

Application Score Sheet

Proposed Project: Santa Rosa County Board of County Commissioners, Bagdad Distribution Center Spec Building (#331)

Proposed Project/Program County: Santa Rosa

Board of County Commission Support: Yes

Rural County:

Opportunity Zone:

Total Projected Project Cost: \$41,050,000

Match Provided: \$33,859,000

Triumph Funds Requested: \$7,191,000

Triumph Funds Recommended by Staff:

Score: A

ROI: \$20.6 per dollar of Triumph spending

Economic Analysis, Impact and Score

The Santa Rosa Board of County Commissioners is requesting a \$7,191,000 Triumph grant to provide a suitable industrial site to house a distribution and logistics center (380,000 sf) along Interstate 10 at Exit 26. The proposed Triumph award will fund acquisition of a 45 acre site along with needed sewer extension, wetlands mitigation/protection and other improvements necessary to allow construction of a 380,000-square-foot distribution center that is envisioned for the site.

For this project, the SR BOCC will guarantee 175 jobs paying at least 115 percent of the current prevailing Santa Rosa wage. Private sector match of \$33.55 million for the building (to be owned by the County and leased back to a private sector company), and the City/County will provide \$309,000 in match. The budget provided by the applicant shows that land acquisition and improvements, including completion of the building, would be achieved during calendar year 2027, assuming receipt of a Triumph award during this application cycle.

The applicant has agreed that at least 51 percent of revenues of the business occupying the site will be generated from sales outside the 8-County Triumph area. The private sector developer of the building will hold the clawback responsibility, with the SR BOCC committed to split evenly with Triumph any litigation cost should a clawback be necessary.

The most recent U.S. Census population data (2023) provide information regarding county population growth over the 2020-2023 period. Santa Rosa County has slowed somewhat from its previous rapid growth, although it has attained an estimated full-time resident population of 203,162 as of July 1, 2023. In terms of growth rate, it now ranks 24th among Florida's 67 counties with a 7.49 percent cumulative growth over the 2020 – 2023 period. This growth rate comes behind Walton's 13.7 percent, Gulf's 10.1 percent, Bay's 9.3 percent, and just a hair

behind Wakulla's 7.54 percent. It was faster than the 4.7 percent for the State of Florida, the 3.0 percent registered by Okaloosa, the 1.4 percent for Escambia, and the 1.0 percent for Franklin. However, the 14,151 new residents for Santa Rosa trailed only the 16,244 registered by Bay, and exceeding the 10,413 for Walton, 6,379 for Okaloosa, 4,360 for Escambia, 2,556 for Wakulla, 1,434 for Gulf, and the 126 for Franklin.

This project connects to a broader economic vision of diversifying jobs so the economy can be less dependent on tourism and the military and supports the growing population. As companies and communities evaluate our region, growing and strengthening the distribution sector in Santa Rosa County and the region continues to be a priority.

The application notes that the previous owner of the property had already obtained all necessary development permits, and two recent commercial appraisals have come in, with one supporting the proposed \$4.7 million expenditure for purchase of the site, and the other one coming in somewhat below that proposed price. Staff recommends that the Triumph Board not authorize funding in excess of the average of two commercial appraisals for the purchase of the site.

For the proposed commitment of 175 jobs and an award of up to \$7,191,000, the cost per job is \$41,091. At this cost per job, the ROI per dollar of Triumph spending is expected to be \$20.6 with a total increment to regional household income of \$148 million. For these reasons, staff score this project as an "A."

Project Summary (based on information provided by the applicant)

The Santa Rosa County Board of County Commissioners is requesting a \$7,191,000 Triumph grant to purchase and improve prime industrial property with frontage on Interstate 10 at Exit 26 to create the Bagdad Distribution Center. Site readiness improvements funded by the grant will include extending sewer to the site, mitigating/protecting any wetland features, and site improvements to prepare a for the construction of a 380,000 square foot distribution center. The county will own the land and manage the project through a development agreement. A private developer will construct a spec distribution center resulting in at least 175 jobs paying a minimum of 115% of the county's average wage with a capital investment of at least \$33M.

Consumer trends continue to shift away from retail stores toward online shopping accelerating the need for strategically located distribution centers. As companies re-evaluate their supply chains, Santa Rosa County is preparing to meet their needs. The Bagdad site is well suited for supply chain manufacturing and distribution companies because of its frontage on I-10 and proximity to serve the southeastern United States. Mobile can be easily reached within 90 minutes, the cities of Tallahassee, Montgomery, and Biloxi within three hours, and in five hours of drivetime New Orleans can be served and the suburbs of Jacksonville are in sight. Competition for this project includes ready sites available just across state line in Alabama.

