



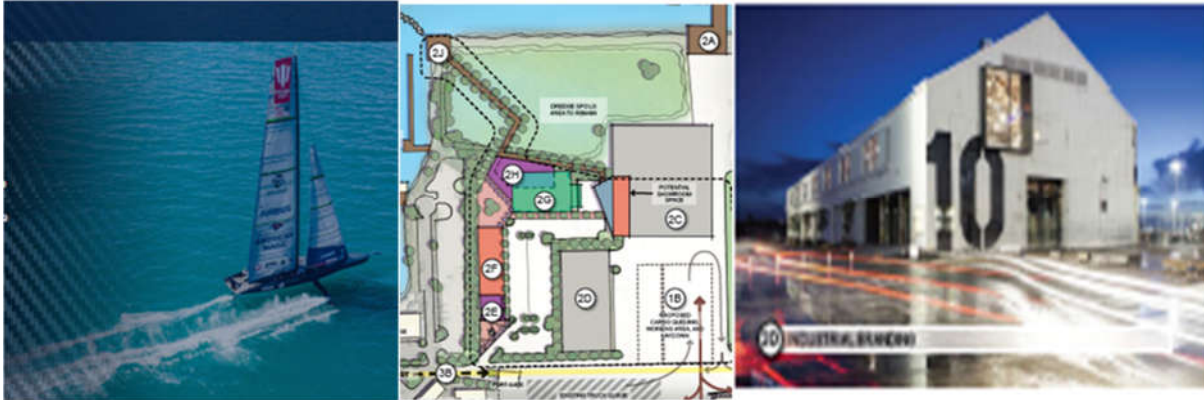
PENSACOLA BAY  
The Finest Harbor on the Gulf.  
Large enough to accommodate the Navies of the World,  
an all year round market — Docks with modern docking facilities — 6000 Tons of  
Dry Dock — One of the largest and best fuel oil stations on the Gulf  
THE LARGEST RED SNAPPER FISH MARKET IN THE WORLD

Port of Pensacola Application to Triumph Gulf Coast High-Performance Maritime Center

City of Pensacola application to Triumph Gulf Coast

## American Magic at the Port of Pensacola





Photos of American Magic Sailing, NE Quadrant and Completed Warehouse Concept

**Contact Information:**

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Primary Contact: Mayor D.C. Reeves  
222 W. Main St  
Pensacola, FL 32502 [dcreeves@cityofpensacola.com](mailto:dcreeves@cityofpensacola.com)

Secondary Contact: Clark Merritt, Port Director  
Port of Pensacola, 700 S. Barracks Street, Pensacola, FL 32502  
850.436.5074 [cmerritt@cityofpensacola.com](mailto:cmerritt@cityofpensacola.com)

Website: portofpensacola.com OR cityofpensacola.com

**Amount of Triumph Gulf Coast funds requested:**

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The City of Pensacola respectfully requests \$8,500,000 from Triumph Gulf Coast for design, renovation and finish out of the partially completed warehouse 10 at the Port of Pensacola, to include a 50-foot addition and design and construction of a dock and boat ramp. The facility is required to secure headquarters relocation of Bella Mente Quantum Racing Association (American Magic) to the Port of Pensacola.

**Federal Employer Identification Number:**

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59-6000406

**Co-applicants, partners, or other entities that will have a role in project and proposed roles:**

Belle Mente Quantum Racing Association (American Magic) is a 501c3 nonprofit organization with a mandate to win America's Cup.



American Magic practices for the 37<sup>th</sup> America's Cup (AC37) on Pensacola Ba

**Has the applicant in the past requested or applied for funds for all or part of the proposed project/program?**

Yes  No

If yes, please provide detailed information concerning the prior request for funding, including:

- the date the request/application for funding was made
- the source to which the request/application for funding was made,
- the results of the request/application for funding,
- projected or realized results and/or outcomes from prior funding.

**Describe the financial status of the applicant and any co-applicants or partners:**

The most recent audit of the City's financial status showed the City as financially sound. The audit was performed on the Consolidated Financial Report for the Period Ending September 30, 2022 by Warren Averitt CPAs and Advisors, whose findings were in a letter signed March 23, 2023.

**In a separate attachment, please provide financial statements or information that details the financial status of the applicant and any co-applicants or partners.**

Please see Attachment A: Financials

Has the applicant or any co-applicants, partners or any associated or affiliated entities or individuals filed for bankruptcy in the last ten (10) years?

Yes  No



Existing condition - Warehouse 10 at Port of Pensacola



Existing condition - Warehouse 10 at Port of Pensacola



Drone photo of Port of Pensacola pre hurricane Sally. Warehouse and approximate project area circled.

## **Eligibility**

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Pursuant to Section 288.8017, Triumph Gulf Coast, Inc. was created to make awards from available funds to projects or programs that meet the priorities for economic recovery, diversification, and enhancement of the disproportionately affected counties. The disproportionately affected counties are: Bay County, Escambia County, Franklin County, Gulf County, Okaloosa County, Santa Rosa County, Walton County, or Wakulla County. See, Section 288.08012.

**1. From the choices below, please check the box that describes the purpose of the proposed project or program (check all that apply):**

- Ad valorem tax rate reduction within disproportionately affected counties; Local match requirements of s. 288.0655 for projects in the disproportionately affected counties;
- Public infrastructure projects for construction, expansion, or maintenance which are shown to enhance economic recovery, diversification, and enhancement of the disproportionately affected counties;
- Grants to local governments in the disproportionately affected counties to establish and maintain equipment and trained personnel for local action plans of

response to respond to disasters, such as plans created for the Coastal Impacts Assistance Program;

- Grants to support programs that prepare students for future occupations and careers at K-20 institutions that have campuses in the disproportionately affected counties. Eligible programs include those that increase students' technology skills and knowledge; encourage industry certifications; provide rigorous, alternative pathways for students to meet high school graduation requirements; strengthen career readiness initiatives; fund high-demand programs of emphasis at the bachelor's and master's level designated by the Board of Governors; and, similar to or the same as talent retention programs created by the Chancellor of the State University System and the Commission of Education, encourage students with interest or aptitude for science, technology, engineering, mathematics, and medical disciplines to pursue postsecondary education at a state university or a Florida College System institution within the disproportionately affected counties;
- Grants to support programs that provide participants in the disproportionately affected counties with transferable, sustainable workforce skills that are not confined to a single employer; and
- Grants to the tourism entity created under s. 288.1226 for the purpose of advertising and promoting tourism and Fresh From Florida, and grants to promote workforce and infrastructure, on behalf of all of the disproportionately affected counties.



## AMERICA



On August 22, 1851, the 101-foot schooner America, built by New York Yacht Club commodore and founder John Cox Stevens, raced against 15 English yachts from the Royal Yacht Squadron in the "100 Guinea Cup," an annual lap of the Isle of Wight. The visiting America won, finishing 8 minutes ahead of its closest rival. The trophy was renamed after the winners and donated to the New York Yacht Club, along with the "Deed of Gift," specifying that it be held in trust as a perpetual challenge trophy. **So America's prize became "The America's Cup," and took up residency across the Atlantic.**

History of the America

# MAGIC



No challenge to race for the America's Cup was issued until British tycoon James Lloyd Ashbury's Cambria, which showed early promise during sea trials in the Solent. Representing the Royal Thames Yacht Club, the crew of Cambria believed that the trophy could be brought home and officially submitted the first America's Cup challenge in 1870. Cambria, up against a 17-strong fleet of New York Yacht Club schooners in New York Harbor, placed eighth. **Franklin Osgood's Magic, the overall winner, successfully retained the America's Cup and became the trophy's very first defender.**

## History of Magic

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- 2. Provide the title and a detailed description of the proposed project or program, including the location of the proposed project or program, a detailed description of, and quantitative evidence demonstrating how the proposed project or program will promote economic recovery, diversification, and enhancement of the disproportionately affected counties, a proposed timeline for the proposed project or program, and the disproportionately affected counties that will be impacted by the proposed project or program.**



**Project Title: American Magic at the Port of Pensacola**

The City of Pensacola respectfully requests \$8,500,000 from Triumph Gulf Coast for design, renovation and finish out of the partially completed warehouse 10 at the Port of Pensacola, to include a 50-foot addition, and design and construction of a dock and boat ramp. The facility is required to secure headquarters relocation of Bella Mente Quantum Racing Association (American Magic) to the Port of Pensacola.

