

Oil Spill Recovery

Presentation to the Escambia County
RESTORE Act Advisory Committee
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Brice F. Harris, Ph.D.
Associate Director

Oil Spill Recovery Act Appropriation

- S.B. 2156 (now Ch. 2011-142, *Laws of Florida*)
 - Sections 497-499
- 3-Year/\$30 Million Appropriation
 - Available to economic development projects in 8 DACs
 - Innovative program supporting R&D; commercialization of research; economic diversification; job creation
- Taxpayer Financed; No BP Reimbursement
- Administered by UWF's OEDE via DEO Contract
 - Industry Recruitment, Retention, & Expansion Fund Grant Program
 - Supplements, does not substitute for, traditional state, local incentives
 - Operates as a 'closing fund' for eligible projects locating, expanding, and/or retaining jobs in DACs
 - Program excludes tourism, DoD-dependent, solely capacity-building projects



IRREF Grant Program

- Administered via Contract Between DEO and UWF
- Projects Must:
 - Locate within a DAC
 - Create a minimum of 10 net new, private-sector jobs in designated rural areas, Brownfield zones, enterprise zones
 - Create a minimum of 30 net new, private-sector jobs in all other site locations
 - Sustain each job for a minimum of 3 years
 - Pay a minimum of 85% of the prevailing avg. wage of the county in which project is locating
 - Generate a minimum of 51% of revenues from outside Florida



IRREF Grant Program (cont'd)

- Projects Must Generate 150% Minimum ROI Based Upon Standard Economic Impact Analysis
- Priority Given to Projects Benefitting from Expedited Permitting Processes
- Funding Available to Private Businesses and Consortia, Not Local Gov't
- Denial of State Incentives Does Not Necessarily Preclude IRREF Grant Award
- Funding Disbursed Upfront Un/Secured; Over Time Based on Performance; Combination Thereof
 - Clawback, other sanctions apply for underperformance



