

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ALABAMA
SOUTHERN DIVISION**

BOBBY SINGLETON, *et al.*,

Plaintiffs,

v.

**WES ALLEN, in his official capacity as
Alabama Secretary of State,**

Defendant.

Case No. 2:21-cv-01291-AMM

THREE-JUDGE COURT

EVAN MILLIGAN, *et al.*,

Plaintiffs,

v.

**WES ALLEN, in his official capacity as
Alabama Secretary of State,**

Defendant.

Case No. 2:21-cv-01530-AMM

THREE-JUDGE COURT

MARCUS CASTER, *et al.*,

Plaintiffs,

v.

**WES ALLEN, in his official capacity as
Alabama Secretary of State,**

Defendant.

Case No.: 2:21-cv-1536-AMM

DEFENDANTS' SECOND NOTICE OF FILING EXHIBITS

Defendants respectfully notify the Court and the parties of additional exhibits upon which they intend to rely at the August 14 hearing, as follows:

1. Pursuant to an Order entered Saturday in all three cases, the parties are to “[p]repare multiple hard copies of all exhibits and demonstratives that the parties intend to use during the preliminary injunction hearing for each Judge on th[e] three-judge court” and, *inter alia*, “[t]he exhibits should be file-stamped[.]” *Singleton* Doc. 163 at 2; *Milligan*, Doc. 221 at 2; *Caster* Doc. 192 at 2.

2. Pursuant to an Order entered July 27, 2023 in all three cases, the parties are to file exhibit lists by August 10, 2023. *Singleton* Doc. 146 at 3; *Milligan*, Doc. 194 at 3; *Caster* Doc. 171 at 2.

3. Defendants intend to include on their exhibit list the materials attached to their response to the Plaintiffs’ objections, already filed into the record, as well the exhibits that were the subject of Defendants’ Notice of Filing Documents, *Singleton* Doc. 167, *Milligan* Doc. 227, and *Caster* Doc. 197. Additional exhibits Defendants wish to list must be filed in order to provide “file-stamped” copies to the Court.

4. Accordingly, in compliance with this Court’s Orders, the Defendants submit the following additional exhibits upon which they intend to rely at the August 14 hearing:

- a. Exhibit C-2 – 2022 Comprehensive Economic Development Strategy: 5-Year Update 2022-2027 by the South Alabama Regional Planning Commission as submitted to the Alabama Legislature’s Permanent Legislative Committee on Reapportionment.
 - b. Exhibit F-2 - Alabama State Port Authority’s Annual Comprehensive Financial Report for the Fiscal Years Ended September 30, 2022 & 2021 as submitted to the Alabama Legislature’s Permanent Legislative Committee on Reapportionment.
5. Materially similar versions of documents were attached to the Defendants’ Joint Opposition to the *Milligan* and *Caster* Plaintiffs’ Objections. These are filed now to have a more complete record.

Respectfully Submitted,

Steve Marshall
Attorney General

/s/ Edmund G. LaCour Jr.
Edmund G. LaCour Jr. (ASB-9182-U81L)
Solicitor General

James W. Davis (ASB-4063-I58J)
Deputy Attorney General

Misty S. Fairbanks Messick (ASB-1813-T71F)
Brenton M. Smith (ASB-1656-X27Q)
Benjamin M. Seiss (ASB-2110-O00W)
Charles A. McKay (ASB-7256-K18K)
Assistant Attorneys General

OFFICE OF THE ATTORNEY GENERAL
STATE OF ALABAMA
501 Washington Avenue
P.O. Box 300152
Montgomery, Alabama 36130-0152
Telephone: (334) 242-7300
Edmund.LaCour@AlabamaAG.gov
Jim.Davis@AlabamaAG.gov
Misty.Messick@AlabamaAG.gov
Brenton.Smith@AlabamaAG.gov
Ben.Seiss@AlabamaAG.gov
Charles.McKay@AlabamaAG.gov

Counsel for Secretary Allen

s/ Dorman Walker (with permission)
Dorman Walker (ASB-9154-R81J)
BALCH & BINGHAM LLP
Post Office Box 78 (36101)
105 Tallapoosa Street, Suite 200
Montgomery, AL 36104
Telephone: (334) 269-3138
Email: dwalker@balch.com

Counsel for Sen. Livingston and Rep. Pringle

CERTIFICATE OF SERVICE

I certify that on August 9, 2023, I electronically filed the foregoing notice with the Clerk of the Court using the CM/ECF system, which will send notice to all counsel of record.

/s/ Edmund G. LaCour Jr.
Counsel for Secretary Allen

**5-YEAR CEDS UPDATE
BALDWIN, ESCAMBIA, AND
MOBILE COUNTIES**

**REPORT BY
SOUTH ALABAMA REGIONAL
PLANNING COMMISSION**

110 BEAUREGARD STREET, SUITE 207
MOBILE, ALABAMA 36633
SARPC.ORG

2022

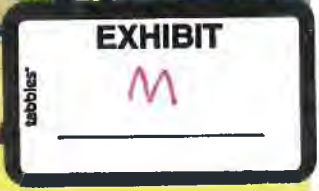
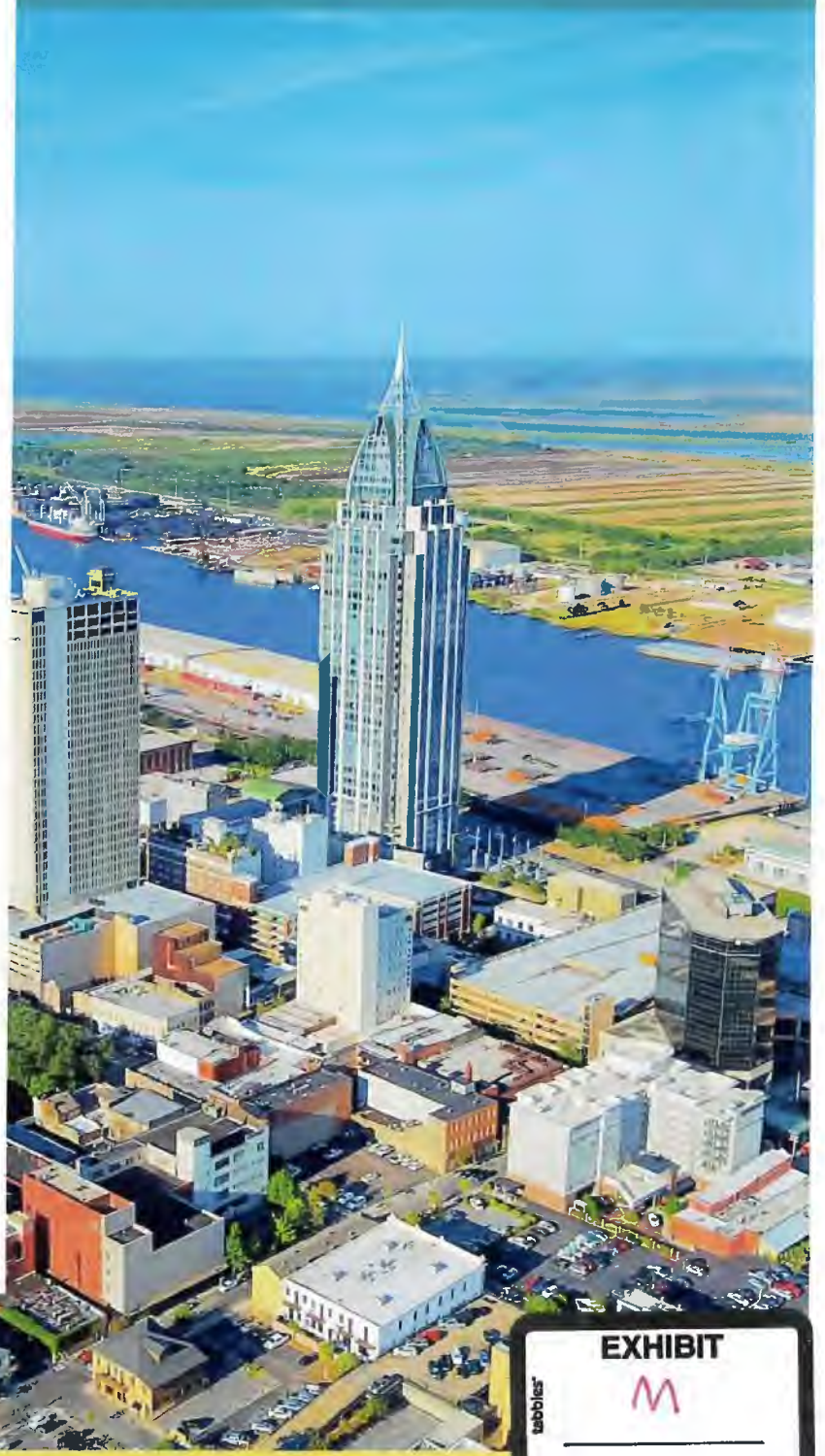
COMPREHENSIVE
ECONOMIC
DEVELOPMENT
STRATEGY