United by a mandate to win the America’s Cup, American Magic is developing a pathway for a generation of engineers, boatbuilders and technicians to enhance the marine industry in the United States and set Pensacola on a trajectory of being a leader on the world stage. Buildout of the facility will allow American Magic, which has utilized the Port of Pensacola on a temporary, seasonal basis, to permanently relocate their training and boat building facility to the Port of Pensacola, creating 170 high wage jobs in the advanced manufacturing, engineering and research and development sector. Job creation would be a mix of American Magic jobs as well as port or port related jobs.

The project would be constructed on publicly owned land. The City of Pensacola would retain ownership of the land, facility and associated infrastructure. The space would be leased to American Magic. The dock and boat ramp would be utilized by American Magic as well as other Port tenants.

Match funding for this request totals approximately 80% of the total project cost. Match funding identified from grants has been applied for, or added to the annual workplan, but not yet awarded.

Once funding is awarded, design and construction is anticipated to take 24 months. Job creation would begin immediately, with a total ramp-up period of 24 months from construction completion.

**PROJECT PARAMETERS**

Jobs:	170
Avg. Wages:	\$ 105,000
Triumph Request:	\$ 8,500,000
Capital Investment:	\$32,000,000

This project aligns with the publicly approved Portside Pensacola Masterplan.

**How the proposed project or program will promote economic recovery, diversification, and enhancement of the disproportionately affected counties\***

(a) Economic Recovery:

Negative economic impacts resulting from the oil spill caused significantly lower levels of economic

activity in the maritime sector, while creating substantial waves in tourism and its supply chain too. This project proposes to restore vitality and some of what was lost by building on the success of American Magic as both a manufacturer and an international tourism driver.

This project firmly establishes the Port of Pensacola and the State of Florida as the premier location for cutting-edge watercraft/ boat-building innovation on a global scale bringing associated jobs in the water transportation cluster, identified as one of the five regional target clusters by the NW Florida Forward report, to the region. It assists with recovery from both man-made (BP oil spill) and natural (most recently Hurricane Sally) disasters through its promotion of sustainably re-activating our waterways and maintaining our natural environment critical to both the welfare of the state and vibrant coastal communities.

Successful build-out of components in this proposal is two-fold. First the referenced project accomplishes high wage job creation and second, it opens the door for effective campaigns to bring admired water races and events to our region. It also lays a permanent foundation for the growth and recognition of our region as a premier location for high-performance technology and sailing investment reactivating our waterways.

(b) Diversification:

Building on the mission statement to achieve a revitalized, sustainable Port of Pensacola, the goal is to secure long term economic and social benefit to Pensacola and Northwest Florida. This will be accomplished by safeguarding core maritime infrastructure and activities while engaging underutilized land and waterfront assets into new pursuits, inclusive of science, technology, education, research, business, and other complimentary uses.

Florida's economy is very dependent on the success of our waterways. Unfortunately, history has shown that this sector is vulnerable to impacts that are out of our local control. Whether the event is an oil spill or a natural disaster, it's critical that the community continues to increase the number of high paying jobs in our maritime industries. This project firmly establishes American Magic in the regional economy and further activates our waterways. Significant sailing activity will add dimension to the regional economy that will complement the emerging sector of advanced boat building.

Future proofing port operations with a diverse mix of specialized cargo, waterside and inland transportation connections supporting cargo loading and unloading, as well as adding a unique tenant mix reliant on our natural resources is critical to regional job growth. Adding innovative companies to the port's existing tenant mix will broaden capabilities, welcome new commercial activity, and expand incrementally to meet new market, trade, and maritime commercial activities.

(c) Enhancement of Disproportionately Affected Counties:

An investment in the American Magic facility achieves the goal of continuing to foster a research and development high-tech cluster in our region. As an example, American Magic recently entered into an agreement with Pensacola's Institute for Human and Machine Cognition (IHMC). Through this introductory project, there is openness on both sides for future collaboration. The areas of expertise within the IHMC organization are quite broad and having such a technologically focused firm locally here in Pensacola could yield tremendous future benefits, the likes of which have yet to be fully explored. This project builds on an existing high-tech research and development regional asset (IHMC) to further advance the high-tech, high-performance research capabilities of American Magic.

**3. Explain how the proposed project or program is considered transformational and how it will affect the disproportionately affected counties in the next ten (10) years:**

Successful completion of this project creates new opportunities for the Port of Pensacola as well as employment options for the region, along with elevating our tech-sector and creating a career training pipeline with local universities and colleges. When our future workforce graduates, they will have options for high-paying, high-tech engineering and manufacturing jobs distinguishing Pensacola and Northwest Florida from the rest of the country. American Magic substantially contributes to lifting average wages in the MSA.

The aim of this effort is to amplifying the Port of Pensacola as the premier location for high-performance technology and innovation in the maritime space. A few of the economic benefits of this effort include:

- Significant job creation at above-average wages
- Attraction of supporting companies and technology
- Partnerships with university researchers and an opportunity to grow human performance innovation
- New warehouse space on port
- Regional exposure to international opportunities
- Self-sustaining model in the future
- Project activates Pensacola Bay by utilizing the wind profile (environmentally friendly)
- Potential successful bids for major events including regattas and youth sailing events
- New external dollars coming into our region that would not otherwise exist

**4. Describe data or information available to demonstrate the viability of the proposed project or program.**

The project is considered viable from the perspective of permitting, design and construction. The City of Pensacola and the Port of Pensacola have successfully implemented similar grant funded infrastructure projects. Additionally, the Port has an FDEP approved stormwater management plan for the entire port, and all utility infrastructure is in place.

Permitting for the dock will include approval from FDEP, FWC, and the Army Corps.

**5. Describe how the impacts to the disproportionately affected counties will be measured long term.**

The impacts will be measured by reviewing the following indicators: (1) number of jobs, (2) average wage, and (3) amount of capital investment.

**6. Describe how the proposed project or program is sustainable. (Note: Sustainable means how the proposed project or program will remain financially viable and continue to perform in the long-term after Triumph Gulf Coast, Inc. funding.)**

The Triumph funding will be used to complete infrastructure construction at the Port of Pensacola specifically to induce American Magic to relocate their headquarters, boat building facility and training team to Pensacola. The infrastructure will be owned and maintained by the city.

**7. Describe how the deliverables for the proposed project or program will be measured.**

The City of Pensacola has an extensive history of implementation of professionally managed, grant funded, construction projects. As an example, city staff and project managers successfully provided oversight on the Triumph funded ST Engineering project at Pensacola International Airport. Recent completion of ST hangars 1-2 demonstrated the City's capacity to manage grant funded construction projects through all phases including partnership development, concept, rough order of magnitude estimate, funding, procurement, A&E, permitting, construction, and ultimately, issuance of a certificate of occupancy.

Deliverables will be measured according to the specifications detailed in the bid packages and contracts. An engineering firm will be hired to provide construction engineering and inspection (CEI) services.

## Priorities

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**1. Please check the box if the proposed project or program will meet any of the following priorities (check all that apply):**

- Generate maximum estimated economic benefits, based on tools and models not generally employed by economic input-output analyses, including cost-benefit, return-on-investment, or dynamic scoring techniques to determine how the long- term economic growth potential of the disproportionately affected counties may be enhanced by the investment.
- Increase household income in the disproportionately affected counties above national average household income.
- Leverage or further enhance key regional assets, including educational institutions, research facilities, and military bases.
- Partner with local governments to provide funds, infrastructure, land, or other assistance for the project.
- Benefit the environment, in addition to the economy.  
Provide outcome measures.
- Partner with K-20 educational institutions or school districts located within the disproportionately affected counties as of January 1, 2017.
- Are recommended by the board of county commissioners of the county in which the project or program will be located.
- Partner with convention and visitor bureaus, tourist development councils, or chambers of commerce located within the disproportionately affected counties

**2. Please explain how the proposed project meets the priorities identified above.**

As a unique endeavor in the United States, this project opens our region to maximum economic benefit through activation of our oldest natural resource – our waterways. American Magic assures economic investment in the across the region by providing higher than average wages, leveraging university partnerships for research and development, supporting growth of our existing R & D cluster, engaging our future workforce in STEM - specifically, maritime STEM - careers, and by providing a marketing edge that will help the region draw new tourism events and investment to the area. The project also meets community goals set in the *Portside Vision Plan* moving the Port of Pensacola forward as the premier location for high-performance technology and innovation in the maritime space.

**3. Please explain how the proposed project or program meets the discretionary priorities identified by the Board.**

***Considered transformational for the future of the Northwest Florida region –***

American Magic at Port of Pensacola will use Triumph funds to capture the depth of benefit that this type of opportunity brings to the region. As stated, this is a unique endeavor in the United States and an opportunity for our region to take center stage in the maritime high-performance space using our natural resources – wind and water. This project builds partnerships with and attracts innovative companies with winning in mind. As described, the future with American Magic and the High-Performance Center in our region looks like one with high-paying, innovative jobs and STEM training for our next workforce; one where existing small businesses are supported and new businesses emerge; one with Pensacola Bay fully activated not only with traditional cargo movements and recreational vessels, but also one filled with regattas and an infusion of national and global events hosted here.