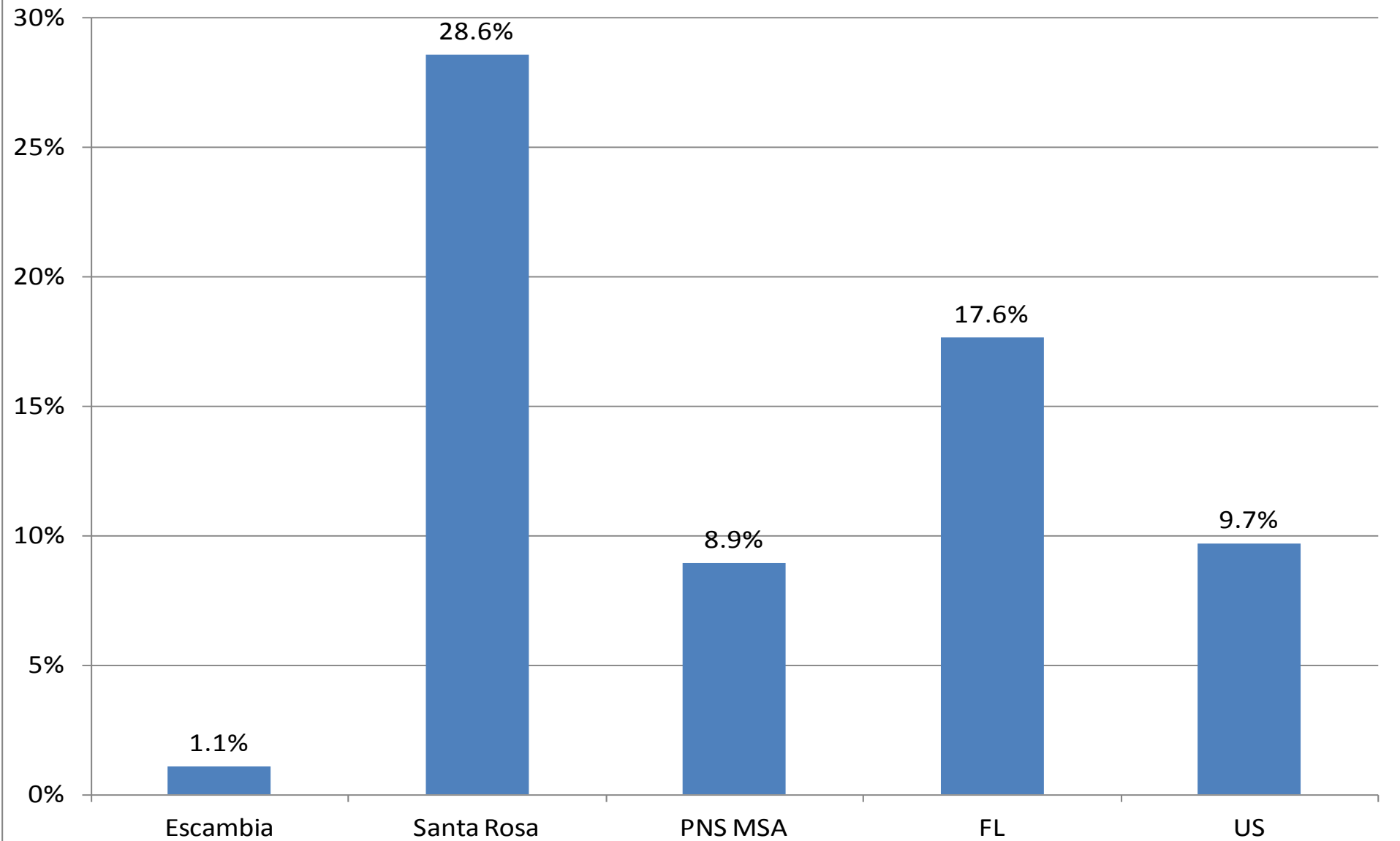
Escambia County: Economic Challenges

- Population Growth
- Gross Household Earnings
- Economic Diversification
- Talent Supply & Education
- Public Safety
- Infrastructure