**5-YEAR UPDATE
2022-2027**

South Alabama
Regional Planning
Commission



September 2022



BOARD OF DIRECTORS 2021-2022

CHAIRMAN

MAYOR SANDY STIMPSON
CITY OF MOBILE

MR. DAVID ADAMS
EMA DIRECTOR

VICE-CHAIRMAN

MAYOR CHARLES MURPHY
CITY OF ROBERTSDALE

MR. JESS NICHOLAS
ESCAMBIA COUNTY INDUSTRIAL
DEVELOPMENT AUTHORITY

SECRETARY-TREASURER

MAYOR JIM STAFF
CITY OF ATMORE

WESTLY L. WOODRUFF, CPP
PRESIDENT, CEO MUSKOGEE TECHNOLOGY

MOBILE COUNTY

HONORABLE JACKIE ZEIGLER
ALABAMA STATE BOARD OF
EDUCATION DISTRICT 1

COMMISSIONER MERCERIA LUDGOOD
PRESIDENT, MOBILE COUNTY COMMISSION

HONORABLE JERRY CARL
CONGRESSMAN

MAYOR JIMMIE GARDNER
CITY OF PRICHARD

BALDWIN COUNTY

COMMISSIONER BILLIE JO UNDERWOOD
BALDWIN COUNTY ADMINISTRATION

MAYOR HOWARD RUBENSTEIN
CITY OF SARALAND

MAYOR ROBIN LEJEUNE
CITY OF DAPHNE

MAYOR MARK BARLOW
CITY OF SATSUMA

MAYOR SHERRY SULLIVAN
CITY OF FAIRHOPE

MR. DAVID RODGERS
VICE-PRESIDENT, ECONOMIC DEVELOPMENT
MOBILE AREA CHAMBER OF COMMERCE

MAYOR RALPH HELLMICH
CITY OF FOLEY

MR. JOHN MURPHY, JR., PE
VICE PRESIDENT, NEEL- SCHAFFER, INC

MR. STANLEY RAYE (LEE) LAWSON JR
PRESIDENT & CEO BALDWIN COUNTY
ECONOMIC DEVELOPMENT ALLIANCE

DR. RAOUL RICHARDSON
SENIOR V.P. RESEARCH & DEVELOPMENT
BAHETH RESEARCH & DEVELOPMENT LAD LTD.
USA TECHNOLOGY & RESEARCH PARK

DR.PHYLISS P. FRENCH, ED.D
STATE DEPT OF EDUCATION

MR. ROB MIDDLETON
MIDDLETON CONSTRUCTION

ESCAMBIA COUNTY

COMMISSIONER RAYMOND WIGGINS
ESCAMBIA COUNTY COMMISSION

MR. JOHN C. DRISCOLL
CEO/EXECUTIVE DIRECTOR
ALABAMA STATE PORT AUTHORITY

MAYOR TERRY CLARK
CITY OF EAST BREWTON



EXECUTIVE SUMMARY

The South Alabama Regional Planning Commission (SARPC) is a designated Economic Development District (EDD) through the US Economic Development Administration (EDA) and includes Baldwin, Escambia, and Mobile Counties, along with 29 municipalities. As the Region's EDD, SARPC is responsible for developing and maintaining a Comprehensive Economic Development Strategy (CEDS) through a continuous planning process. Our CEDS must be updated at least every five years in order to qualify for EDA funding and is required for EDD designation. New EDA guidelines require that the CEDS incorporate economic resiliency as an influence on our strategic planning.

Good economic development happens when good economic development planning occurs. A strong CEDS means a strong Region. This 5-year update to the Region's CEDS takes an asset-based approach, which, in addition to identifying and analyzing SWOT responses in our Region, seeks to develop existing strengths into economic opportunities for our Region.

Our Region is currently experiencing growth at an exponential rate. Each year as we recruit and develop more industries, we continue to prove our Region is a strong, global economic competitor.

With our vast amounts of land available for development coupled with all the amenities our Region has to offer, it is my hope that we continue to recruit businesses to our Region, growing into the Southeast's economic epicenter.

The South Alabama Regional Planning Commission is your partner in the development of our Region and will strive to do all we can to make sure our Region is successful.

A handwritten signature in black ink that reads "John F. 'Ricky' Rhodes". The signature is written in a cursive, flowing style.

EXECUTIVE DIRECTOR
SOUTH ALABAMA REGIONAL PLANNING COMMISSION

TABLE OF CONTENTS

CEDS STRATEGY COMMITTEE

MISSION, VISION, AND GOALS

- 1 INTRODUCTION**
- 2 SUMMARY BACKGROUND**
- 3 SWOT ANALYSIS, 2017-2022**
- 4 EVALUATION & ASSESSMENT FRAMEWORK**
- 5 STRATEGIC DIRECTION**
- 6 ECONOMIC RESILIENCY**

APPENDICES

- A IMPLEMENTATION**
- B REFERENCES & ACKNOWLEDGEMENTS**
- C FUNDING SOURCES & PARTNERS**

CEDS STRATEGY COMMITTEE

This 5-year update to the CEDS was developed by a CEDS Strategy Committee, which consists of the members of SARPC's Board of Directors as well as stakeholders representing various economic development organizations, chambers of commerce, tourism, entrepreneurs, education, workforce development, utilities, and local business owners throughout the Region.

The CEDS Strategy Committee includes representatives from the three counties within the SARPC Region and is comprised of both elected officials and representatives from the public and private business and education sector.

The purpose of the committee is to prepare input and information on the future direction of the Region and to offer guidance on potential future initiatives of SARPC.



Many thanks to SARPC's CEDS Strategy Committee for their time and talents in helping make this CEDS as effective and strong as it can be to build our Region to it's fullest capacity

CEDS CONTENT

The Economic Development Administration (EDA) defines the Comprehensive Economic Development Strategy (CEDS) as a regionally driven economic development planning process and document for regions to identify their strengths and weaknesses and develop a plan of action to spur economic growth in their regions. Per EDA requirements, the CEDS must contain the following required sections:

- **Summary Background:** A summary background of the economic conditions of the Region
- **SWOT Analysis:** An in-depth analysis of regional strengths, weaknesses, opportunities and threats
- **Strategic Direction/Action Plan:** The strategic direction and action plan should build on findings from the SWOT analysis and incorporate elements from other regional plans
- **Evaluation Framework:** Performance measures used to evaluate the organization's implementation of the CEDS and impact on the regional economy



MISSION

Continue to aggressively recruit growth to the Region. Utilize the unique assets each county offers to attract targeted development. Build a skilled and trained workforce. Serve the Region as an effective, contributing partner in economic development. Brand the Region as the Southeast's most economically diverse and competitive market.

VISION

"To promote long-term economic resiliency through economic growth and diversification by utilizing the Region's existing built and natural assets in efforts to provide competitive wages that will create a strong and prepared workforce."

GOALS

1. Improve and increase infrastructure to provide sufficient capacities to accommodate population growth & traffic circulation
2. Decrease underemployment by increasing wages to capture & retain workforce
3. Advance the Region's economy & invest in downtown development & community assets
4. Build a skilled & trained workforce to fill the needs our industries require
5. Protect and foster the utilization of our natural assets
6. Build a unified identity & brand for the Region



WHAT IS A CEDS?