***May be consummated quickly and efficiently-***

Although the warehouse was never fully completed, engineering inspections have determined that the building is structurally sound, and only needs to be completed and expanded to meet the team’s needs.

***Promote net-new jobs in the private sector with an income above regional average household income-***

American Magic will spur the creation of 170 new jobs at \$105,000 average annual wages, which is more than double the Escambia County average wage of \$51,269.

***Align with Northwest Florida FORWARD, the regional strategic initiative for Northwest Florida economic transformation –***

The NW FL report concludes that target industry attraction and five sectors including water transportation will transform the region. This project creates a significant number of jobs in the maritime innovation space. Northwest Florida FORWARD's five aspirational goals that serve as the key focus areas for future economic vitality and growth for the region – Talent, Business Vitality, Infrastructure, Entrepreneurship & Innovation, and Quality of Place – are all met through the partnership between the Port of Pensacola and American Magic and the associated establishment of a maritime performance cluster.

***Create net-new jobs in targeted industries to include aerospace and defense...-***

American Magic at the Port of Pensacola will immediately create net-new jobs in a high wage industry. Additional growth will occur in the advanced manufacturing, engineering and R&D sectors through teaming agreements with UWF, IHMC, and others focused on advanced performance. One hundred and seventy jobs will be created, and while American Magic is a high-performance boat builder, arguably they could occupy the aerospace sector since their hydro-foiling technology enables them to fly on water! In fact, American Magic has previously partnered with aviation/aerospace design companies to harness expertise in aerodynamic design and engineering.

***Promote industry cluster impact for unique targeted industries –***

Unique in the United States, American magic will attract suppliers and partner companies to the region, growing innovation in the region. This provides unlimited potential to secure supporting tenants for the remaining undeveloped space on-port in the future.

***Create net-new jobs with wages above national average wage-***

The Census Bureau reports the 2020 median household income in the Pensacola MSA was \$56,507, compared to Florida at \$59,227 and the U.S. at \$65,712. The parameters for this project far exceed the national average wage.

***Provide a wider regional impact versus solely local impact-***

There will be immediate impacts across the region as American Magic intends to build a foundation of success through teaming partnerships, connecting with small businesses and entrepreneurs, and by leveraging their impact to bring the next generation of innovators to the forefront. The team's presence in our region can assist communities across the panhandle with developing a sailing

ecosystem and attracting large-scale championships to northwest Florida.

***Enhance research and innovative technologies in the region –***

As an example, American Magic recently entered a teaming agreement with the Institute for Human and Machine Cognition (IHMC), to provide research firmly focusing on improving human performance in a variety of environments. Specifically, this project focuses on increasing the team’s ability to produce data displays which enable sailors to efficiently acquire the information they need to make the best decisions possible on the racecourse. This is one example among an infinite number of examples on how the presence of American Magic at the Port of Pensacola can benefit maximum growth and high wages across our region.

***Enhance a targeted industry cluster or create a Center of Excellence unique to Northwest Florida***

Following the mission statement to achieve a revitalized, sustainable Port of Pensacola, our goal is to secure long term economic and social benefit to Northwest Florida. We will accomplish this by safeguarding our core maritime infrastructure and activities while engaging underutilized land and waterfront assets into new pursuits, inclusive of science technology, education, research, business, and other complimentary uses. Meeting the tenets of both our mission statement and goals set forth by the *NW Florida FORWARD* report, establishing American Magic’s headquarters at the Port of Pensacola will support the Pensacola MSA and beyond as a recognized leader in maritime research and development centered on performance.

***Create a unique asset in the region that can be leveraged for regional growth of targeted industries –***

In addition to benefits gained in advanced performance and related technologies, American Magic plans include creating a center for developing sailing and sail racing in the United States, with their base of operations remaining in Pensacola. While their own team members’ contributions to the economy are beyond noteworthy, it is far more significant what their presence will mean to sailing in Pensacola. Securing American Magic’s base operations in Pensacola will bring those highest level, marquis sailing events to Pensacola – events that the area could not attract previously.

***Demonstrate long-term financial sustainability following Triumph Gulf Coast, Inc. funding –***

American Magic has internationally recognized capability to bring foundational funding partners together and create a sustainable business platform in the boat-building and high-performance arena. As an experienced company, they will be able to leverage their headquarters, its cutting-edge equipment, and technologies, along with its world-renowned talent to drive and grow funding and partnerships long into the future.



***Provide clear performance metrics over duration of project or program –***

The City of Pensacola will utilize previously successful Triumph grant proposals and awards to the city (ST Engineering hangars at Pensacola International Airport) as precedent for measuring performance. Substantial targets of success for American Magic and our program are identified earlier in this proposal.

***Include Applicant and selected partners/vendors located in Northwest Florida –***

The Port of Pensacola and the future High-Performance Maritime Center warehouse are in Northwest Florida and counties significantly impacted by the BP Oil Spill will benefit from its regional impact. Teaming agreements focused on innovation are referenced in the application.

4. **In which of the eight disproportionately affected county/counties is the proposed project or program located? (Circle all that apply)**

Escambia Santa Rosa Okaloosa Walton Bay Gulf Franklin Wakulla

5. **Was this proposed project or program on a list of proposed projects and programs submitted to Triumph Gulf Coast, Inc., by one (or more) of the eight disproportionately affected Counties as a project and program located within its county?**

Yes  No

If yes, list all Counties that apply: Escambia

6. **Does the Board of County Commissioners for each County listed in response to question 5, above, recommend this project or program to Triumph? \*\*Please attach proof of recommendation(s) from each County identified.**

Yes  No

Item not taken to Board of County Commissioners at the time of application submittal.

Approvals and Authority

1. **If the Applicant is awarded grant funds based on this proposal, what approvals must**

**be obtained before Applicant can execute an agreement with Triumph Gulf Coast, Inc.?**

If Triumph Gulf Coast funding is awarded, the City Attorney for the City of Pensacola will review the agreement and the agreement can be added to an upcoming agenda of a publicly noticed City Council meeting for the Council to authorize the mayor to sign the agreement. No other approvals are needed for this agreement.

**2. If approval of a board, commission, council, or other group is needed prior to execution of an agreement between the entity and Triumph Gulf Coast:**

**A. Provide the schedule of upcoming meetings for the group for a period of at least six months.**

Regular City Council meetings are typically held on the second and fourth Thursday of each month, except for May, June, July, August, November, and December. 2023 Schedule: April 13 & 27; May 11 & 25; June 15; July 20; August 17; September 14 & 28; October 12 & 26; November 9; December 14.

**B. State whether that group can hold special meetings, and if so, upon how many days' notice?**

Special meetings may be held at the call of the City Council president or the Mayor or at the request of three (3) of the City Council members to the City Clerk, and, whenever practicable, upon no less than seventy-two (72) hours' notice to each Council Member and the public, or such shorter time as the City Council President, or three (3) City Council members deems necessary in the event of an emergency. Special meetings should have no less than 24 and preferably at least 72 hours reasonable notice to the public.

**3. Describe the timeline for the proposed project or program if an award of funding is approved, including milestones that will be achieved following an award through completion of the proposed project or program.**

Design and Construction of warehouse 10: AUG 2023 – AUG 2025 (24 months)

Design and Construction of Dock and Boat Ramp: AUG 2023- AUG 2026 (36 months)