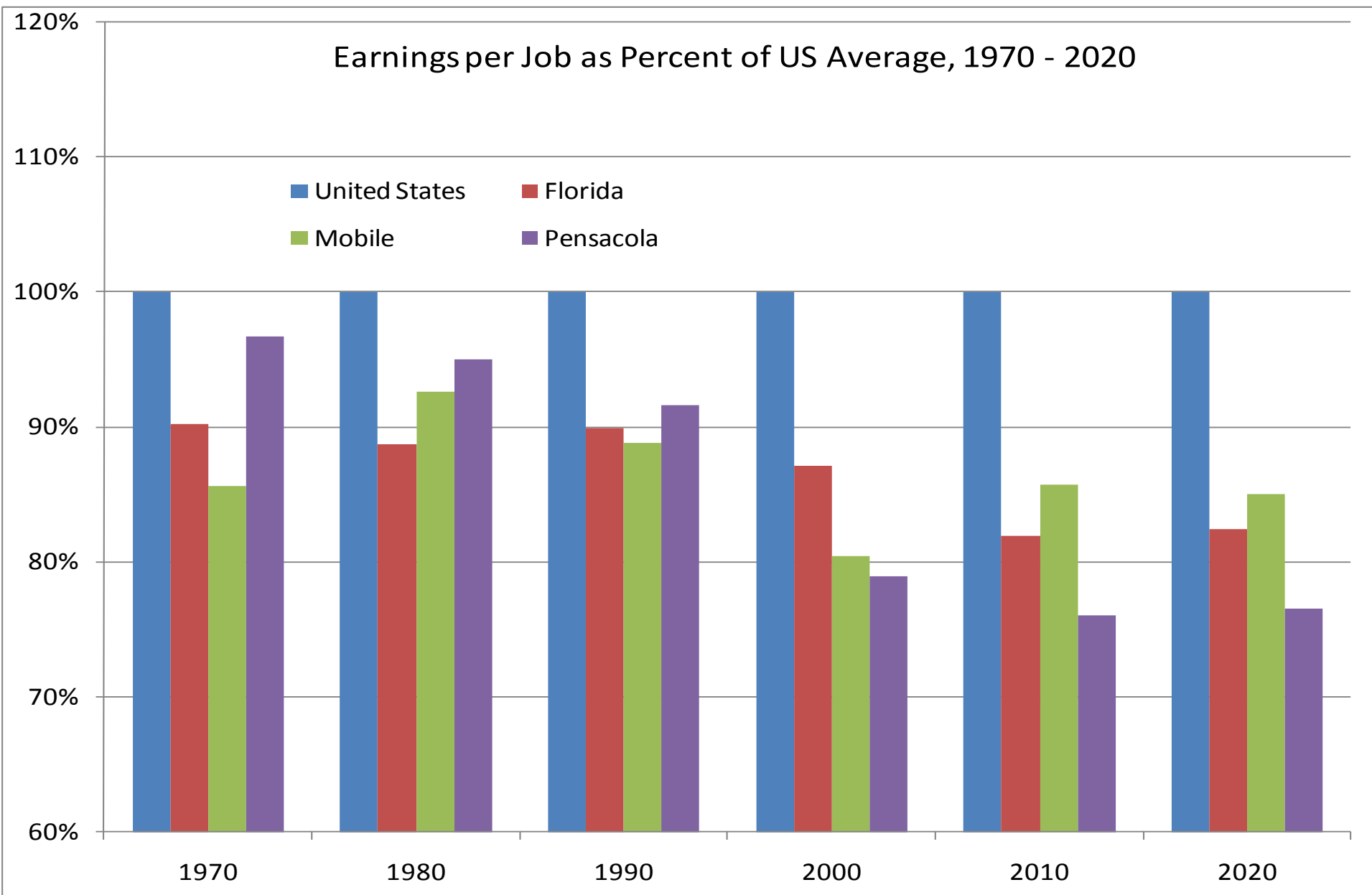


Population Growth

Population Growth 2000 - 2010, in percent per decade



Value Equation



Avg. Wages per Job 2001-2010

Area	Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Bay	\$28,247	\$29,711	\$31,185	\$32,057	\$33,964	\$35,477	\$36,261	\$36,736	\$37,361	\$38,648
Escambia	\$30,165	\$30,870	\$31,829	\$33,124	\$34,788	\$36,322	\$37,548	\$38,672	\$40,032	\$40,575
Holmes	\$22,656	\$23,183	\$23,791	\$25,017	\$25,796	\$26,351	\$27,484	\$27,748	\$28,431	\$28,391
Okaloosa	\$30,237	\$32,399	\$33,676	\$34,486	\$36,599	\$38,231	\$39,930	\$40,929	\$42,323	\$43,408
Santa Rosa	\$27,175	\$27,024	\$28,402	\$29,823	\$32,192	\$35,282	\$34,773	\$35,166	\$35,760	\$36,005
Walton	\$24,582	\$25,577	\$26,826	\$28,030	\$30,649	\$31,599	\$32,756	\$32,291	\$32,105	\$32,556
Washington	\$24,879	\$25,186	\$25,917	\$26,387	\$28,297	\$28,589	\$30,493	\$30,908	\$32,664	\$32,454
Region	\$29,186	\$30,329	\$31,507	\$32,572	\$34,458	\$36,063	\$37,157	\$37,952	\$39,018	\$39,788
Florida	\$32,416	\$33,406	\$34,534	\$36,148	\$37,951	\$39,663	\$41,029	\$41,818	\$42,228	\$43,033

Source: U.S. Bureau of Economic Analysis website <www.bea.gov/iTable/iTable.cfm?reqid=70&step=1>

Note: The employment estimates used to compute the average wage are a job, not person, count.

People holding more than one job are counted in the employment estimates for each job they hold.

All state and local area dollar estimates are in current dollars (not adjusted for inflation).

Occupational Employment, Wages: May 2011

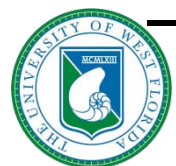
Major occupational group	Percent of total employment			Mean hourly wage		
	United States	Pensacola		United States	Pensacola	Percent difference (1)
Total, all occupations	100.0%	100.0%		\$21.74	\$17.94 *	-17
Management	4.8	2.7	*	51.64	43.48 *	-16
Business and financial operations	4.8	4.2	*	33.05	27.47 *	-17
Computer and mathematical	2.7	1.5	*	37.85	28.44 *	-25
Architecture and engineering	1.8	1.4	*	37.08	28.65 *	-23
Life, physical, and social science	0.8	0.6	*	32.44	27.12 *	-16
Community and social service	1.5	1.4		21.07	18.17 *	-14
Legal	0.8	0.9	*	47.30	34.03 *	-28
Education, training, and library	6.6	7.1		24.46	21.81 *	-11
Arts, design, entertainment, sports, and media	1.3	0.9	*	25.89	18.64 *	-28
Healthcare practitioners and technical	5.9	7.6		34.97	28.96 *	-17
Healthcare support	3.1	3.9	*	13.16	11.77 *	-11
Protective service	2.5	3.0	*	20.54	17.48 *	-15
Food preparation and serving related	8.7	10.7	*	10.30	9.59 *	-7
Building and grounds cleaning and maintenance	3.3	3.2		12.29	10.16 *	-17
Personal care and service	2.8	2.4	*	11.84	10.98 *	-7
Sales and related	10.6	12.9	*	18.04	15.91 *	-12
Office and administrative support	16.7	18.3	*	16.40	14.17 *	-14
Farming, fishing, and forestry	0.3	0.1	*	11.68	12.26	5
Construction and extraction	3.9	4.5	*	21.46	16.59 *	-23
Installation, maintenance, and repair	3.9	4.8	*	20.86	18.87 *	-10
Production	6.5	3.7	*	16.45	17.22	5
Transportation and material moving	6.7	4.3	*	15.96	14.59 *	-9