**GOOD ECONOMIC
DEVELOPMENT STARTS
WITH GOOD ECONOMIC
DEVELOPMENT PLANNING.**

**A CEDS IS A STRATEGY-DRIVEN PLAN FOR
REGIONAL ECONOMIC DEVELOPMENT.**

**IT'S A COLLABORATIVE PLANNING
PROCESS THAT INCORPORATES A BROAD
ARRAY OF PERSPECTIVES - - IT BRINGS
TOGETHER FIRMS, INSTITUTIONS, AND
LOCAL GOVERNMENTS TO BETTER
UNDERSTAND, POSITION AND LEVERAGE
REGIONAL ASSETS TO ENHANCE
ECONOMIC COMPETITIVENESS SO THE
PUBLIC AND PRIVATE SECTORS CAN
SUCCEED. - CEDS IS THE FIRST STEP IN
BUILDING A REGION'S ECONOMIC
DEVELOPMENT CAPACITY; HELPS
DETERMINE WHAT IS CRITICAL FOR
ECONOMIC SUCCESS.**



1

INTRODUCTION

*An overview of the South Alabama Regional
Planning Commission (SARPC)*

1 Introduction

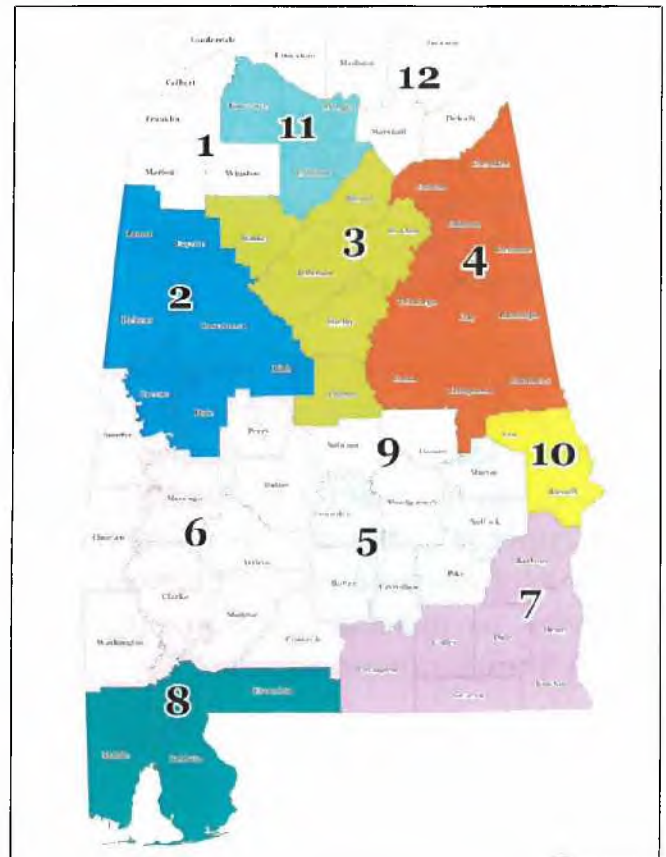
The Regional Councils

There are twelve Regional Councils within the State Alabama. The individual Regional Councils are referred to by a number of different names, such as regional commission, regional planning commission, regional planning and development commission, or regional council of governments. The generic term "Regional Council" is used to refer to all twelve.

Authorized by the legislature in 1935, the various Regional Councils were formed at different times over the years, in different forms with different service areas.

The South Alabama Regional Planning Commission (SARPC) serves three counties in south Alabama. These counties are Baldwin, Escambia and Mobile counties. SARPC is designated as Region 8 and for the purposes of this plan, will hereafter be referred to as "the Region". SARPC along with the other regional councils serve as a resource for local governments.

SARPC serves as the Economic Development District (EDD) for Region 8 and is required to prepare a regularly updated Comprehensive Economic Development Strategy (CEDS) for the Region. A "regional" CEDS acts as a guide for economic development for SARPC's multi-county region and is used to delineate public and private goals for economic development and unify them into a single "road map" of strategies.



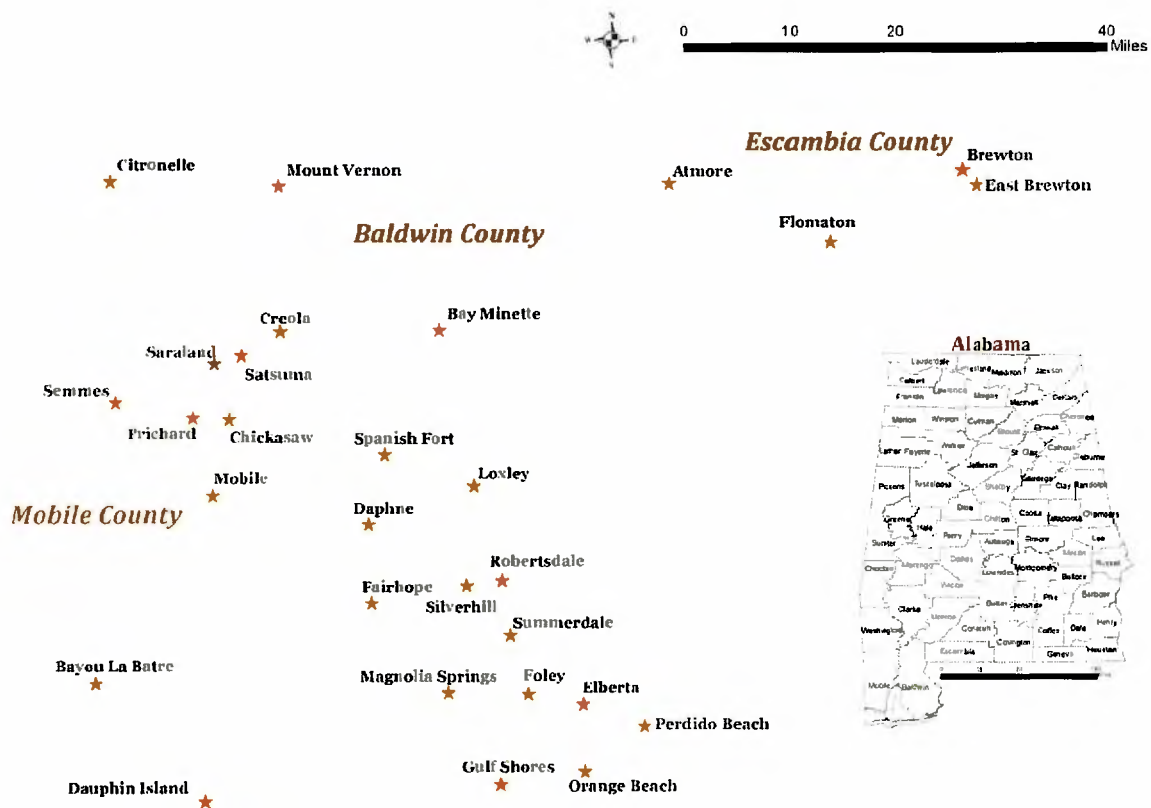
The strategies are devised based on an analysis of the regional economy, the identified goals and priorities, and the actions required to achieve those goals and priorities. An effective CEDS should be the result of continuous planning and the participation of a diverse group of public and private interests.

Each Regional CEDS contains information regarding significant regional economic clusters. Each document differs in the degree of emphasis placed upon the importance of regional clusters as well as in the methodology employed to identify clusters.

SOUTH ALABAMA REGIONAL PLANNING COMMISSION

The South Alabama Regional Planning Commission is one of 12 Regional Planning Commissions within the State of Alabama as provided for in Act 1126 of the 1969 Alabama Legislature. The Commission was first established in 1964 as the Mobile County Regional Planning Commission, and was renamed the South Alabama Regional Planning Commission in 1968 when the focus was expanded to include Baldwin and Escambia counties. SARPC works with federal, state and local entities through the provision of programs and services in community development, transportation planning, employment and economic development, grant administration and senior and social services.

In addition to being the designated Area Agency on Aging (AAA) for South Alabama and providing the administration of the Mobile Metropolitan Planning Organization (MPO) for the Urbanized Area of Mobile County, SARPC provides programs and services in community planning, employment and staffing services, economic and workforce development, grant administration, senior and social services, and transportation planning. SARPC staff serves the Region as a resource for communication, coordination, advocacy, policy-making and technical assistance to member governments, elected officials, non-profits, and public/private-sector leaders throughout the Region.





SARPC'S PLANNING AREA

SARPC's jurisdiction consists of the three counties previously mentioned and includes 29 incorporated municipalities. The Region consists of a land area that is approximately 3,700 square miles in size, with an additional 543,360 acres of water, and is bordered by the states of Mississippi and Florida, and the Gulf of Mexico. Most of Mobile County is considered to be urban, while the northern parts of Baldwin, and most of Escambia Counties are largely rural.