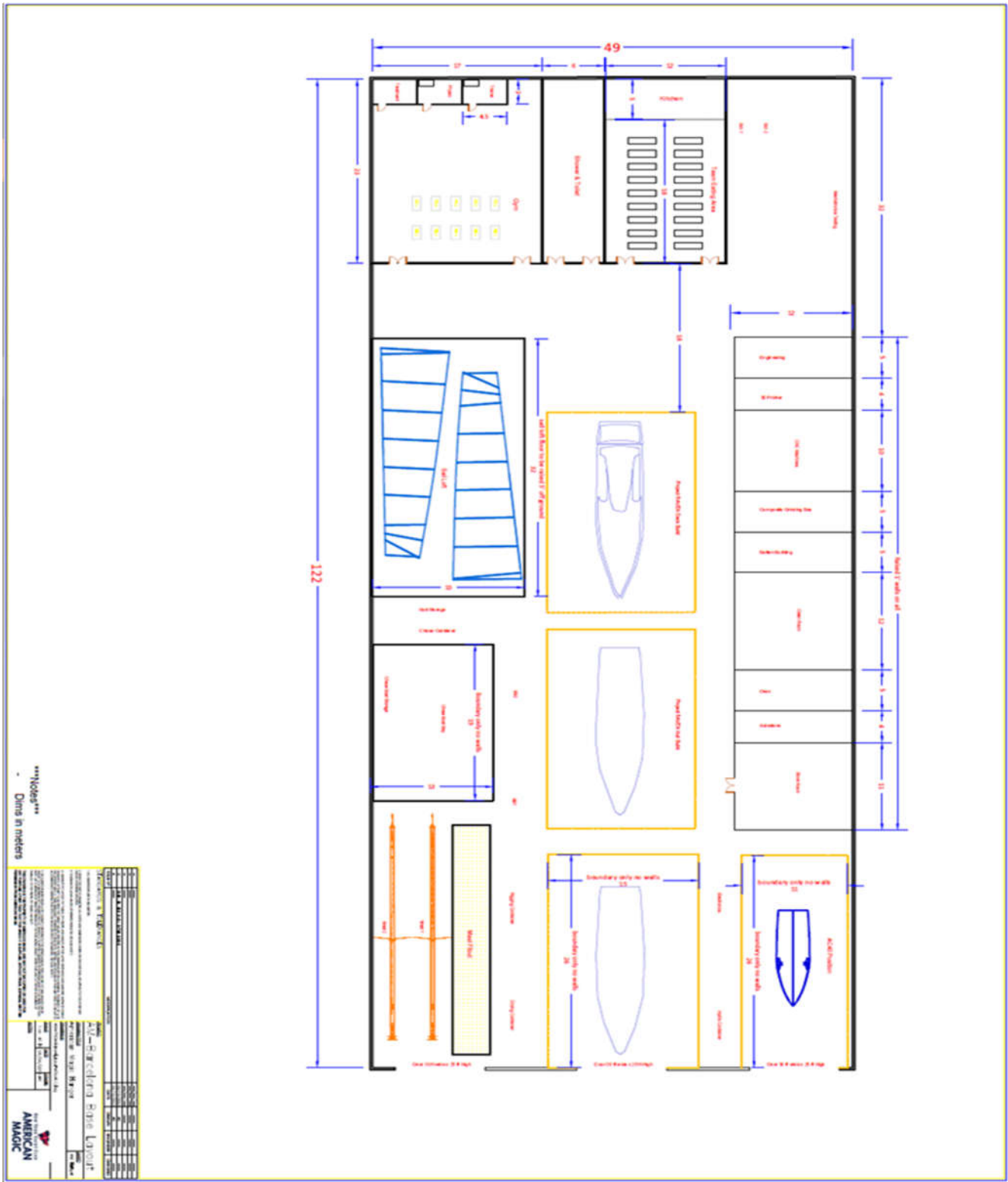
Project completion: AUG 2026

4. **Attach evidence that the undersigned has all necessary authority to execute this proposal on behalf of the entity applying for funding. This evidence may take a variety of forms, including but not limited to: a delegation of authority, citation to relevant laws or codes, policy documents, etc. In addition, please attach any support letters from partners.**

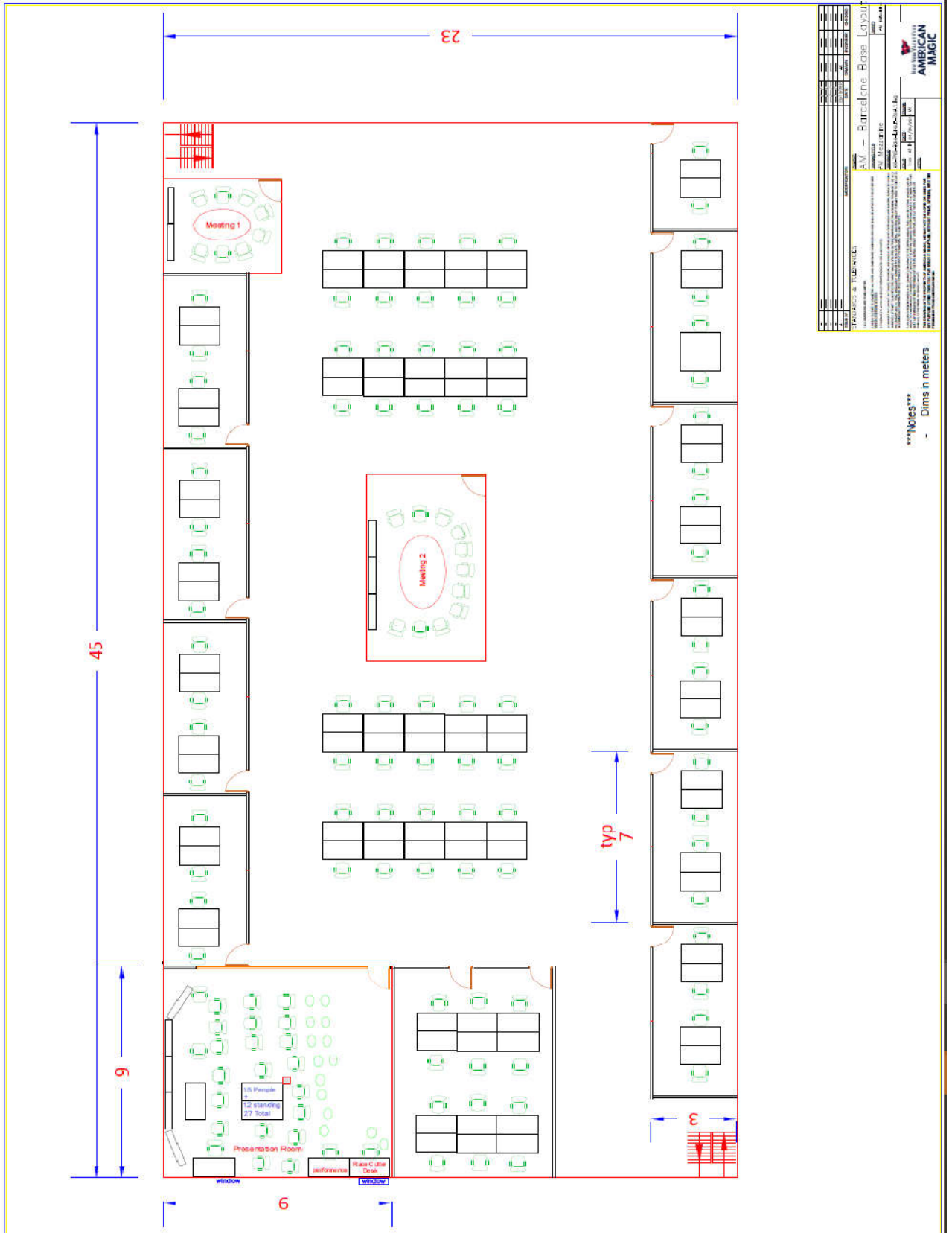
Contracts requiring the mayor's signature are approved by City Council during a publicly noticed Council meeting. Approval by Council authorizes the mayor to sign the contract, lease, or document.



Port of Pensacola 2019



Ground floor proposed layout of American Magic facility



PROJECT INFORMATION		REVISED	
PROJECT NAME	Barcelona Base Layout	REVISION NO.	
PROJECT NO.	AM - 0221110	DATE	
PROJECT LOCATION		DESIGNED BY	
PROJECT TYPE		CHECKED BY	
PROJECT STATUS		APPROVED BY	
PROJECT OWNER		DATE	
PROJECT MANAGER			
PROJECT COORDINATOR			
PROJECT ARCHITECT			
PROJECT ENGINEER			
PROJECT CONTRACTOR			
PROJECT SUBCONTRACTOR			
PROJECT CONSULTANT			
PROJECT SPECIALIST			
PROJECT DESIGNER			
PROJECT DRAWER			
PROJECT CHECKER			
PROJECT APPROVER			

\*\*\*Notes\*\*\*  
 - Dim's in meters

Funding and Budget:

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1. **Identify the amount of funding sought from Triumph Gulf Coast, Inc. and the time-period over which funding is requested.**

\$8,500,000 is requested over 24 months.

2. **What percentage of total program or project costs does the requested award from Triumph Gulf Coast, Inc. represent? (Please note that an award of funding will be for a defined monetary amount and will not be based on percentage of projected project costs.)**

The Triumph request of \$8,500,000 is approximately 20% of the overall project budget

3. **Please describe the types and number of jobs expected from the proposed project or program and the expected average wage.**

**NAICS Code 541330** engineering services, **NAICS Code 336600** production and boat building, **NAICS Code 333249** advanced manufacturing



“America” foiling monohull that the team will use for testing and racing in preliminary regattas for the Cup.