(1) A positive percent difference measures how much the mean wage in Pensacola is above the national mean wage, while a negative difference reflects a lower wage.

* The percent share of employment or mean hourly wage for this area is significantly different from the national average of all areas at the 90-percent confidence level.

Escambia County: Economic Opportunities

- Leverage State, Federal, Other Oil Spill Resources
- Performance-Based Business Incentives
 - Closing fund; utility expenses; tax inducements
- Homeowner Incentives
 - First-time, out-of-state homebuyers
- Capacity-Building Projects
 - “Speculative Buildings” should require sustainable occupancy commitments upfront
 - Defer, forgo initial cost as incentive
 - Infrastructure-intensive projects yield highest cost-per-job, potentially lowest near-term ROI to taxpayer
 - Public-Private Partnerships



Escambia County: Economic Opportunities (cont'd)

- “Micro” Loans; Small Business Grants
- Designated Community Redevelopment Areas
 - Barrancas, Brownsville, Englewood, Palafox, Warrington
- Employment Education Endowment
- Current, Former Program Examples
 - Northwest Florida WIRED Grant
 - Space Coast EDC “Disproportionally Affected County” Program
- Florida Strategic Plan for Economic Development, West Florida Comprehensive Economic Development Strategy, et al, as Roadmaps



The Way Ahead

- Policy Should Drive Strategy, Tactics
 - Define Desired End-State
 - Catalog Resources
 - Bridge Ends and Means
- Local, Regional, State Studies Abound
 - Implementation Funding Historically Lacking
- Lead With Strengths
- Leverage Funds When, Where Possible
- Multi-Pronged Approach OK, Even Preferred
- Accountability is Key
 - Sanctions, Clawback Critical for Non-Performance
- Rising Tides Lift All Ships