Our Region is the gateway to America's rails, roads, rivers and runways, giving us a huge advantage over other Regions. The new additions and expansions to the Region are creating thousands of new jobs, primarily in manufacturing and production, and drawing more and more people to the area.

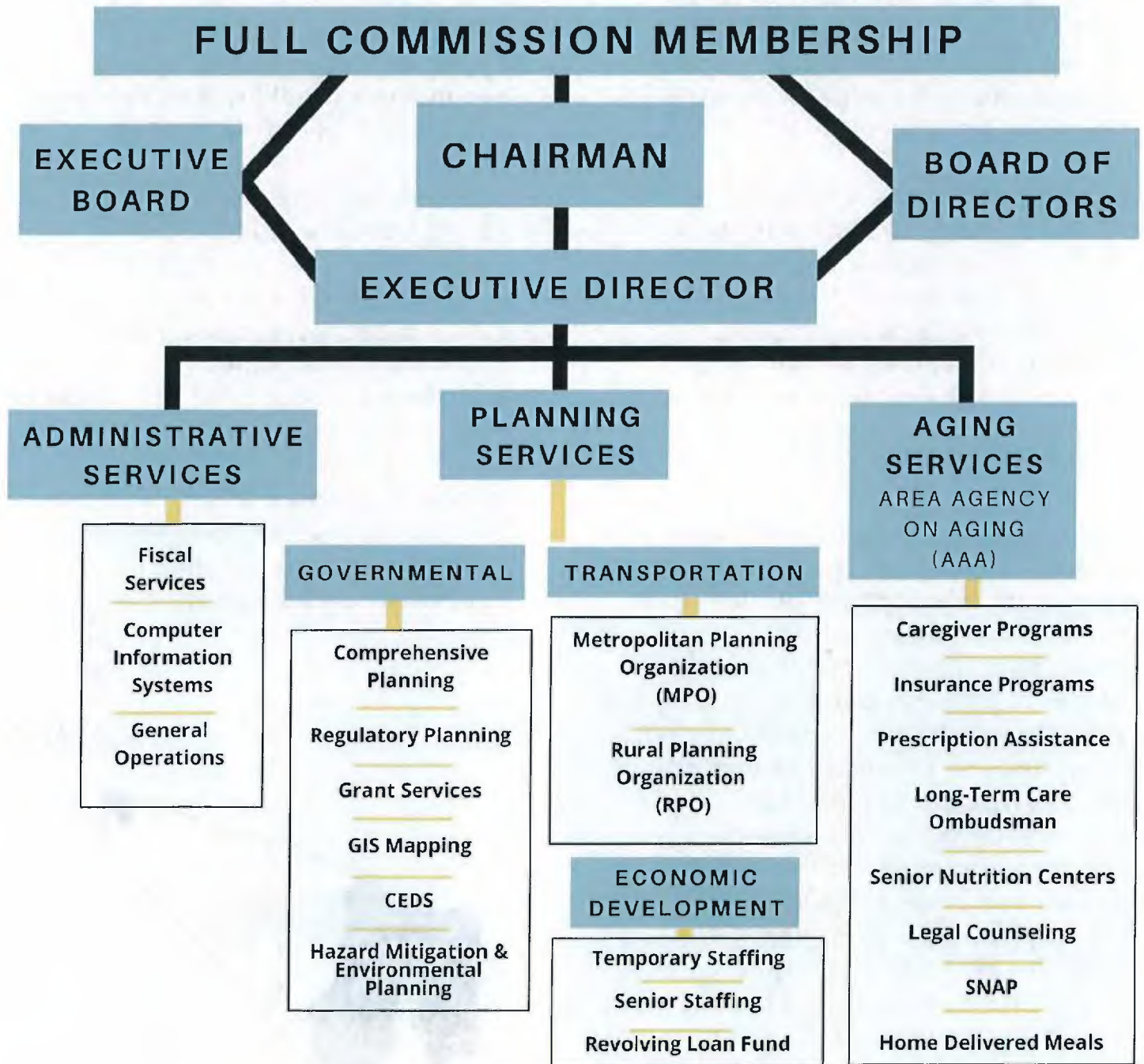
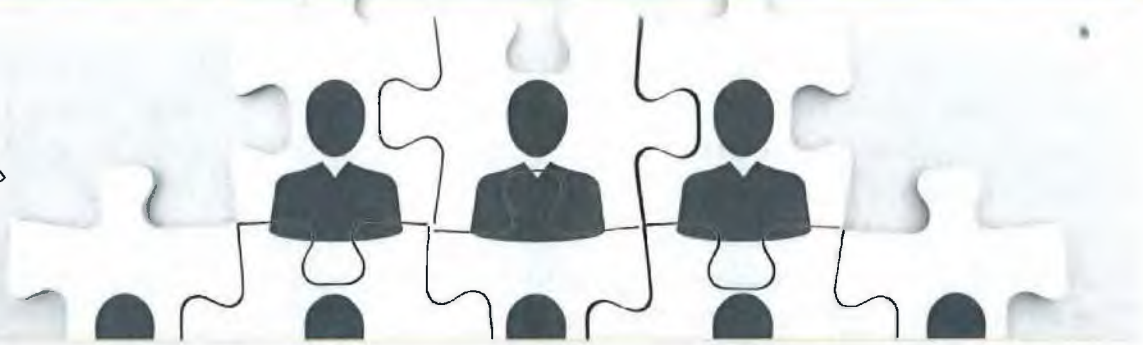
SARPC's Region has experienced tremendous growth over the last few years with the addition of numerous companies such as Novelis, Imperial Dade, and ALDI making their new homes in Baldwin County and Provalus and Coastal Grower expanding their operations to Escambia County. All of this growth, along with the improvements and expansions currently underway at the Port of Mobile and other existing industries in the Region, are making the Region more attractive to developers, giving us the artillery needed to recruit many more new industries to support and compliment what is already in place.

The City of Mobile is home Alabama's only deep water seaport on the Mobile River. Additionally, Mobile has two major interstate connectors, five Class 1 railroads and two airports, all of which contribute to the Region's desirability as a location for manufacturing and industry.

Along with the relocation of the Regional Airport to the Mobile Aeroplex at Brookley, both Baldwin and Mobile Counties have added new logistics facilities to their economic arsenals with the addition of the I-10/Gulf Coast Logistics Center in Loxley that is the first Class-A industrial facility constructed in Baldwin County and the enormous South Alabama Logistics Park, which is Alabama's largest largest industrial park, offering over 6 million square feet of available space for warehouse, distribution and manufacturing operations that rely on deep-water seaport terminals for their import/export activities.



SARPC ORGANIZATIONAL STRUCTURE





SUMMARY BACKGROUND

*A summary of the existing economic
conditions of the Region*

2 Summary Background

The CEDS will guide SARPC's work in the Region over the next five years. In efforts to develop an effective plan, the CEDS Strategy Committee sought to gain an understanding of the Region's current condition across numerous variables. Using an assets-based approach, one of the first tasks was to identify the existing strategic assets that can be better utilized to develop economic prosperity in our Region's communities, as well as the challenges we must conquer in order to fully utilize our assets to their greatest potential. This section of the CEDS is an inventory of what the Region currently encompasses and what we've accomplished in recent years.

