

Application Score Sheet

Proposed Project: Okaloosa Water and Sewer, Bob Sikes Water Reclamation Facility Effluent Disposal Expansion (#38)

Proposed Project/Program County: Okaloosa

Board of County Commission Support: Yes

Total Projected Project Cost: \$2,158,774.00

Match Provided: \$658,774.00

Triumph Funds Requested: \$1,500,000.00 (69.5%)

Score: C

Date: August 27, 2018

Economic Analysis

The Okaloosa County Board of County Commissioners (BOCC) Proposal describes improvements to the Jerry D. Mitchem Water Reclamation Facility at the Bob Sikes Industrial Park (BSWRF) via expansion of effluent disposal field absorption beds. The fields/beds are intended to be installed adjacent to Bob Sikes Airfield runway on land otherwise unavailable to above ground structures due to proximity to the runway. The Triumph request of \$1.5 million represents 69 percent of the \$2,158,774 total project cost. The County's \$658,774 in matching funds have already been expended on this project so that concurrent cash match is \$0.

The project is intended to support future needs that include industrial park use as well as anticipated residential and commercial growth close to the Shoal River Ranch. The wastewater processing and reclamation facility has itself been expanded from .4 million gallons per day (MGD) to 1.1 MGD. The area is experiencing robust rates of growth that are expected to continue as the greater Crestview area grows. Capacity growth will alleviate the need for septic systems and contribute to a cleaner environment. The absorption beds that are proposed are also more environmentally friendly than simple spray fields, as substantial evaporation loss is thereby avoided. The first phase of the project has already been implemented.

Ongoing maintenance of the BSWRF expansion project would be funded by Okaloosa County Water & Sewer which functions as an enterprise operation of the County. Capacity sufficient to support current and near-term future use currently exists. However, recruitment and location of an industrial users with high water needs could put remaining capacity at risk, as could substantial residential development. Because expansions such as this could be handled via user fees, whether one-time hookup fees or via financing that relies on the revenue that would be created by future user demand, the requested funds could be thought of as supplanting normal county expenditures. Competitive recruitment of industrial prospects where utility installation costs are a key issue could change this perspective over time.

For these reasons, staff rate this program "C" in terms of economic impact to Okaloosa County.

Project Summary (based on information provided by the applicant)

Okaloosa County Water and Sewer (OCWS) request 1,500,000.00 in Triumph funds for the expansion of the Bob Sikes Water Reclamation Facility's (BSWRF) effluent disposal capacity. Wastewater treatment facility upgrades have increased capacity to 1.1 MGD, producing high quality effluent, suitable for disposal via subsurface absorption fields. In order to increase the disposal capacity to 1.1 MGD, the absorption fields require expansion and the effluent force main must be upgraded in diameter. The expanded absorption fields would be constructed on County-owned property around the existing fields and the runway at the Bob Sikes Airport.

Both the BSWRF itself and the effluent disposal fields are located in and adjacent to the Bob Sikes Industrial Park (BSIP) east of Crestview, Florida, within OCWS' Mid County Service Area, south of Airport Road, west of Fairchild Road, north of Highway 90, and east of John Givens Road.

Economic development projects occurring in areas throughout the unincorporated Okaloosa County service area east of Crestview, Florida, will utilize this facility and wastewater disposal capacity. This includes future development of the Bob Sikes Industrial Park, residential/commercial growth west of the Shoal River and north of Airport Road, residential/commercial/industrial growth east of the Shoal River, and a potential future industrial park at the Shoal River Ranch.

This expansion of wastewater disposal capacity would support local economic activities, including DOD-related industries, at and around the rapidly growing industrial park, as well as other industrial, commercial, and residential development throughout OCWS' Mid County Service Area. With expanded wastewater disposal capacity, this project opens the door for future wastewater collection system improvements to be built or upgraded, which will in turn protect the delicate local ecosystem by discouraging the installation of thousands of individual septic tanks.

The nature of absorption beds leads to increased local groundwater recharge with no wasted water via evaporation (as with a sprayfield). There will be no loss or change of habitat as the area of construction is currently grassed and will remain so after construction. The grassed area in the vicinity of the expanded fields will be healthier after construction as it will receive a constant supply of water.

The fields for the disposal expansion have been designed and permitted to use land that is unavailable for other above ground structures due to proximity to the runway. In addition, a new entrance to the Airport and BSIP has been planned and designed for construction in the near future to further spur growth. The proposed roadway construction is being designed in proximity to the area dedicated for the effluent disposal capacity expansion, and neither project should interfere with the other.

The Bob Sikes Water Reclamation Facility (BSWRF) has carried this name for years, however, in February 2018 the facility name changed to “Jerry D. Mitchem Water Reclamation Facility at the Bob Sikes Industrial Park”. The new name honors the dedicated employee that ran this plant for many years and suddenly passed away due to a heart attack two years ago. For the purposes of this application, we will continue with the name “BSWRF”.

This project would support the goals established by the Northwest Florida Greenway Project, which represents the partnership between military, government, and non-profit organizations for the enhancement of the military mission in Northwest Florida while enhancing the local economy and conserving ecosystems.

The Bob Sikes Airport presents a compelling opportunity to accommodate larger scale, high value economic development projects. The state and specifically, Northwest Florida have placed an increased emphasis on the manufacturing industry as a targeted sector for economic diversification.

Manufacturing in the Aviation/Aerospace sector is a highlighted sector on its own. Manufacturing employment percentages in Florida (3.9%) and the region (3.3%) currently lag the nation as a whole – where manufacturing represents 7.9% of overall employment. For an area heavily dependent on military and tourism employment, this lack of economic diversity was glaringly apparent in the wake of the Deepwater Horizon Oil Spill in 2010 followed by defense Sequestration in 2013 for an area heavily dependent on military and tourism. The need to diversify the economy continues to be a priority of Okaloosa County and its neighbors.

Okaloosa County’s Bob Sikes Industrial Park and the Bob Sikes Airport are part of the Florida First Sites program as a Certified Park. However, one of the weaknesses identified and recommendations made by the McCallum Sweeney Consultants was to determine a funding plan for upgrades to the wastewater system to accommodate additional capacity.

With the Gulf Power Site Certification (via McCallum Sweeney), sites within the airport and surrounding industrial park have been top contenders for high-wage and high impact projects. Expansion of the Bob Sikes WRF Effluent Disposal would fit into the overall strategy to increase capacity and capabilities of the industrial park to support large companies requiring direct access to a runway or within close proximity of a General Aviation Airport.

Recent activity of interest in the industrial park would have resulted in over 1,025 jobs with average wages ranging from \$46,000 to \$85,000 and over \$250 million in capital investment. Additional improvements to infrastructure will poise the industrial park for near term growth.

The impacts of this project will be measured by enumerating the new jobs created and summing the up-front capital investments, not just by this project, but by the other future development projects that will develop through doors opened by this critical project.

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:

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Construction \$2,003,169.00

Design & Engineering \$155,605.00

Total Project Costs: \$2,158774.00

B. Other Project Funding Sources:

County: \$658,774.00

Total Other Funding: \$658,774.00

Total Amount Requested: \$1,500,000.00

There are no funds available in OCWS' Capital Improvement Plan for at least the next five years to construct the proposed project. The grant funds will supplement the \$658,774 that OCWS has previously expended to plan, design and permit the entire effluent disposal system as well as construct Phase I.