Discussion Period

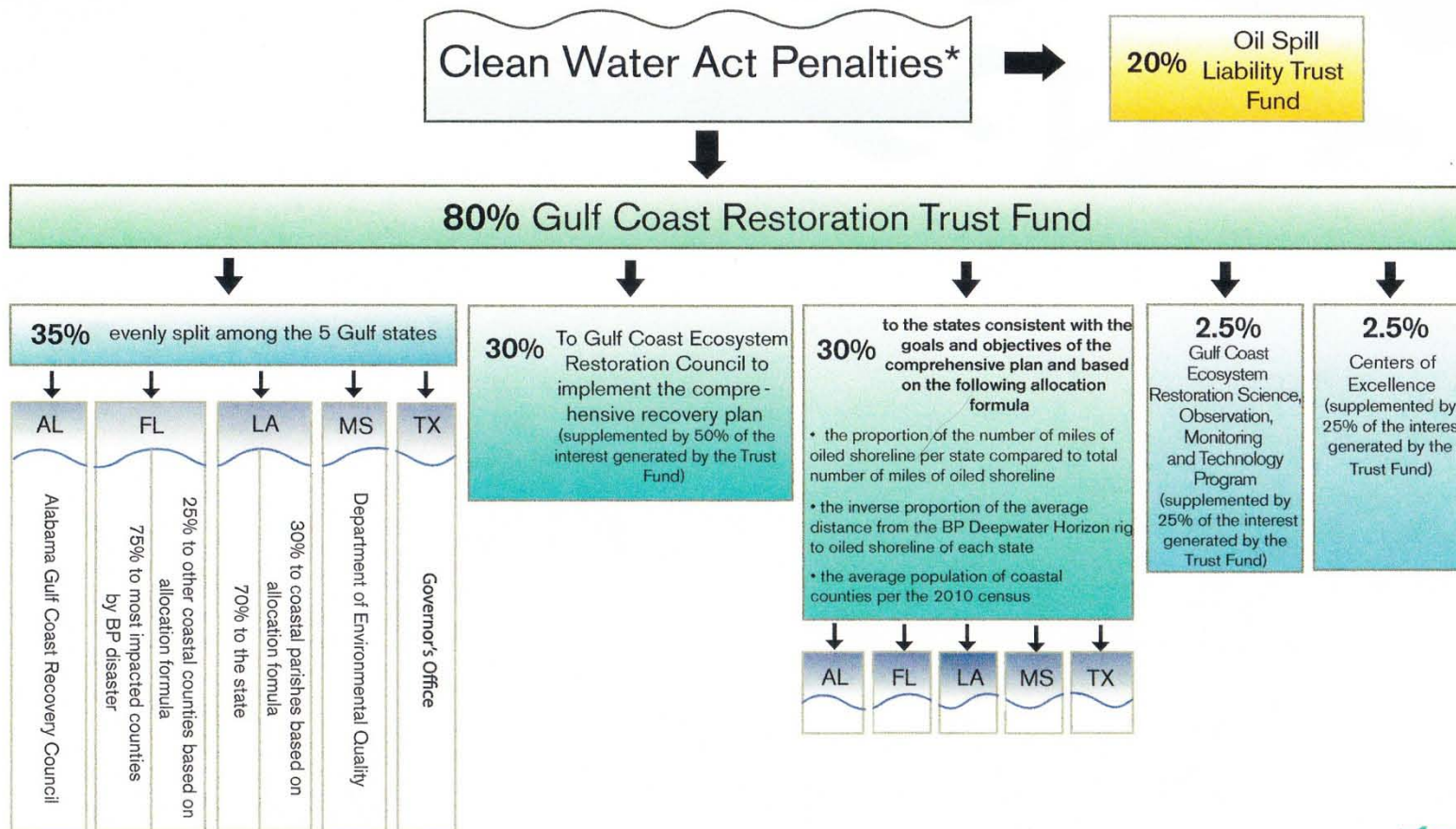
- Questions
- Comments
- Observations
- Suggestions

Contact:

Brice F. Harris, Ph.D.
(e) bharris@uwf.edu
(p) 850.474.2708
www.uwf.edu/oede



Distribution of Clean Water Act penalties to Gulf recovery per the RESTORE Act



* Clean Water Act penalties are a per barrel penalty of \$1100 for release of pollution into the environment. If 'gross negligence' is determined in release of the pollution, the penalty per barrel increases to \$4300. In the case of the BP Deepwater Horizon incident the following are estimates:

$\$1100 \times (4.9 \text{ million barrels of oil released into the environment}) = \text{approx } \5.39 billion
 $\$4300 \times (4.9 \text{ million barrels of oil released into the environment}) = \text{approx } \$21.07 \text{ billion [gross negligence]}$

All amounts are subject to negotiation via a settlement between the government and responsible parties.

IRREF Grant Program: Status Check

- \$19,999,000 of \$20,000,000 Fully Encumbered
 - \$6,729,000 allocated to projects via performance-based contracts
 - \$13,270,000 encumbered for specific pending projects
- Year 3 Funding (\$10M) Available 01 July 13
- Seven Projects Announced to Date
 - Priton, LLC (Santa Rosa)
 - Navy Federal Credit Union x 2 (Escambia)
 - Global Business Solutions, Inc (Escambia)
 - MarJam Supply Company, Inc (Walton)
 - Grayton Beer Company, LLC (Walton)
 - iSirona, LLC (Bay)



IRREF Grant Program: Status Check (cont'd)

- Collective Projects to Yield 2,617 Direct, Net New, Sustainable, Private Sector Jobs
 - Contractual obligations to create, maintain qualifying jobs for a minimum of 3 years to be fully vested
 - Provisions for “clawback” and/or withholding of funds in cases of contract non-compliance
 - Avg. program cost ~\$2,571/job (excluding state economic development incentives)
- Est. 5,725 Indirect, Induced New Jobs Projected
- \$190,070,000 Net New Capital Investment



IRREF Grant Program: Status Check (cont'd)

- \$11,350,000 Presently Encumbered for Outstanding Projects in Escambia, Santa Rosa
- Collective Projects Could Yield 710 Direct, Net New, Sustainable, Private Sector Jobs
- Est. 1,835 indirect, induced new jobs
- Potential for \$45M+ Net New Capital Investment
- Negotiations Must Be Concluded, Contracts Executed