ECONOMIC ASSETS

- Manufacturing Clusters
- Shipbuilding Industry
- Community Downtowns
- Tourism Industry
- Agriculture & Aquaculture
- Aviation & Aerospace
- Transportation & Warehousing
- Peanut Processing
- Maritime Industry
- Oil & Gas Production
- Seafood Processing
- Retail Trade
- Entertainment
- Healthcare
- Construction
- Education

BUILT ASSETS

- Port of Mobile
- Interstates 10 & 65
- Mobile Aeroplex at Brookley
- Austal
- Daphne Innovation and Science Complex (DISC)
- Industrial Parks
- South Alabama Mega Site
- Alabama Cruise Terminal
- Airbus
- The Wharf
- Railroads
- Sports Complexes
- OWA
- Educational Institutions
- Hospitals

NATURAL ASSETS

- Gulf of Mexico
- Mobile Bay
- Gulf Beaches
- Mobile-Tensaw River Delta
- Sand Dunes
- Wetlands & Watersheds
- Maritime Forests
- Intertidal Salt Marshes
- Oyster Reefs & Fisheries
- Floodplains
- Nature & Wildlife Reserves

SERVICE ASSETS

- Hospitals & Healthcare Facilities
- Community Colleges & Universities
- Workforce Development
- Boards of Education
- Aging & Youth Services
- Chambers of Commerce

POPULATION HIGHLIGHTS



SARPC REGION

POPULATION GROWTH (REGIONAL)

2000	2010	2020
578,698	633,576	669,041

Source: U.S. Census

EDUCATION



10%

No High School Diploma



33%

High School Graduate



29%

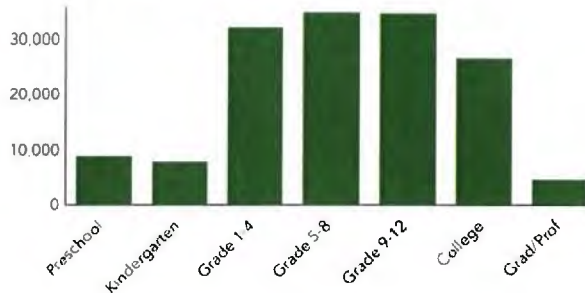
Some College



28%

Bachelor's/Grad/Prof Degree

SCHOOL ENROLLMENT (ACS)



SELECTED STATISTICS

693,434

Population



276,280

Households

40.6

Median Age



\$46,376

Median Disposable Income

POVERTY



39,390

Households Below the Poverty Line



33,101

Households Reporting Food Insecurity

AT RISK POPULATION



68,943

Households With Disability



132,987

Population 65+



14,672

Households Without Vehicle

Source: ESRI Community Analyst (Data Vintage = 2022, 2027)

EMPLOYMENT



58.2%

White Collar



25.0%

Blue Collar



16.7%

Services

4.3%

Unemployment Rate



HOUSEHOLD ECONOMICS



\$55,097

Median Household Income



\$32,291

Per Capita Income



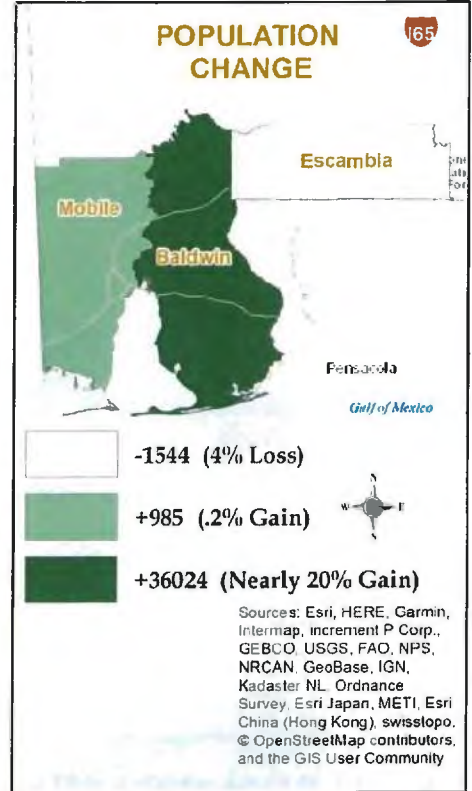
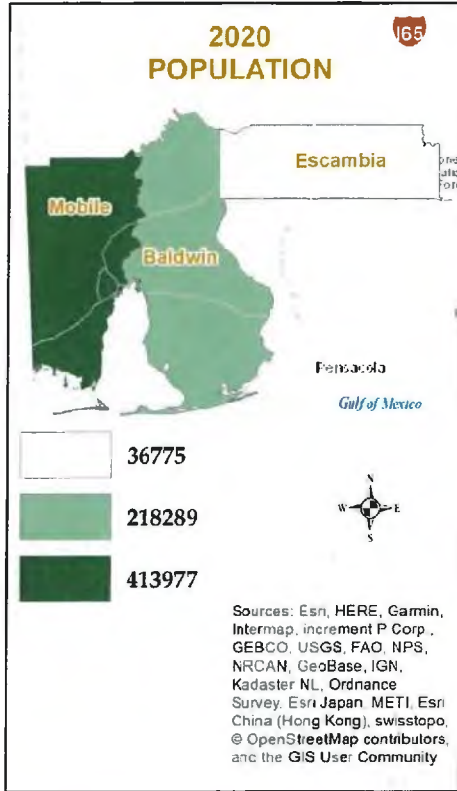
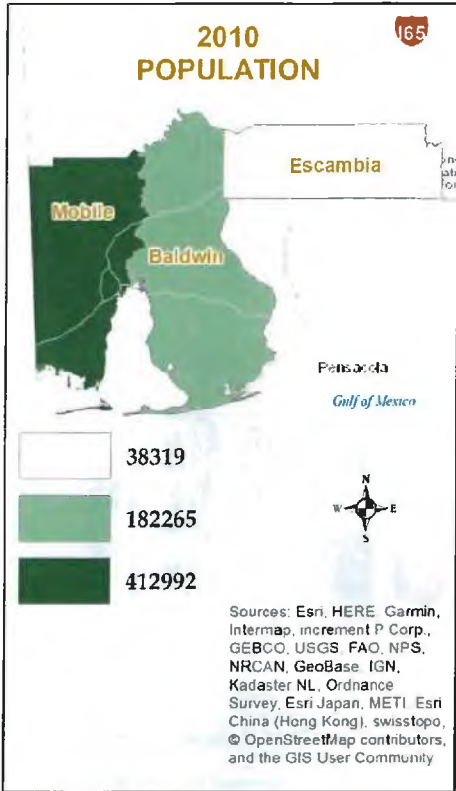
\$122,419

