

Application Score Sheet

Proposed Project: Panama City Port Authority, East Terminal Development (#49)

Proposed Project/Program County: Bay

Board of County Commission Support: Yes

Total Projected Project Cost: \$59,864,000

Match Provided: \$49,864,000

Triumph Funds Requested: \$10,000,000 (17%)

Triumph Funds Recommended:

Score: A

Triumph Board Approval: Yes/No

Date:

Economic Advisor Report

The Panama City Port Authority (PCPA) Proposal describes improvements to maritime port facilities located adjacent to the WestRock paper mill that will add substantial capacity for expansion of tonnage and revenue for the Port. The Triumph request of \$10 million represents 17 percent of total project cost.

The Port Authority has grown tonnage at the existing 110-acre western port terminal so that it will soon be operating at capacity and will no longer be able to support additional port-dependent businesses in the region. Tonnage is expected to grow substantially in coming years if capacity allows, particularly with the additional warehouse capacity, berth capacity, and access to larger ships enabled by the proposed East Terminal development. Current major cargo commodities include wood pellets, paper, steel pipe, cable, and copper. Future cargo growth is highly anticipated by the economic development community, with growth in internationally traded manufactured components expected to play a large role. A history of good Port management and business development efforts add to the credibility of the proposed project.

While Port revenues have not grown as quickly as tonnage in recent years, the role of the Port in supporting a wide variety of firms across the region is large and growing. The 148 jobs that were mentioned in the 2016 Martin Associates economic impact report, plus 250 more that are to be created in Port-dependent manufacturing in the region, are important. Because the Port jobs (the 148 number) pay an annual wage (w/o fringes) of 125% of the Bay County average annual wage as measured by the 1/1/2018 EFI incentive standards, and because the jobs in supply chain logistics have a large earnings multiplier, and because these jobs are in the Water Transportation cluster identified as one of five regional target clusters by the Northwest Florida Forward report, Triumph could consider these jobs as very desirable.

For these reasons, staff rate this program “A” in terms of economic impact.

Project Summary *based on information provided by applicant*

The Panama City Port Authority is requesting \$10M in Triumph Gulf Coast funds to facilitate the completion of the first phase of the East Terminal development. These funds are proposed to be used towards the construction of warehouse construction, additional on-site road and rail infrastructure, the construction of outside cargo staging yards and the reconstruction of the bulkhead and related berth improvements. will be used for construction.

The total project cost is estimated to be \$59,864,000 and includes the construction of a 260,000sf modern forest products warehouse, the construction of a new 900 foot bulkhead wall to support the deepening of the channel and berth, improvements to the berth apron, the construction of a forty- car rail yard, the construction of internal roads, the construction of outside storage areas, the installation of security fences, gates, outdoor lighting, and employee parking.

The Port is experiencing an average 9% annual rate of growth in tonnage. At this rate the Port's current facilities will be operating beyond the existing capacity within four years. The East Terminal project provides the Port of Panama City with the opportunity to double its cargo activity over the next ten years, support additional manufacturing jobs in the region and achieve the scale it will need to compete with other ports in the future. The Port's growth, combined with WestRock's need for improved facilities to support their export activities, insures the development of the East Terminal is viable and needed.

Since the B.P. oil spill in 2010, the Port's growing capital activity and \$72 million in related investments have resulted in a significant expansion of port-related economic benefits in the region. An economic impact study provided by Martin & Associates in August of 2016 determined that the Port's activities supported over 7,250 jobs, including 1,256 direct jobs with an average wage of \$46,892. This wage level is 19% higher than the average wage for Bay County wage of \$39,315.

According to the Port, phase one of the East Terminal development is expected to produce 148 direct jobs, with an average wage of \$46,892 and 163 induced and indirect jobs at various wage scales. The direct jobs will include cargo handling, stevedores, longshoreman, customs brokers, traffic clerks, CBP officers, vessel agents, mechanics, planners, line handlers, tugboat crewman, Bar Pilots, security guards, and administrative personnel. Induced and indirect jobs will include truck drivers, rail road workers, workers in WestRock Panama City plant, repair and maintenance workers, and professional consultants.

The Port has consulted with tenants and with the Bay County EDA and determined that a reasonable projection of the new port-related manufacturing jobs expected over the next five years is between 250 and 300 jobs. The primary benefit to the region and the largest number of jobs created will be port-related manufacturing and distribution jobs which require close proximity to a port with the capacity to support their needs.

In addition to supporting existing industries, the Bay County EDA and the Panama City Port Authority are working together to attract new industries. Given the current interest in the region and the related requirement for port services, 250-350 port-related manufacturing jobs can be

anticipated over the next five years as a result of the additional port capacity provided by the Port Authority's East Terminal Expansion.

The Port Authority has invested over \$18 million in the Port's 250 acre Intermodal Distribution Center located on highway 231. There are currently over one-hundred full time employees working for a Port tenant at that park. The Port and the EDA are actively marketing a certified industrial site at the IDC with direct rail connection to the Port's West Terminal and East Terminal.

The Port's current facilities are operating near capacity. The Port Authority cannot support the growth of its current on-port tenants or support the Bay County EDA'S efforts to bring new port-dependent manufacturing to Bay County without adding new port capacity.

The Triumph award will supplement \$21.7 million in FDOT and FSTED grants and \$23 million in Port Authority funds and \$5 million in Federal funds. The State has committed the maximum amount of matching funds. The Port has committed all of its available cash (and has borrowed \$12 million for the project).

The Port Authority has commenced construction on the initial stages of construction. Construction of the improvements to be partially funded by Triumph funds would begin in July of 2018 and be complete by June of 2019. All of the planned improvements, including the channel dredging, should be completed by December 2019.

The Port proposes a 50/50 reimbursable payment structure similar to FDOT grants.

Funding and Budget (as provided by the applicant)

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

A. Project/Program Costs:

Example Costs (Note: Not exhaustive list of possible Cost categories.)

Construction:	\$23,950,00
Reconstruction:	\$10,000,000 (Bulkhead)
Design & Engineering:	\$800,000
Land Acquisition:	\$13,600,000.
Land Improvement:	\$4,000,000
Equipment Supplies:	N/A
Salaries:	N/A
Other (specify):	\$7,514,000 (Dredging)

Total Project Costs: \$59,864,000

B. Other Project Funding Sources:

Example Funding Sources (Note: Not an exhaustive list of possible Funding Sources.)

Port Authority	\$23,200,000
Private Sources	\$0
Other	\$26,574,000 (State & Federal)

Total Other Funding \$49,864,000

Total Amount Requested: \$10,000,000

Letters of Support

Bay County Board of County Commissioners
City of Panama City Commission