4. Does the potential award supplement but not supplant existing funding sources? If yes, describe how the potential award supplements existing funding sources.

Yes  No

Yes, the award does not supplant existing funding sources because no other funds have been identified at this point.

5. Please provide a Project/Program Budget. Include all applicable costs and other funding sources available to support the proposal.

Please see Attachment B

- C. Provide a detailed budget narrative, including the timing and steps necessary to obtain the funding and any other pertinent budget-related information.

#### BUDGET

Triumph	\$8,500,000
Governor's Job Growth Grant Fund	\$3,900,000
FSTED	\$1,500,000
Replacement Value Whse 10	\$3,200,000
American Magic Capital Investment	\$32,000,000
Escambia TDC	\$1,500,000
<b>TOTAL</b>	<b>\$45,200,000</b>

**Grant Funding** - The project budget shown includes a grant request to Florida's Job Growth Grant Fund as well as Florida Seaport Transportation and Economic Development funding.

**Existing Warehouse Value** – The Port of Pensacola received a replacement value appraisal in 2020 after Hurricane Sally. It is assumed that due to rising construction costs and property valuations, this estimate is actually substantially higher.

**TDC** - The Escambia TDC approved a three-year funding award at \$500,000 per year. To date, American Magic has received \$1 million (2 allocations). Funding was used to reimburse shipping costs to bring the sailboat to Pensacola from New Zealand. The third and final

distribution of funds will occur in the next fiscal year. It has not yet been determined how the funding will be used, as there are very specific statutory limitations on how the funding can be spent. One potential use of funding would be toward partnership marketing efforts with Visit Pensacola.

**Capital Investment** – American Magic will provide documentation of \$32,000,000 of capital investment.

Applicant understands that the Triumph Gulf Coast, Inc. statute requires that the award contract must include provisions requiring a performance report on the contracted activities, must account for the proper use of funds provided under the contract, and must include provisions for recovery of awards in the event the award was based upon fraudulent information, or the awardee is not meeting the performance requirements of the award.

Yes  No

Applicant understands that awardees must regularly report to Triumph Gulf Coast, Inc. the expenditure of funds and the status of the project or program on a schedule determined by Triumph Gulf Coast, Inc.

Yes  No

Applicant acknowledges that Applicant and any co-Applicants will make books and records and other financial data available to Triumph Gulf Coast, Inc. as necessary to measure and confirm performance metrics and deliverables.

Yes  No

Applicant acknowledges that Triumph Gulf Coast, Inc. reserves the right to request additional information from Applicant concerning the proposed project or program.

Yes  No



ADDENDUM FOR INFRASTRUCTURE PROPOSALS:

**1. Program Requirements**

**A. Is the infrastructure owned by the public?**

Yes  No

Warehouse 10 is on port at the Port of Pensacola, an enterprise of the City of Pensacola.

**B. Is the infrastructure for public use or does it predominately benefit the public?**

Yes  No

Infrastructure and capital improvements as described in this proposal are located on-port at the Port of Pensacola, a publicly owned facility.

**C. Will the public infrastructure improvements be for the exclusive benefit of any single company, corporation, or business entity?**

Yes  No

The City of Pensacola and the Port of Pensacola will retain ownership of the land and the facility. Upon completion of the facility, a lease agreement will be negotiated with American Magic. Should the lease agreement end with American Magic, the facility will easily be marketed to a future Port tenant.

Partnership agreements are in development with the University of West Florida (UWF), and there is a desire to co-locate in this or adjacent facilities.

**D. Provide a detailed explanation of how the public infrastructure improvements will connect to a broader economic development vision for the community and benefit additional current and future businesses.**

Many tech-led, innovative companies call Northwest Florida home. Investment in on-port public infrastructure improvements supporting the build-out of the American Magic headquarters solidifies our area as an innovation hub in the maritime sector and grows a significant number of above average wage jobs in our region. It activates near-future global investment, secures area recognition on an international scale since the project is unique in the United States, brings further tech-led development to our region, activates Pensacola Bay, and

favors the local economy's small business and service growth -- all while achieving our community's vision for the future of the Port of Pensacola as outlined in the Portside Vision Plan. The revenue generated by regattas, training events, and ancillary businesses associated with the sport will create additional jobs in the tourism sector in Pensacola and the region.

**E. Provide a detailed description of, and quantitative evidence demonstrating how the proposed public infrastructure project will promote:**

- **Economic recovery,**
- **Economic Diversification,**
- **Enhancement of the disproportionately affected counties,**
- **Enhancement of a Targeted Industry.**

Please see earlier entry on economic recovery, diversification, enhancement of disproportionately affected counties and targeted industry response following the executive summary section.

**2. Additional Information**

**A. Is this project an expansion of existing infrastructure project?**

**Yes**     **No**

**B. Provide the proposed beginning commencement date and number of days required to complete construction of the infrastructure project.**

Design and Construction of warehouse 10: AUG 2023 – AUG 2025 (24 months)

Design and Construction of Dock and Boat Ramp: AUG 2023- AUG 2026 (36 months)

Project completion: AUG 2026

**C. What is the location of the public infrastructure? (Provide the road number, if applicable.)**

This project is located at 700 S. Barracks Street on port in the now partially constructed warehouse 10 at the Port of Pensacola, a seaport in Escambia County leveraging 2360 linear feet of deep-water berths and +/- 55 acres of industrial waterfront land supportive of regional commerce and industry.

**D. Who is responsible for maintenance and upkeep? (Indicate if more than one are applicable.)**

Lease fees collected by Port of Pensacola will be used in support of exterior maintenance. Proposed tenants are responsible for interior maintenance and upkeep to include all systems to be further defined in contracts.

**E. What permits are necessary for the infrastructure project?**

Customary city-wide permits referenced in the City's land development code and in adherence with the most recent Florida Building Code (i.e., mechanical, electrical, plumbing, civil/site work, fire suppression, flood elevation certificate, surveys, and associated permits) are required for redevelopment/construction of the High-Performance Maritime warehouse prior to issuance of a certificate of occupancy. The Port has an FDEP approved stormwater management plan for the entire port, and all utility infrastructure is in place.

Permitting for the dock will include approval from FDEP, FWC, and the Army Corps.

**Detail whether required permits have been secured, and if not, detail the timeline for securing these permits. Additionally, if any required permits are local permits, will these permits be prioritized?**

All landside permits required are local permits and applications will be reviewed in accordance with professional operational procedures. Design plans for dock and boat ramp must be completed prior to Army Corps permit applications are submitted.

**F. What is the future land use and zoning designation on the proposed site of the Infrastructure improvement, and will the improvements conform to those uses?**

The proposed site on-port is zoned Industrial - M1 (light industrial) as described in sec. 12-3-9 of the Land Development Code. Allowable uses within this designation (and available cumulative zoning) include manufacturing, warehousing distribution, fabrication and others and this project meets zoning requirements.

**G. Will an amendment to the local comprehensive plan or a development order be required on the site of the proposed project or on adjacent property to accommodate the infrastructure and potential current or future job creation opportunities? If yes, please detail the timeline.**

Yes       No

**H. Does this project have a local match amount? If yes, please describe the entity providing the match and the amount.**

Yes       No

Please see budget narrative

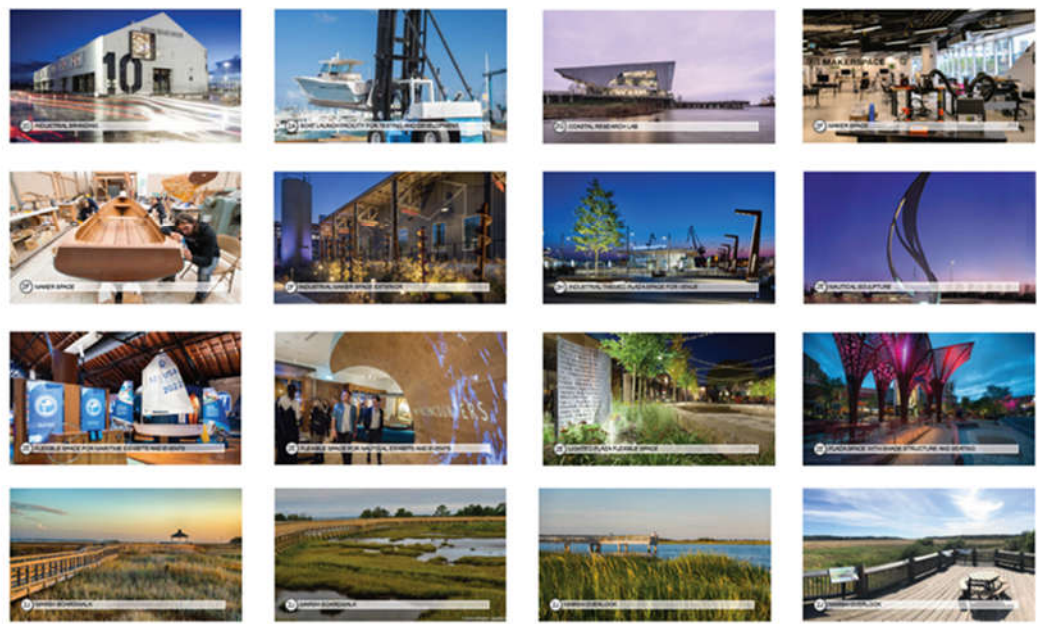
**I. Provide any additional information or attachments to be considered for this proposal.**