Median Net Worth

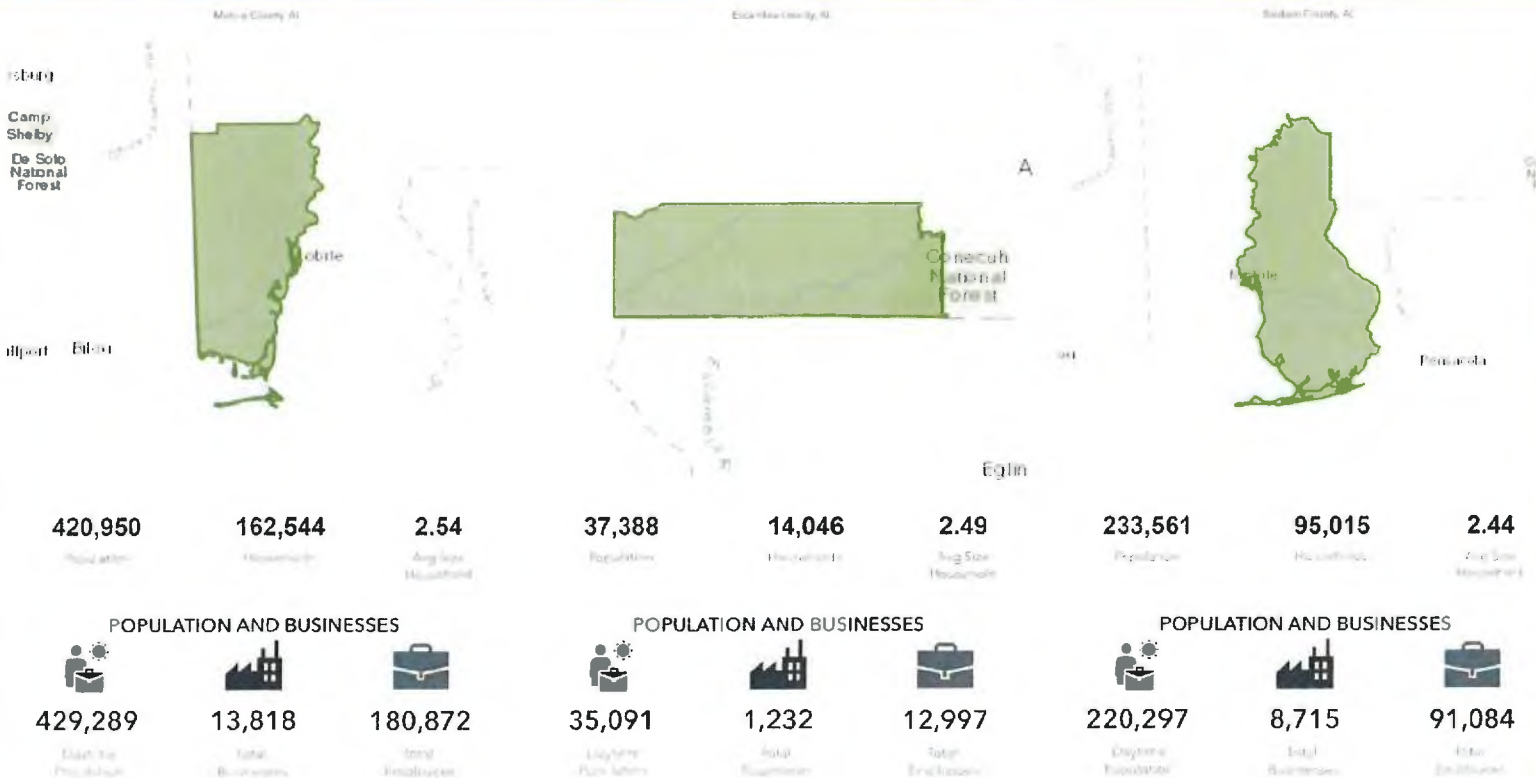
SARPC REGION POPULATION

Gains & Losses 2010-2020

0 25 50 100 Miles



POPULATION SNAPSHOT: SARPC REGION BY COUNTY



Demographic Tapestry

Esri Tapestry Segmentation provides a detailed description of America's residential which areas are divided into distinct segments based on their socioeconomic and demographic composition.

Tapestry is a market segmentation system built from using a large array of attributes of demographic and socioeconomic variables to identify numerous unique consumer markets throughout the United States. The following segments reflect demographic key findings in each of SARPC's three counties to better leverage established consumer markets, as well as the emergence of new markets due to population growth, demographic and socioeconomic change, and transforming consumer behavior.

10A

LifeMode Group: Rustic Outposts

Southern Satellites



WHO ARE WE?

Southern Satellites is the second largest market found in rural settlements but within metropolitan areas located primarily in the South. This market is typically slightly older, settled married-couple families, who own their homes. Two-thirds of the homes are single-family structures; almost a third are mobile homes. Median household income and home value are below average. Workers are employed in a variety of industries, such as manufacturing, health care, retail trade, and construction, with higher proportions in mining and agriculture than the US. Residents enjoy country living, preferring outdoor activities and DIY home projects.

OUR NEIGHBORHOOD

- About 78% of households are owned.
- Married couples with no children are the dominant household type, with a number of multigenerational households (Index 112).
- Most are single-family homes (67%), with a number of mobile homes (Index 509).
- Most housing units were built in 1970 or later.
- Most households own one or two vehicles, but owning more than three vehicles is common (Index 144).

SOCIOECONOMIC TRAITS

- Education: almost 40% have a high school diploma only (Index 140); 45% have college education (Index 73).
- Labor force participation rate is 59.1%, slightly lower than the US.
- These consumers are more concerned about cost rather than quality or brand loyalty.
- They tend to be somewhat late in adapting to technology.
- They obtain a disproportionate amount of their information from TV, compared to other media.

10E

LifeMode Group: Rustic Outposts

Rural Bypasses



WHO ARE WE?

Open space, undeveloped land, and farmland characterize *Rural Bypasses*. These families live within small towns along country back roads and enjoy the open air in these sparsely populated neighborhoods. Their country lifestyle focuses on the outdoors, gardening, hunting, and fishing. They are more likely to own a satellite dish than a home computer. Although most households do have a connection to the internet, use is very limited. Those who are not yet retired work in blue-collar jobs in the agriculture or manufacturing industries.

OUR NEIGHBORHOOD

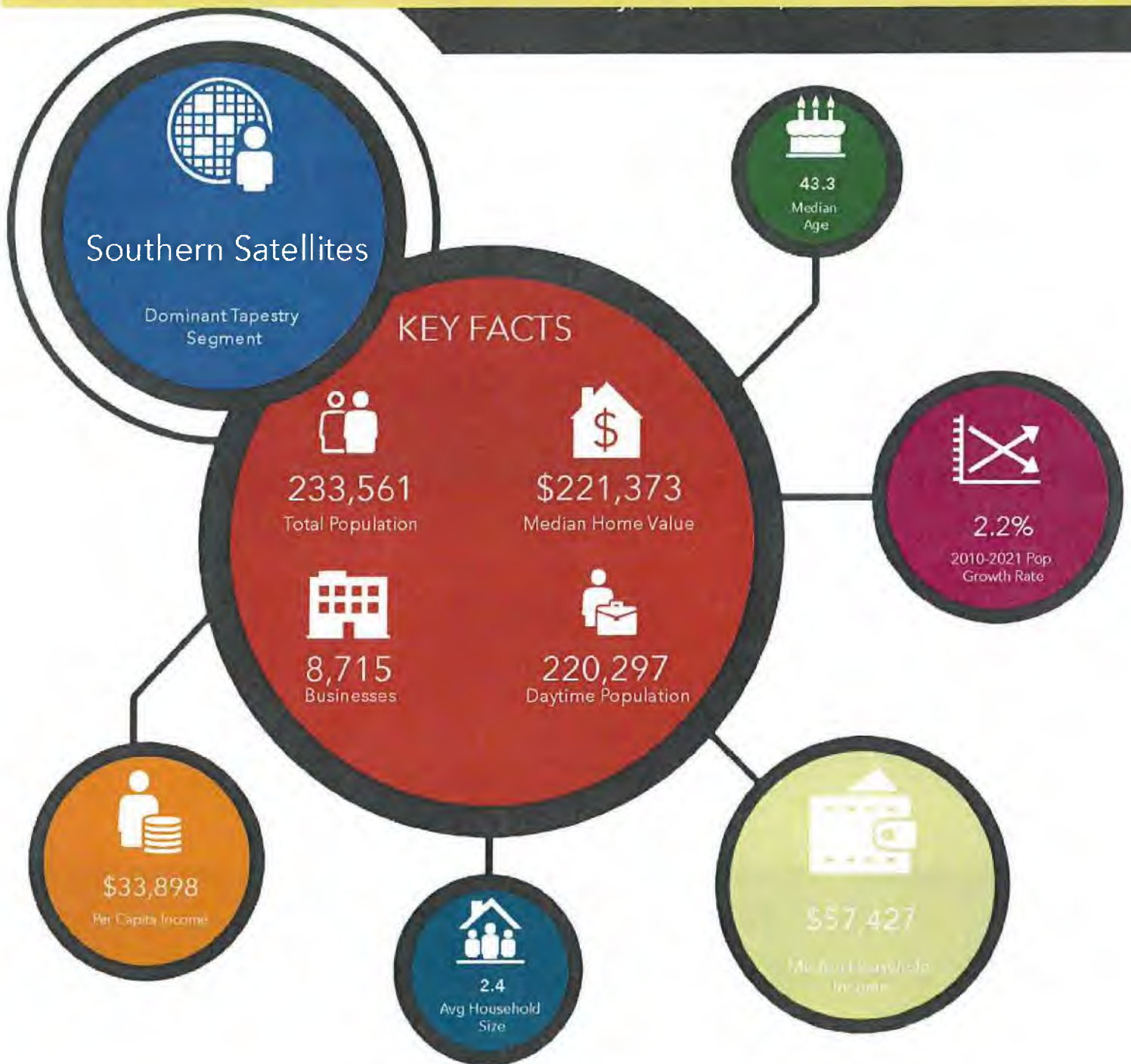
- An older market, with more married couples without children and single households, the average household size is slightly lower at 2.55.
- Most residents own single-family homes or mobile homes (Index 504).
- Most housing was built from 1970 to 1989; vacancy rates are higher due to seasonal housing.
- Residents live in very rural areas, almost entirely in the South.

