

Application Score Sheet

Proposed Project: Bay County Economic Development Alliance/Bay County Commission,
Project Cast (#273)

Proposed Project/Program County: Bay

Board of County Commission Support: Yes

Total Projected Project Cost: \$11,091,061

Match Provided: \$7,416,061

Triumph Funds Requested: \$3,675,000 (33%)

Triumph Funds Recommended by Staff: \$3,675,000

Score: A

ROI: \$22.8 in additional personal income per Triumph Gulf Coast dollar requested

Economic Analysis and Score

The Bay County Economic Development Alliance, on behalf of the Bay County Commission, proposes to provide funds to enable the purchase of a 60,000 square foot facility to be leased to a private sector marine manufacturing company. The proposed \$3,675,000 Triumph investment would be used to assist the County's purchase and will spur \$11 million in additional spending on the facility. This will enable a leading manufacturer of two different lines of boats to locate in Bay County and supply its dealers in markets across the 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 boat purchasers around the Southeast and the nation. 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 producers 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 \$7,416,061, so that the Triumph investment would be 33.1 percent of the total project infrastructure value.

The 105 net new manufacturing jobs, at an average pay rate excluding fringes of at least 115 percent of the EFI-specified average wage for the Panama City metro area at the time of the application (March, 2022). It is anticipated that the job creation commitment will be met by Q1 2026 (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 105 jobs and an award amount of \$3,675,000, the cost per direct job to Triumph Gulf Coast is \$35,000. This is a relatively normal 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 the increment to personal income in the region attributable to the project will be as much as \$84 million over a 10-year job maintenance period following completion of the improvements and associated employment ramp-up. This represents \$22.8 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 Bay County Commission is requesting a \$3,675,000 Triumph grant to support the recruitment of Project Cast. Project Cast is a marine manufacturing company proposing to create 105 new manufacturing and headquarters jobs at 115% of the county’s average wage. The grant funds will be used by Bay County to purchase an approximately 60,000 sq ft former marine manufacturing building in the original Bay County Industrial Park on Highway 231 that it will lease to the company at an economic development lease rate.

Bay County will maintain ownership of the Project Cast facility and enter into a long-term lease with the company. At the end of the lease the company will have the option to purchase the building or extend the lease.

The marine industry is a target market for Bay County. Project Cast will join the growing Bay County marine industry cluster which includes Suzuki Motor Marine, Mercury Marine and Eastern Shipbuilding Group. Project Cast will manufacture two boat lines and consolidate operations from Georgia and south Florida into one location in Bay County. In addition to the building purchased by Bay County with Triumph funds, the company plans to purchase a second building on the site.

Project Cast will manufacture a leisure, bay fishing boat and a deck boat. The deck boats are manufactured to sell to dealers and boat rental companies located at lakes, rivers and saltwater areas located throughout the United States. The company has substantial demand for these boats, and expansion is critical to meet and exceed current customer interest. The existing former boat manufacturing facilities in Bay County are key drivers in the company’s decision-making process for choosing this location. In addition to manufacturing, there will also be headquarters, research & development, and sales positions.

Manufacturing activities will generally be comprised of lamination (production of large and small fiberglass parts) and assembly (assembly, installations, rigging, painting, cleaning, testing packaging, etc.) Management activities will include oversight of operations, accounting, sales, marketing, procurement, transportation, quality control, warranty, customer service, and other related administrative support functions.

Based on its own research and conversations to date with Bay EDA, the Company believes the labor market in Northwest Florida can address staffing issues currently plaguing the industry in other markets with shallower talent pools, and allow for additional production capacity. Project Cast plans to pursue additional business opportunities which could result in a future expansion.

Community and economic development officials have a vision to establish the Bay County as a Manufacturing hub. 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. The manufacturing employment levels are 4% lower than the U.S. average. The establishment of Project Cast will provide new employment opportunities in the Manufacturing sector which will provide a new differentiating employment opportunity for residents of the community. The project will assist in the stabilization and diversification of the regional economy in the wake of a major disasters.

Growth of the manufacturing industry in Northwest Florida is necessary to ensure that the region remains competitive in the decades to come. With the manufacturing industry being a major component of the U.S. GDP, Northwest Florida must be on the leading edge of new company investments and educational training.

Bay County boasts incredible education opportunities for its residents and regional residents. Project Cast intends 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. Each education institution provides curriculum that compliments Project Cast's business and offers opportunities to expand course offerings in partnership with the company. Project Cast has expressed interest in participating in the Federation for Advanced Manufacturing Education (FAME) program. 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.

To measure the success and impacts of Project Cast, net new job creation and the average wage of the positions will be measured in addition to overall capital investment. The total project cost is approximately \$11M for facility and equipment investments to be made through a mix of capital provided by the company, grants, and community tax rate reduction support.

The company is prepared to finance construction and equipment purchases, with the help of state and local incentives, for the facility. It is estimated that the amount to be financed by the company and other sources is approximately \$7.4M.

To support the recruitment of Project Cast, the State of Florida and Bay County are offering the project tax rate reductions, workforce training, and startup assistance. The State will be funding approximately \$90,677 in tax exemptions for sales tax on equipment and Bay County will also be supporting the project by providing 100% real and personal property tax abatements of approximately \$221,330 over a 10-year period.

Exhibit A**273 Project Cast**

Budget
 Estimated construction start date if applicable
 Estimated education component start date if applicable

273 Bay- Project Cast
 \$11,091,061
 Q3 2022
 N/A

		Building & Equipment Purchase, Tenant Improvement, and Relocation and Startup Costs	State &/or County Tax Incentives	Total
Please change year # to actual year				
Project Total				
	2022	11,000,385	90,676	11,091,061
Project Total		<u>11,000,385</u>	<u>90,676</u>	<u>11,091,061</u>
Triumph				
	2022	3,675,000		3,675,000
Triumph Total		<u>3,675,000</u>	<u>-</u>	<u>3,675,000</u>
Grantee				
	2022	6,825,385		6,825,385
Grantee Total		<u>6,825,385</u>	<u>-</u>	<u>6,825,385</u>
State Sales Tax Exemption on Equipment				
	2022		90,676	90,676
State Sales Tax Exemption on Equipment Total		<u>-</u>	<u>90,676</u>	<u>90,676</u>
University of West Florida IRDF Grant				
	2022	500,000		500,000
University of West Florida IRDF Grant Total		<u>500,000</u>	<u>-</u>	<u>500,000</u>