In recent months, Santa Rosa County has been approached by several distribution companies needing available warehouse space. With seven pending industrial park land sales, Santa Rosa County is unable to accommodate these companies at existing parks. Santa Rosa EDO has been faced with evaluating company construction timelines and directing companies with longer

timelines to Milton Interchange Park. This project does not have to be located within an existing or anticipated industrial park.

The location of this site specifically promotes economic recovery, diversification, and enhancement of the disproportionately affected community of Bagdad. The development of an anchor tenant at 1-10 Exit 26, the first industrial site on this emerging exit, will provide job opportunities for the often-overlooked skilled labor force residing in the Bagdad community.

This project manifests both local and regional economic development visions and opens up a new interstate exit as a flagship or anchor providing the platform for updated appraisal values converting the micro industrial market from unconventional to conventional. The demonstration of successful zoning modification on the parcel and increased value will bring adjacent properties forward for further evaluation and integration into the broader economic development vision for the greater Bagdad community.

Santa Rosa County, since 2010, is one of the 10 fastest growing counties in Florida and within the top 5% of the fastest growing counties in the US. The Santa Rosa Board of County Commissioners has worked for years to bring higher paying jobs to the County. One of the most telling statistics of the county can be seen on the Northwest Florida FORWARD County Snapshots. The net inflow/outflow of commuters is largely outward from Santa Rosa County, which means workers are commuting outside the county to higher paying jobs.

Santa Rosa County has relied heavily upon military, tourism and agriculture, all of which are subject to unpredicted devastating events that can wipe out expected revenues, such as the Deepwater Horizon Oil Spill, weather conditions, base realignments or pandemics. Development of distribution/logistics and manufacturing industries diversify the economy and provide stability.

As a key economic driver in Florida, the transportation and logistics industry create jobs that have 30 percent higher wages than the typical Florida job. In addition, the logistics industry creates jobs in other sectors, including construction, distribution, and warehousing.

This project is compatible with and enhances the recent Triumph award to Pensacola State College for a truck driver training facility located just 9 miles away. The site is also 5 miles away from Pensacola State College's Milton Campus and 8 miles away from Locklin Technical College.

According to the US Census American Community Survey, the median earnings for an individual worker in Santa Rosa County is \$31,333. New distribution jobs with wages of \$41,900 would have a positive impact in average wages in the county.

Budget and Funding

See attached

Exhibit B

Bagdad Distribution Center Spec Building

2,024

Estimated construction start date if applicable

Estimated education component start date if applicable

| | Design | Land Acquisition | Construction | Total |
|--|----------------|-------------------------|---------------------|-------------------|
| Please change year # to actual year | | | | |
| Project Total | | | | |
| | | | | - |
| 2024 | 300,000 | 4,700,000 | 1,400,000 | 6,400,000 |
| 2025 | - | - | 14,500,000 | 14,500,000 |
| 2026 | - | - | 11,900,000 | 11,900,000 |
| 2027 | - | - | 8,250,000 | 8,250,000 |
| 2028 | - | - | - | - |
| Project Total | 300,000 | 4,700,000 | 36,050,000 | 41,050,000 |
| Triumph | | | | |
| 2024 | | 4,391,000 | 1,400,000 | 5,791,000 |
| 2025 | | | 1,400,000 | 1,400,000 |
| 2026 | | | | - |
| 2027 | | | | - |
| 2028 | | | | - |
| Triumph Total | - | 4,391,000 | 2,800,000 | 7,191,000 |
| Grantee | | | | |
| 2024 | | 309,000 | | 309,000 |
| 2025 | | | | - |
| 2026 | | | | - |
| 2027 | | | | - |
| 2028 | | | | - |
| Grantee Total | - | 309,000 | - | 309,000 |
| Company | | | | |
| 2024 | 300,000 | | | 300,000 |
| 2025 | | | 13,100,000 | 13,100,000 |
| 2026 | | | 11,900,000 | 11,900,000 |
| 2027 | | | 8,250,000 | 8,250,000 |
| 2028 | | | | - |
| Company Total | 300,000 | - | 33,250,000 | 33,550,000 |