PORTSIDE PENSACOLA VISION PLAN AND REINVESTMENT STRATEGY  
 PLAN IMPLEMENTATION CONCEPT  
 PENSACOLA, FLORIDA | 2022-08-23 | LPN2020008



Future concept for NE quadrant following American Magic Warehouse build-out



PORTSIDE PENSACOLA VISION PLAN AND REINVESTMENT STRATEGY  
 PLAN IMPLEMENTATION CONCEPT  
 PENSACOLA, FLORIDA | 2022-08-23 | LPN2020008

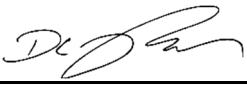


Future concept for NE quadrant following American Magic Warehouse build-out

I, the undersigned, do hereby certify that I have express authority to sign this proposal on my behalf or on behalf of the above-described entity, organization, or governmental entity:

Name of Applicant: City of Pensacola

Name and Title of Authorized Representative: D.C. Reeves, Mayor

Representative Signature:  \_\_\_\_\_

Signature Date: 04/27/2023



350 W Cedar Street, Suite 400  
Pensacola, FL 32502  
850.435.7400  
[warrenaverett.com](http://warrenaverett.com)

## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and  
Members of the City Council  
City of Pensacola, Florida

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pensacola, Florida ("the City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 23, 2023.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Warren Averett, LLC*

Pensacola, Florida  
March 23, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM, STATE PROJECT AND PASSENGER FACILITY  
CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE, CHAPTER 10.550, RULES OF THE AUDITOR  
GENERAL AND THE PFC AUDIT GUIDE FOR PUBLIC AGENCIES**

Honorable Mayor and  
Members of the City Council  
City of Pensacola, Florida

**Report on Compliance for Each Major Federal Program, State Project, and Passenger Facility  
Charge Program**

***Opinion on Each Major Federal Program, State Project, and Passenger Facility Charge Program***

We have audited the City of Pensacola, Florida's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, the requirements described in the Department of Financial Services' *State Projects Compliance Supplement*, and the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, that could have a direct and material effect on each of the City's major federal programs, state projects and its passenger facility charges program for the year ended September 30, 2022. The City's major federal program and state financial assistance projects are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Pensacola, Florida complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs, state projects, and passenger facility charges program for the year ended September 30, 2022.

***Basis for Opinion on Each Major Federal Program, State Project, and Passenger Facility Charge Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, and Chapter 10.550, *Rules of the Auditor General*. Our responsibilities under those standards, the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program and state project. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal programs, state projects, and passenger facility charges.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); Chapter 10.550, *Rules of the Auditor General*, and the *Passenger Facility Charge Audit Guide for Public Agencies*, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program and state project as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, the Uniform Guidance, Chapter 10.550, *Rules of the Auditor General*, and *Passenger Facility Charge Audit Guide for Public Agencies* we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Florida Department of Financial Services *State Projects Compliance Supplement*, and the *Passenger Facility Charge Audit Guide for Public Agencies* but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

### ***Purpose of this Report***

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and Chapter 10.550, *Rules of the Auditor General*, and *Passenger Facility Charge Audit Guide for Public Agencies*. Accordingly, this report is not suitable for any other purpose. Accordingly, this report is not suitable for any other purpose.

*Warren Averett, LLC*

Pensacola, Florida  
March 23, 2023

**INDEPENDENT ACCOUNTANTS' REPORT ON EXAMINATION OF  
COMPLIANCE REQUIREMENTS IN ACCORDANCE WITH CHAPTER 10.550,  
RULES OF THE AUDITOR GENERAL**

Honorable Mayor and  
Members of the City Council  
City of Pensacola, Florida

We have examined the City of Pensacola, Florida's (hereinafter referred to as the "the City") compliance with the following requirement for the year ended September 30, 2022:

- (1) Florida Statute 218.415 in regards to investments.

Management is responsible for the City's compliance with those requirements. Our responsibility is to express an opinion on the City's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the City complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the City complied with the specified requirements. The nature, timing and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the City's compliance with specified requirements.

In our opinion, the City has complied, in all material respects, with the aforementioned requirements for the year ended September 30, 2022.

This report is intended solely for the information and use of the City and the Auditor General, State of Florida, and is not intended to be and should not be used by anyone other than these specified parties.



Pensacola, Florida  
March 23, 2023

**CITY OF PENSACOLA, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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**SECTION I - SUMMARY OF AUDITOR RESULTS**

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified Opinion
Internal control over financial reporting:	
Material weakness(es) identified?	___ Yes <input checked="" type="checkbox"/> No
Significant deficiency (ies) identified that are not considered to be material weakness(es)?	___ Yes <input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	___ Yes <input checked="" type="checkbox"/> No

FEDERAL PROGRAM AND STATE FINANCIAL ASSISTANCE PROJECTS

Internal control over major federal programs and state projects:	
Material weakness(es) identified?	___ Yes <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	___ Yes <input checked="" type="checkbox"/> None reported
Type of auditors' report issued on compliance for major federal programs and state projects:	Unmodified Opinion
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance or Chapter 10.550, <i>Rules of the Auditor General</i> ?	___ Yes <input checked="" type="checkbox"/> No

IDENTIFICATION OF MAJOR PROGRAM

Federal Program:

- Federal Assistance Listing Number 11.307 – U.S. Department of Commerce – Economic Adjustment Assistance
- Federal Assistance Listing Number 14.871 – U.S. Department of Housing and Urban Development – Housing Voucher Cluster
- Federal Assistance Listing Number 20.106 – U.S. Department of Transportation – Airport Improvement Program
- Federal Assistance Listing Number 21.027 – U.S. Department of Treasury – American Rescue Plan: Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs:	\$ 1,846,454
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes ___ No

**CITY OF PENSACOLA, FLORIDA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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**SECTION I - SUMMARY OF AUDITOR RESULTS – (CONTINUED)**

IDENTIFICATION OF MAJOR STATE FINANCIAL ASSISTANCE PROJECTS

State Projects:

CSFA No. 40.043 – Department of Economic Opportunity – Economic Development Tax Refund,  
Tax Credit, and Grant Program

CSFA No. 77.048 – Florida Fish and Wildlife Conservation Commission – Deepwater Horizon Oil  
Spill

Dollar threshold used to distinguish  
between type A and type B programs: \$ 936,684

**SECTION II - FINANCIAL STATEMENT FINDINGS**

There are no findings which were required to be reported in accordance with government auditing standards generally accepted in the United States of America.

**SECTION III – MAJOR FEDERAL PROGRAM AND STATE PROJECT FINDINGS AND QUESTIONED COSTS**

There are no audit findings required to be reported in accordance with the Uniform Guidance or Chapter 10.550, *Rules of the Auditor General*.

**CITY OF PENSACOLA, FLORIDA  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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There were no prior year audit findings.

