

Application Score Sheet

Proposed Project: Pensacola-Escambia Promotion and Development Commission (PEDC), Project Laser (#291)

Proposed Project/Program County: Escambia

Board of County Commission Support:

Total Projected Project Cost: \$21,000,000

Match Provided: \$15,000,000

Triumph Funds Requested: \$6,000,000 (28%)

Triumph Funds Recommended by Staff: \$6,000,000 (28%)

Score: A

ROI: \$14.4 dollars of increased personal income per dollar of Triumph expenditure

Economic Analysis, Score and Impact

The Pensacola-Escambia Promotion and Development Commission (PEDC), in partnership with Pensacola State College (PSC) and Space Florida (SF), is requesting a \$6,000,000 Triumph grant to provide partial funding for the construction of a \$21 million, 38,750 SF building to house what was described in the initial application as Project Laser. The proposed Triumph award would thus constitute 28.6 percent of project cost.

The company has now been publicly identified as LIFT Technologies, Inc (LIFT), part of the Manufacturing USA network, which has 16 manufacturing innovation institutes around the country. It is realistic to expect LIFT to serve as a catalyst for expansion of DoD funded research in our area, which is a critical element of generating good living standards from the presence of our DoD missions in the region. LIFT projects that the average wage of the 36 employees in the Pensacola facility will be \$113,083 per year.

The proposal identifies three key metrics, each of which will be attained during the specified period:

- Performance Metric #1: Successful award of a minimum of \$32 Million (\$32,000,000) in competitively awarded research grant proposals focused on the broader objectives of the Center to be conducted within the Triumph region within five years of the completion of the facility.
- Performance Metric #2: Providing substantive collaborative assistance and mentoring in local entrepreneurial outreach and support to at least 100 different businesses in the impacted counties within five years of the completion of the facility.
- Performance Metric #3. Hiring of 36 key permanent personnel to be based in the region within five years of the completion of the facility.

The Center's research will be complemented by training programs to foster the next generation of scientists, along with unique and value-added community outreach programs. With this infrastructure, the Center will bolster the regional economy and undergird ground-breaking federal and industry-sponsored research in specified DoD funding areas that span and embrace multiple cutting-edge scientific disciplines. The Center will establish an industry cluster for partners, and new entrant businesses, with a common goal of conducting leading-edge research and creating jobs and opportunities for growth of a new economic industry ecosystem.

The view of Triumph staff is that this project will be transformational for the region. We calculate that the non-Triumph funding contribution to this project will result in at least \$29 million of direct personal income impact itself over initial ten years of the project. Following literature regarding differences in seed and early-stage financing among metro areas with business accelerator programs versus those without, these direct impacts are likely to galvanize additional local activity so as to roughly triple investment in this business sector within the Triumph region. Taking these metrics together, the total impact on the region measured is expected to be \$14.4 dollars of increased personal income (in constant dollars) per dollar of Triumph expenditure. For these reasons, Triumph staff rate the project as an “A.”

Project Summary (based on information provided by the applicant)

The Pensacola-Escambia Promotion and Development Commission (PEDC), in partnership with Pensacola State College and Space Florida, is requesting a \$6,000,000 Triumph grant toward the construction of a facility for Project Laser, LIFT Technologies, Inc (LIFT). The project will include the construction of an approximately 40,000 square feet advanced manufacturing research facility on four acres at Pensacola State College.

LIFT, a 501(c)(3) nonprofit established in 2014 and operated by the American Lightweight Materials Manufacturing Innovation Institute, is a public-private-partnership between the U.S. Department of Defense, industry, and academia. The corporation is considering locating a new Manufacturing Center of Excellence in Pensacola. As part of the larger Manufacturing USA network of over 1,900 research institutions and industrial companies managed by the Advanced Manufacturing National Program Office, LIFT is empowered to connect materials, processes, systems, and talent.

LIFT brings together industry, academic, and government (federal, state, and local) partners, bridging the gap between academic research and product commercialization with the objective of advancing manufacturing technologies while also ensuring that the workforce has the foundational and technical skills necessary to manufacture the products of tomorrow. LIFT Institute’s differential is state-of-the-art manufacturing research and development with approximately 10% of its overall program dedicated to education workforce development. Working with local and regional colleges and technical schools and manufacturing partners, LIFT will advance critical manufacturing technology workforce skills in Northwest Florida similar to the programming provided at its Detroit headquarters.

The U.S. Department of Defense Manufacturing Technology (ManTech) Program in Title 10 U.S.C. Section 2521 requires a joint defense-wide component, the Defense-Wide Manufacturing Science and Technology (DMS&T). It represents the Department’s comprehensive advanced manufacturing program focused on enabling and achieving strategic goals of timely, affordable delivery of technologies to the warfighter, improving acquisition, and sustainment of defense products and systems across their life cycles.

Early design and development for manufacturability and development of the supporting education and workforce development tools can yield dramatic and positive impacts for the Department’s operational and modernization missions, as well as those of the industrial manufacturing industry. The DMS&T requirement catalyzes ongoing funding of LIFT and other Department of Defense innovation institutes.

The LIFT facility and program in Pensacola will have two primary objectives:

1. U.S. Security: The outsourcing of U.S. manufacturing has left the nation vulnerable from many perspectives – critical goods, technological know-how, manufacturing infrastructure, etc. LIFT will build upon the existing manufacturing foundation in Florida to close gaps in the region and the state’s manufacturing ecosystem.

