to renters across the spectrum, from young families and working millennials, to small business owners and entrepreneurs, to empty nesters and active seniors. Project Arrow is a division of one of the largest homebuilders in the world.

The product manufactured at the facility will not be available for retail sale, instead it will be solely used on Project Arrow developments.

Budget and Funding

Exhibit A

Project #, name 261 Bay- Project Arrow
Budget \$20,000,000
Estimated construction start date if applicable Q3 2022
Estimated education component start date if applicable N/A

Table with columns: Renovation, Construction & Equipment; State &/or County Tax Incentives; University of West Florida IRDF Grant; Triumph Tax Rate Reduction; Total. Rows include Project Total and Calendar Year 1-12.

Table showing Triumph funding from 2022 to 2033. Total Triumph amount is 2,000,000.

Table showing Grantee funding from 2022 to 2033. Total Grantee amount is 13,443,710.

Table showing State Sales Tax Exemption on Equipment from 2021 to 2033. Total exemption is 560,000.

Table showing Bay County Tax Exemption from 2022 to 2033. Total exemption is 1,996,290.

Table showing University of West Florida IRDF Grant from 2022 to 2033. Total grant amount is 2,000,000.