**CITY OF PENSACOLA, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,  
PASSENGER FACILITY CHARGE AND STATE FINANCIAL ASSISTANCE  
FOR THE PERIOD ENDING SEPTEMBER 30, 2022**

Federal/State Agency, Pass-Through Entity, Federal Program/State Project	Assistance Listing Number	Contract Grant Number	Pass-Through Entity Identifying Number	Passed Through to Sub recipients	Total Expenditures	Passenger Facility Charge Revenue
<b>FEDERAL AWARDS</b>						
<b>U.S. DEPARTMENT OF TREASURY</b>						
COVID-19 American Rescue Plan: Coronavirus State and Local Fiscal Recovery Funds	21.027	NA		734,219	6,001,807	
<i>Passed through Florida Department of Transportation</i>						
COVID-19 American Rescue Plan: Coronavirus State and Local Fiscal Recovery Funds	21.027	449499-2-84-01		-	121,594	
<b>Total U.S. Department of Treasury</b>				<b>734,219</b>	<b>6,123,401</b>	
<b>U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY</b>						
Brownfields Assessment and Cleanup Cooperative Agreement	66.818	02D28822			4,151	
<b>Total U.S. Department of Environmental Agency</b>					<b>4,151</b>	
<b>U. S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						
<i>CDBG-Entitlement Grants Cluster:</i>						
COVID-19 Community Development Block Grant (CARES)	14.218	B-20-MW-12-0016		-	169,422	
<i>Passed through Escambia County BOCC:</i>						
Community Development Block Grant	14.218	B-14/20-MC-12-0016		-	106,304	
Housing Rehabilitation	14.218	B-14/20-MC-12-0016		-	219,188	
Aid to Private Agencies	14.218	B-14/21-MC-12-0016		147,481	305,660	
<b>Total CDBG-Entitlement Grants Cluster</b>				<b>147,481</b>	<b>800,574</b>	
<i>Passed through Escambia County Florida:</i>						
HOME Investment Partnerships Program	14.239	M-21-DC-12-0225		-	22,031	
<i>Housing Voucher Cluster:</i>						
Section 8 Housing Choice Vouchers Program	14.871	FL092VO0256-0262		-	17,549,732	
COVID-19 Section 8 Housing Choice Vouchers Program (Vouchers Cares Act)	14.871	FL092VO0243		-	26,478	
Emergency Housing Vouchers	14.871	FL092EH001		172,022	17,748,232	
<b>Total Housing Voucher Cluster</b>				<b>-</b>	<b>17,748,232</b>	
<b>Total U. S. Department of Housing and Urban Development</b>				<b>147,481</b>	<b>18,570,837</b>	
<b>U. S. DEPARTMENT OF JUSTICE</b>						
Bulletproof Vest Partnership Program	16.607	2020BUBX20022770		-	4,487	
Bulletproof Vest Partnership Program	16.607	2021BUBX21024725		-	12,564	
				-	17,051	
Law Enforcement Trust Fund	16.922	N/A		-	51,332	
Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-0265			79,509	
Edward Byrne Memorial Justice Assistance Program	16.738	15PBJA-21-GG-01340-JAGX			22,071	
<i>Passed through the State of Florida, Department of Law Enforcement:</i>						
Edward Byrne Memorial Justice Assistance Program	16.738	2021-JAGC-ESCA-3-3B-134		-	37,210	
Edward Byrne Memorial Justice Assistance Program	16.738	2020-DJ-BX-0551		-	11,670	
				-	48,880	
<b>Total U. S. Department of Justice</b>				<b>-</b>	<b>218,843</b>	
<b>U.S. DEPARTMENT OF COMMERCE</b>						
Economic Adjustment Program	11.307	47907378			12,215,000	
<b>Total U.S. Department of Commerce</b>					<b>12,215,000</b>	
<b>U. S. DEPARTMENT OF TRANSPORTATION</b>						
Airport Improvement Program	20.106	N/A		-	1,680,058	
COVID-19 Airport Improvement Program (Cares Act)	20.106	N/A		-	5,770,622	
				-	7,450,680	
<i>National Priority Safety Program Cluster:</i>						
<i>Passed through State of Florida, Florida Department of Transportation:</i>						
National Priority Safety Program	20.616	G1S99		-	134	
<b>Total National Priority Safety Program Cluster</b>				<b>-</b>	<b>134</b>	
<b>Total U. S. Department of Transportation</b>				<b>-</b>	<b>7,450,814</b>	
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>						
<i>Passed through State of Florida, Florida Division of Emergency Management:</i>						
Disaster Grants - Public Assistance - Federal 75%	97.036	Z2566		-	16,846,949	
Port Security Grant Program	97.056	EMW-2019-PU-00016-S01		-	74,427	
Assistance to Firefighters Grant	97.044	EMW-2019-FG-10291		-	44,028	
<b>Total U.S. Department of Homeland Security</b>				<b>-</b>	<b>16,965,404</b>	
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ 147,481</b>	<b>\$ 61,548,450</b>	
<b>PASSENGER FACILITY CHARGE</b>					<b>\$ 1,702,236</b>	<b>\$ 4,864,866</b>



**CITY OF PENSACOLA, FLORIDA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS,  
PASSENGER FACILITY CHARGE AND STATE FINANCIAL ASSISTANCE  
FOR THE PERIOD ENDING SEPTEMBER 30, 2022**

Federal/State Agency, Pass-Through Entity, Federal Program/State Project	Assistance Listing Number	Contract Grant Number	Pass-Through Entity Identifying Number	Passed Through to Sub recipients	Total Expenditures	Passenger Facility Charge Revenue
<b>STATE FINANCIAL ASSISTANCE</b>						
<b>FLORIDA DEPARTMENT OF STATE</b>						
Cultural and Museum Grants	45.061	CA2E142		\$ 44,525	\$ 44,525	
<b>Total Florida Department of the State</b>				<b>44,525</b>	<b>44,525</b>	
<b>FLORIDA FISH AND WILDLIFE CONSERVATION COMMISSION</b>						
Deepwater Horizon Oil Spill	77.048	FWC21129		-	981,350	
Deepwater Horizon Oil Spill	77.048	FWC21130			29,917	
<b>Total Florida Fish and Wildlife Conservation Commission</b>				<b>-</b>	<b>1,011,267</b>	
<b>FLORIDA HOUSING FINANCE CORPORATION</b>						
SHIP Program	40.901	SHIP 2021		-	68	
<b>Total Florida Housing Finance Corporation</b>				<b>-</b>	<b>68</b>	
<b>FLORIDA DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>						
Bayou Chico Stormwater Runoff Mitigation Study	37.039	LPA210			27,976	
<b>Total Florida Department of Environmental Protection</b>				<b>-</b>	<b>27,976</b>	
<b>FLORIDA DEPARTMENT OF ECONOMIC OPPORTUNITY</b>						
Growth Management Implementation	40.024	P0424			40,000	
Economic Development Tax Refund, Tax Credit and Grant Program	40.043	G0050			10,000,000	
Economic Development Tax Refund, Tax Credit and Grant Program	40.043	G0069			4,875,000	
Economic Development Tax Refund, Tax Credit and Grant Program	40.043	G0009		-	1,251,838	
<b>Total Economic Development Tax Refund, Tax Credit and Grant Program</b>				<b>-</b>	<b>16,126,838</b>	
<b>Total Florida Department of Economic Opportunity</b>				<b>-</b>	<b>16,166,838</b>	
<b>FLORIDA DEPARTMENT OF TRANSPORTATION</b>						
Aviation Grant Programs	55.004	G0Z27		-	13,555,429	
Aviation Grant Programs	55.004	G1P51		-		
Highway Beautification Grants	55.003	G1391			98,000	
Seaport Grant Programs	55.005	44102729402			264,559	
Seaport Grant Programs	55.005	42235439403			19,680	
Seaport Grant Programs	55.005	44554819401		-	34,450	
				-	318,689	
<b>Total Florida Department of Transportation</b>				<b>-</b>	<b>13,972,118</b>	
				<b>\$ -</b>	<b>\$ 31,222,792</b>	
<b>TOTAL EXPENDITURES OF STATE FINANCIAL ASSISTANCE</b>						

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, PASSENGER FACILITY CHARGE AND STATE FINANCIAL ASSISTANCE**

The schedule of expenditures of federal awards, passenger facility charge, and state financial assistance is presented on the accrual basis of accounting in accordance with generally accepted accounting principles. Such expenditures are recognized following the cost principles contained in 2 CFR 200 Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The City has elected to use the 10-percent de minimis indirect cost rate as covered in 2 CFR 200.414 of the Uniform Guidance for Federal Awards.

The City has a loan program for low income housing renovations funded through the Community Development Block Grants and a loan program for home reconstruction funded through the HOME Investment Partnerships Program Grants. Under these programs, repayments to the City are considered program revenues (income) and loans of such funds to eligible recipients are considered expenditures. The amount of loan funds disbursed to program participants for the year was \$0.00 and \$0.00, respectively, and is presented in this schedule. The amount of principal and interest received in loan repayments for the year was \$76,076 and \$83,865 respectively. The balance of the loans outstanding as of fiscal year end consist of:

Community Development Block Grants CFDA number 14.218 \$880,045  
HOME Investment Partnerships Program Grants CFDA number 114.239 \$632,799

- 1 Includes debt service of \$1,702,236
- 2 Includes interest earnings of \$56,163

## MANAGEMENT LETTER

Honorable Mayor and  
Members of the City Council  
City of Pensacola, Florida

### Report on the Financial Statements

We have audited the financial statements of the City of Pensacola, Florida (hereinafter referred to as the "City"), as of and for the year ended September 30, 2022, and have issued our report thereon dated March 23, 2023.