SOCIOECONOMIC TRAITS

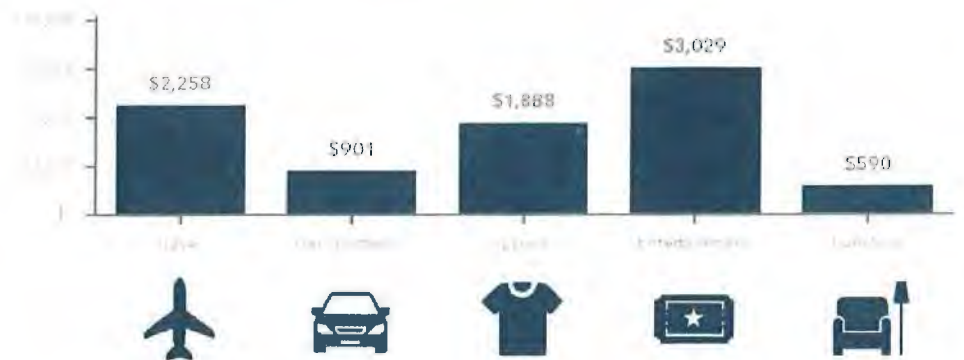
- Almost 25% have not finished high school; 11% have a bachelor's degree or higher.
- Labor force participation is low at 47% (Index 76).
- Income is primarily derived from wages and supplemented with Social Security and Supplemental Security Incomes.
- Religion and faith are central in their lives.
- They rely on television to stay informed.



Baldwin County Tapestry



KEY SPENDING FACTS

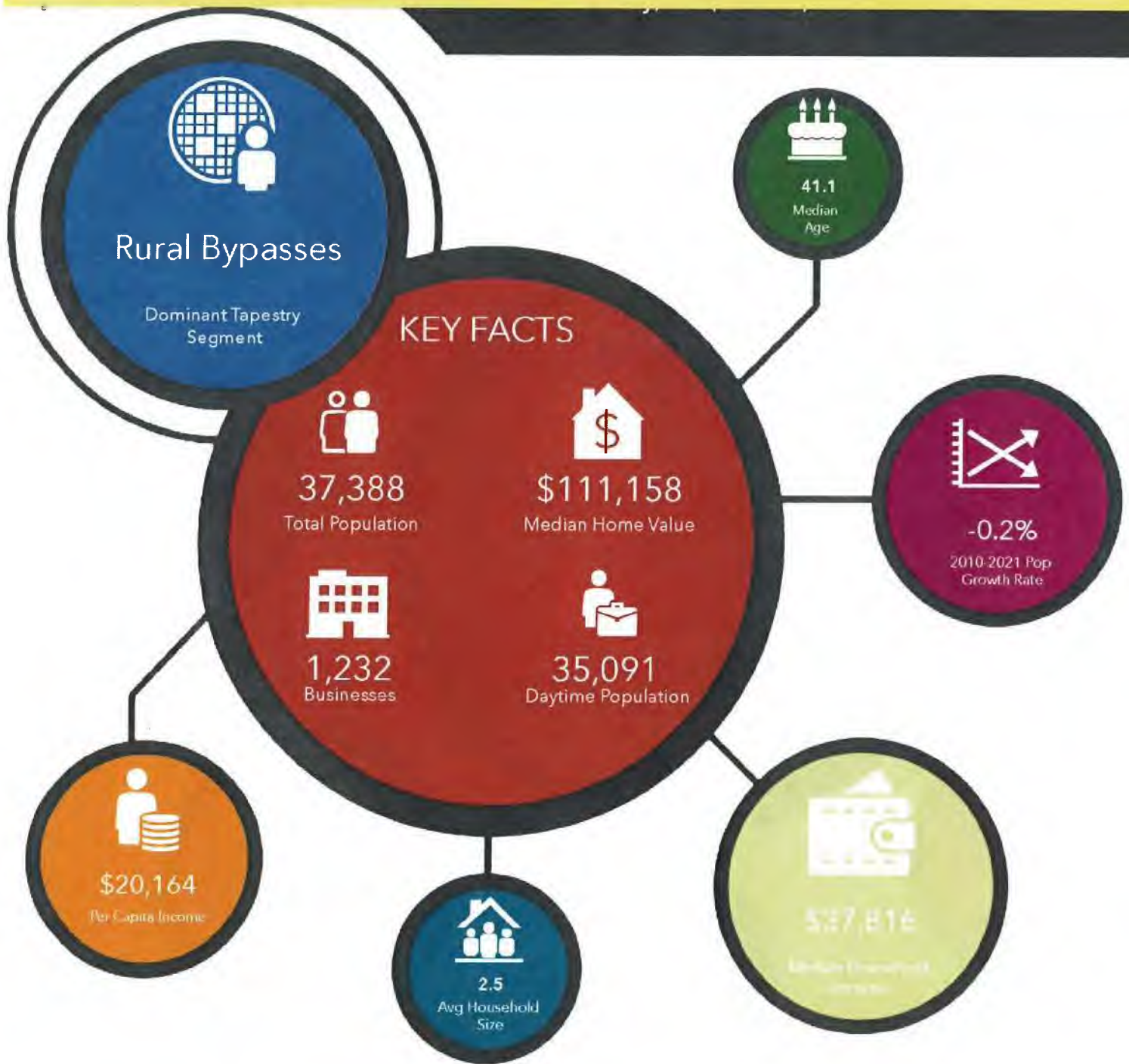


This infographic contains data provided by Esri, Esri and Bureau of Labor Statistics, Esri and Data Axle. The vintage of the data is 2021, 2026.