2. Florida Economic Development: Building upon a strong base, LIFT will enhance Florida's capacities in the aerospace and defense clusters and help attract, retain and grow manufacturing capabilities into new sectors that will both enhance U.S. national security and increase the region's and Florida's economic resiliency.

During its first five years operating in Pensacola, LIFT will leverage at least \$32 million in new DOD and Federal funding to target research and development priorities including but not limited to:

- Hypersonic Materials and Joining Development
- Ceramics and CMC's Material Development
- ICME (Integrated Computer Materials Engineering) Virtual Support

LIFT's clients include multiple Fortune 500 companies and top research universities as well as the Department of Defense and the Department of Commerce. The new proposed LIFT Manufacturing Institute in Pensacola will be designed to attract and showcase the highest level of advanced manufacturing technologies and related systems and processes with the objective of educating, influencing, and encouraging the adoption of technologies and processes.

Partnering with the PEDC, PSC, Space Florida and Triumph will allow LIFT to leverage its current resources to bring increased manufacturing research and development funding to North West Florida resulting in an acceleration of the region's advanced manufacturing capabilities. The Pensacola facility will provide a range of services including advanced manufacturing R&D and foundational manufacturing training programs. The Center of Excellence will serve Eglin AFB, Tyndall AFB, SOCOM in Tampa, Redstone Arsenal in Huntsville, USACE WES in Vicksburg, and the Space Coast.

LIFT's Detroit facility includes 335+ member organizations. Many of these members are expected to actively participate at the proposed Pensacola facility, particularly those in aerospace, automotive assembly, and shipbuilding. Some existing members (Lockheed Martin, Boeing, Raytheon, and others) are already present in North West Florida. After eight years of operating in Detroit, approximately half of LIFT's current ecosystem has a presence within 50 miles of its location. It's expected that a similar result will occur at LIFT's southeast US Pensacola location.

Since its founding, LIFT has delivered on its charter to bring government, industry and academia together, leveraging resources, collaborating, and co-investing to nurture manufacturing innovation and accelerate commercialization. LIFT brings over \$250M of previous institute investments that established the working models for a successful institute, which is forecasted to generate over \$70B of return on investment for the nation over the next two decades in the advanced manufacturing defense, aerospace, and mobility sectors.

LIFT's vision is to ensure that the U.S. and its territories are the world leaders in the application of innovative material production and component/subsystem manufacturing technologies. LIFT's mission is to serve as the nation's bridge between basic research and final product commercialization for materials, processes, and system applications. World-class, advanced manufacturing facilities and technology development capabilities provide the right solutions to promote American global competitiveness, advance energy efficiency, defense readiness and economic growth. Moreover, LIFT will leverage its current momentum and collective partner resources to bring significantly more manufacturing research and development funding to the region, program and seed the acceleration of advanced manufacturing capabilities, and through these cutting-edge resources, prepare an eager workforce equipped with advanced manufacturing skills enabling industry to commercialize innovative manufacturing processes.

The Pensacola facility will generate new federal and industry research funding related to innovative advanced manufacturing technologies, processes, and systems research and final product commercialization for materials, processes, and system applications in North West Florida bringing new external dollars into the region that would not otherwise exist. New intellectual property and technology transfer opportunities, as well as the potential for associated growth of small and medium-sized manufacturers are expected across Northwest Florida.

Proposed project outcomes include:

- The addition of 36 new full-time positions within the first five years (after construction of the facility is completed, with an average salary of \$113,083, annually.)
- A minimum of Thirty-two Million Dollars (\$32 million) in competitively awarded federal research grant proposals and contracts focused on the broader objectives of the Institute within five years of the first disbursement of Triumph funds. The \$32 Million in grant funding is to be spent on research partnerships, local labor and/or equipment installed locally.
- Providing substantive collaborative assistance, convening experts in advanced manufacturing and innovation to assist a minimum of 100 companies in the impacted counties by the end of the fifth year of facility occupancy.

Pensacola State College will execute a forty year below market ground lease with Space Florida in exchange for a training and education partnership with LIFT. PSC will then design and construct the facility. Space Florida will finance and own the facility and lease it to LIFT upon completion. The facility and tenant improvements will be subleased to LIFT, with an anticipated initial lease term ranging between twenty and thirty years. The actual term and lease costs will be based on the final cost of construction, debt service terms, and ground lease costs. PSC will become owner of the building once financing is paid off and lease options to extend terminate. PEDC will execute Triumph contracts, hold the Triumph clawbacks and receive a financial lien position on the facility to secure Triumph funding.

Budget and Funding

Costs

| | |
|----------------------|----------------------|
| Construction | \$ <u>14,000,000</u> |
| Reconstruction | \$ _____ |
| Design & Engineering | \$ _____ |
| Land Acquisition | \$ _____ |
| Land Improvement | \$ _____ |
| Equipment | \$ <u>7,000,000</u> |
| Supplies | \$ _____ |
| Salaries | \$ _____ |
| Other (specify) | \$ _____ |

Total Project Costs: \$ 21,000,000

Other Funding Sources

| | |
|---------------------|----------------------|
| Private Sources | \$ <u>15,000,000</u> |
| Total Other Funding | \$ <u>15,000,000</u> |

Total Amount Requested: \$ 6,000,000