### Auditors' Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); Chapter 10.550, *Rules of the Florida Auditor General*; and *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration.

### Other Reporting Requirements

We have issued our Independent Auditors' Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program, State Project, and Passenger Facility Charge Program and on Internal Control over Compliance Required by the Uniform Guidance; Schedule of Findings and Questioned Costs; and Independent Accountants' Report on Examination of Compliance Requirements in Accordance with Chapter 10.550, *Rules of the Auditor General*. Disclosures in those reports and schedule, which are dated March, 23, 2023, should be considered in conjunction with this management letter.

### Prior Audit Findings

Section 10.554(1)(i)1., *Rules of the Auditor General*, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. No findings were reported in the prior year.

### Financial Condition and Management

Sections 10.554(1)(i)5.a. and 10.556(7), *Rules of the Auditor General*, require that we apply appropriate procedures and report the results of our determination as to whether or not the City has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the City did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), *Rules of the Auditor General*, we applied financial condition assessment procedures. It is management's responsibility to monitor the City's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

Section 10.554(1)(i)2., *Rules of the Auditor General*, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### **Special District Component Units**

Section 10.554(1)(i)5.c, *Rules of the Auditor General*, requires that we determine whether or not a special district that is a component unit of the City provided the financial information necessary for proper reporting of the component unit, within the audited financial statements of the City in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we determined that all special district component units provided the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

As required by Section 218.39(3)(c), Florida Statutes, and Section 10.554(1)(i)6, *Rules of the Auditor General*, the Downtown Improvement Board (the Board) , a dependent special district of the City, reported:

- a. The total number of Board employees compensated in the last pay period of the district's fiscal year as two.
- b. The total number of independent contractors to whom nonemployee compensation was paid in the last month of the Board's fiscal year as zero.
- c. All compensation earned by or awarded to employees, whether paid or accrued, regardless of contingency as \$111,581.
- d. All compensation earned by or awarded to nonemployee independent contractors, whether paid or accrued, regardless of contingency as \$0.
- e. Each construction project with a total cost of at least \$65,000 approved by the Board that is scheduled to begin on or after October 1 of the fiscal year being reported, together with the total expenditures for such project as – No planned projects.
- f. A budget variance based on the budget adopted under Section 189.016(4), Florida Statutes, before the beginning of the fiscal year being reported if the Board amends a final adopted budget under Section 189.016(6), Florida Statutes. The Board increased revenues by \$51,578, expenditures by \$141,032, and use of fund balance by \$89,454 from the adopted budget.

The specific information reported in the previous paragraph has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### **Additional Matters**

Section 10.554 (1)(i)3., *Rules of the Auditor General*, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, and applicable management and is not intended to be and should not be used by anyone other than these specified parties.

*Warren Averett, LLC*

Pensacola, Florida  
March 23, 2023

**CITY OF PENSACOLA, FLORIDA  
FINANCIAL DATA SCHEDULE  
SECTION 8 HOUSING CHOICE VOUCHERS PROGRAM  
ASSISTANCE LISTINGS NUMBER 14.871  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Line Item #	Account Description	HCV Program 14.871	HCV CARES Act Funding 14.HCC	EHV Program 14.EHV	Total
<b>Assets:</b>					
<b>Current Assets:</b>					
<b>Cash:</b>					
111	Unrestricted	\$ 2,480,550		17,220	2,497,770
113	Other restricted	313,187		10,589	323,776
115	Restricted for payment of current liabilities	115,349		9,991	125,340
<b>100</b>	<b>Total cash</b>	<u>2,909,086</u>	<u>0</u>	<u>37,800</u>	<u>2,946,886</u>
<b>Receivables:</b>					
122	Accounts receivable - HUD other projects			18,122	18,122
128	Fraud recovery	1,530,499			1,530,499
128.1	Allowance for doubtful accounts - Fraud	(1,205,014)			(1,205,014)
<b>120</b>	<b>Total receivables</b>	<u>325,485</u>	<u>0</u>	<u>18,122</u>	<u>343,607</u>
142	Prepaid expenses and other assets	858			858
<b>150</b>	<b>Total current assets</b>	<u>3,235,429</u>	<u>0</u>	<u>55,922</u>	<u>3,291,351</u>
<b>290</b>	<b>Total assets</b>	<u>\$ 3,235,429</u>	<u>0</u>	<u>55,922</u>	<u>3,291,351</u>
<b>Liabilities:</b>					
<b>Current liabilities:</b>					
312	Accounts payable <= 90 days	\$ 4,352		9,800	14,152
322	Accrued compensated absences - current portion	62,820			62,820
331	Accounts payable - HUD PHA Programs	837		191	1,028
333	Accounts payable - other government	47,340			47,340
342	Deferred revenue	325,485			325,485
<b>310</b>	<b>Total current liabilities</b>	<u>440,834</u>	<u>0</u>	<u>9,991</u>	<u>450,825</u>
<b>300</b>	<b>Total liabilities</b>	<u>440,834</u>	<u>0</u>	<u>9,991</u>	<u>450,825</u>
<b>Equity:</b>					
508.3	Nonspendable Fund Balance	858	0	0	858
509.3	Restricted Fund Balance	313,187	0	28,711	341,898
512.3	Unassigned fund balance	2,480,550	0	17,220	2,497,770
<b>513</b>	<b>Total equity/net assets</b>	<u>2,794,595</u>	<u>0</u>	<u>45,931</u>	<u>2,840,526</u>
<b>600</b>	<b>Total liabilities and equity/net assets</b>	<u>\$ 3,235,429</u>	<u>0</u>	<u>55,922</u>	<u>3,291,351</u>

**CITY OF PENSACOLA, FLORIDA  
FINANCIAL DATA SCHEDULE  
SECTION 8 HOUSING CHOICE VOUCHERS PROGRAM  
ASSISTANCE LISTINGS NUMBER 14.871  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Line Item #	Account Description	HCV Program 14.871	HCV CARES Act Funding 14.HCC	EHV Program 14.EHV	Total
<b>Revenues</b>					
<b>Other revenue:</b>					
70600	HUD PHA Operating Grants	\$ 17,061,312	26,476	129,022	17,216,810
71100	Investment Income - unrestricted	11,060	2	144	11,206
71400	Fraud Recovery	8,557			8,557
<b>70000</b>	<b>Total revenues</b>	<u>17,080,929</u>	<u>26,478</u>	<u>129,166</u>	<u>17,236,573</u>
<b>Expenses</b>					
91100	Administrative salaries	785,135	18,014	5,885	809,034
91200	Auditing fees	35,000			35,000
91500	Employee benefit contributions - administrative	481,701	6,400	2,483	490,584
91810	Allocated Overhead	85,000			85,000
91900	Other operating - administrative	3,219			3,219
92400	Tenant services - other			79,470	79,470
93100	Water	512			512
93200	Electricity	9,372			9,372
93300	Gas	312			312
93600	Sewer	610			610
93800	Other utilities expense	623			623
94200	Maintenance and operations - materials and other	238,014	1,830		239,844
94300	Maintenance and operations - contracts	82,991	234		83,225
96110	Property insurance	9,776			9,776
96200	Other general expenses	2,661			2,661
96210	Compensated absences	62,820			62,820
<b>96900</b>	<b>Total operating expenses</b>	<u>1,797,746</u>	<u>26,478</u>	<u>87,838</u>	<u>1,912,062</u>
<b>97000</b>	<b>Excess operating revenue over operating expenses</b>	<u>15,283,183</u>	<u>0</u>	<u>41,328</u>	<u>15,324,511</u>
<b>Other expenses:</b>					
97300	Housing Assistance Payments	15,744,807		84,184	15,828,991
97600	Capital outlays - governmental funds	7,179			7,179
<b>90000</b>	<b>Total expenses</b>	<u>17,549,732</u>	<u>26,478</u>	<u>172,022</u>	<u>17,748,232</u>
<b>10000</b>	<b>Excess (deficiency) of total revenue over (under) total expenses</b>	<u>\$ (468,803)</u>	<u>0</u>	<u>(42,856)</u>	<u>(511,659)</u>
11030	Beginning Equity	\$ 3,263,398	0	88,787	3,352,185
11170	Administrative Fee Equity	\$ 2,481,408	0	17,220	2,498,628
11180	Housing Assistance Payments Equity	\$ 313,187	0	28,711	341,898
11190	Unit Months Available	29,892	0	0	29,892
11210	Number of Unit Months Leased	23,340	0	0	23,340