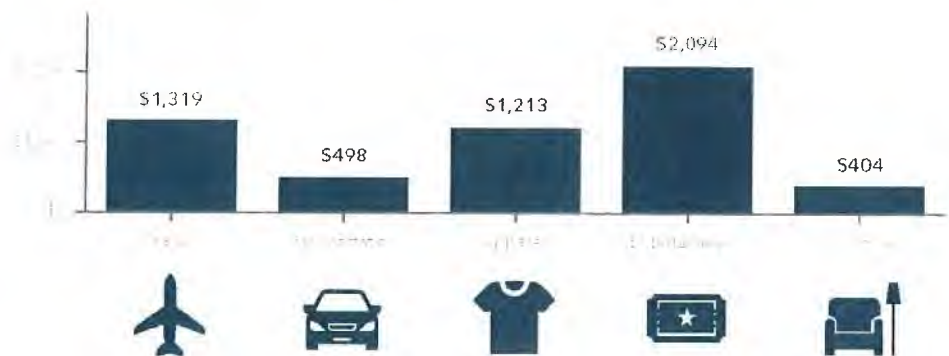
© 2022 Esri

Spending facts are average annual dollars per household

Escambia County Tapestry



KEY SPENDING FACTS

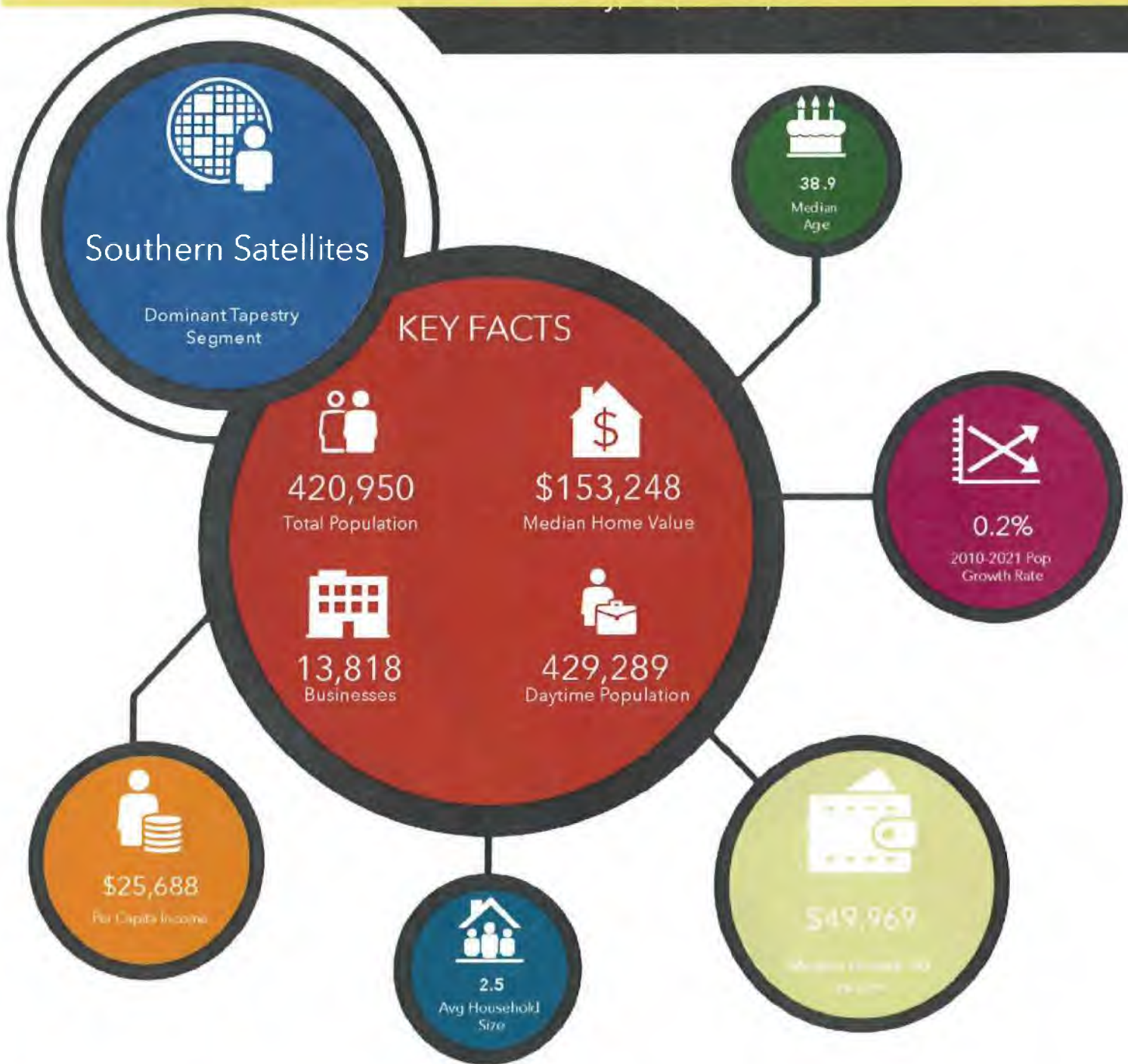


This infographic contains data provided by Esri, Esri and Bureau of Labor Statistics, Esri and Data Axle. The vintage of the data is 2021, 2026.

© 2022 Esri

Spending facts are average annual dollars per household

Mobile County Tapestry



KEY SPENDING FACTS



This infographic contains data provided by Esri, Esri and Bureau of Labor Statistics, Esri and Data Axle. The vintage of the data is 2021, 2026.

© 2022 Esri

Spending facts are average annual dollars per household

ECONOMIC ASSETS IN THE REGION

ECONOMIC ASSETS

- Manufacturing Clusters
- Shipbuilding Industry
- Community Downtowns
- Tourism Industry
- Agriculture & Aquaculture
- Aviation & Aerospace
- Transportation & Warehousing
- Peanut Processing
- Maritime Industry
- Oil & Gas Production
- Seafood Processing
- Retail Trade
- Entertainment
- Healthcare
- Construction
- Education

Economic assets are resources and mechanisms of economic value that sustain production and generate growth. They include economic clusters, infrastructure assets, inventories, institutions, raw materials, production, processing, and activities that generate economic development and wealth. When leveraged properly, they support and develop external linkages, production networks, synergies, and partnerships.

WHY ARE ECONOMIC CLUSTERS IMPORTANT FOR THE REGION'S ECONOMY?

Clusters are geographic concentrations of interconnected companies, specialized suppliers, service providers, and associated institutions in a particular field that are present in a region. They are the main economic drivers of a region that increase the productivity with which companies can compete. Essentially, clusters are the foundational building blocks of modern economies that provide numerous functions that create and sustain healthy and growing economies.

**PROFILE
THE
REGION'S
ECONOMY**

**DRIVE
REGION'S
ECONOMIC
PERFORMANCE**



**ATTRACT NEW
INDUSTRIES &
INVESTMENTS
TO THE
REGION**

TOURISM & HOSPITALITY INDUSTRY

Tourism has long been and continues to be the predominant economic driver for Baldwin County, which has set records despite the COVID-19 pandemic. Tourism is no longer a seasonal economy. It has grown into a year-round economy that brings in thousands of people and dollars every month throughout the year with all of the entertainment and sporting events scheduled annually.

The County leads the State with an estimated 51,000 people employed in the tourism industry in 2020, resulting in more than \$1.5 billion in travel-related wages.

According to the latest Alabama Tourism Department economic impact study, during the COVID-depressed economy of 2020 Baldwin and Mobile counties combined generated 46% of the state's total tourism expenditures (\$6.1 billion) and almost 42% of the state's total travel related employment in 2020. Baldwin County alone welcomed 5.9 million visitors who spent \$4.8 billion dollars, again leading the state.

Tourism attractions also continue to grow. The Park at OWA, for example, is continuing to expand, investing \$70 million in the addition of a water park. The Gulf Shores & Orange Beach Sports & Events rebranded in 2021 to attract major leisure events. They recently purchased over 100 acres to accommodate their growing population in the cities of Gulf Shores and Orange Beach due to demands of two city school systems for the need to help alleviate sports tourism play from the local sports complexes and school facilities. Foley as well has seen exponential growth and demand in their sports and event tourism sector, with continued demand for sporting accommodations, which contributes greatly to their year-round tourism-based economy. With sports and events showing no sign of slowing down, along with our temperate climate, every season generates significant economic impacts.

In 2021, the tourism industry in Alabama grew an impressive 47% over the year prior. Visitor's expenditures increased by \$7 billion, from \$13 billion in 2020 to \$20 billion in 2021. The tourism industry in Alabama also regained all the jobs it lost in 2020 and led the state to a full labor market recovery in 2021. The rebound in tourism was a major catalyst for propelling the Alabama state economy into its post-COVID recovery. With more than 227,000 jobs and \$6.8 billion in payroll, the Alabama tourism industry has cemented its importance to the overall health of Alabama's economy, with our Region being a huge contributor to it.



GULF SHORES & ORANGE BEACH TOURISM

Alabama's White-Sand Beaches



South Alabama tourism had a record year in 2022. The news isn't all good however. Local business leaders said hiring problems since the pandemic, combined with the area's rapid growth and the limited number of available workforce is resulting in negative feedback from visitors. Concern is rising over the long-term impacts of the workforce shortage impacting south Baldwin County.

Gateway Initiatives reports there is currently a shortage of 8,000 to 10,000 workers, and at least 4,200 employees are needed to staff new businesses, and others yet to open. Many of the people moving to area are either older, working remotely, or not entering the hospitality industry. The added populations are creating the same demands on the businesses that the tourist populations normally do. Many local businesses report sales just as high in the winter and spring months as they do in the summer months.

Local leaders are scrambling to solve this problem. The seasonal Snow-Bird population, along with year-round visitors coming to the area for sporting events and other entertainment activities are creating demands for more workers to accommodate all the visitors. A \$200 million housing solution for seasonal workers is on the table. A workforce training campus that would provide much-needed housing for up to 2,000 workers is in the works. The workforce campus would provide affordable housing, public transportation, childcare services, and job training. Local leaders are hopeful that grant funds will be made available to fund the much needed campus.

KEY ECONOMIC FACTS

- Travelers are estimated to have spent \$19.6 billion in Alabama in 2021, an increase of 47% from 2020
- Based on the primary and secondary data, it is estimated that more than 28.2 million people visited the State of Alabama during 2021.
- In 2021, \$1.1 billion of state and local tax revenues were generated by travel and tourism activities.
- An estimated 227,334 jobs - 11.1% of non-agricultural employment in Alabama - were directly or indirectly attributable to the travel and tourism industry.
- The total impact of the travel and tourism industry on Alabama's earnings in 2021 is estimated to be \$6.7 billion.
- Every \$128,231 of travel-related expenditures creates one direct job in Alabama.
- For every \$1 in Alabama's travel-related expenditures, the state retains a total of \$0.34.
- The most visited counties in the state were Baldwin, Jefferson, Madison, Mobile and Montgomery, accounting for 69.6% of the total number of visitors to the state.

ECO-TOURISM & OUTDOOR ECONOMIES

Americans are passionate about and loyal to their outdoor pursuits. The continued growth of the outdoor recreation economy is inarguable evidence of its contribution to the nation’s social and financial growth.

Ecotourism is a huge contributor to the Region's economy. The inventory our Region "naturally" possesses makes us a top competitor and gives us an economic advantage over other ecotourism markets. The diversity and availability of these resources are limitless. Local leaders and investors have discovered how to capitalize on this sector of the economy, knowing that growing the outdoor economy is an essential part of an effective economic development strategy. Our close proximity to hundreds of waterways, along with our mild climate, makes our Region a premier location for the ecotourism industry.

1

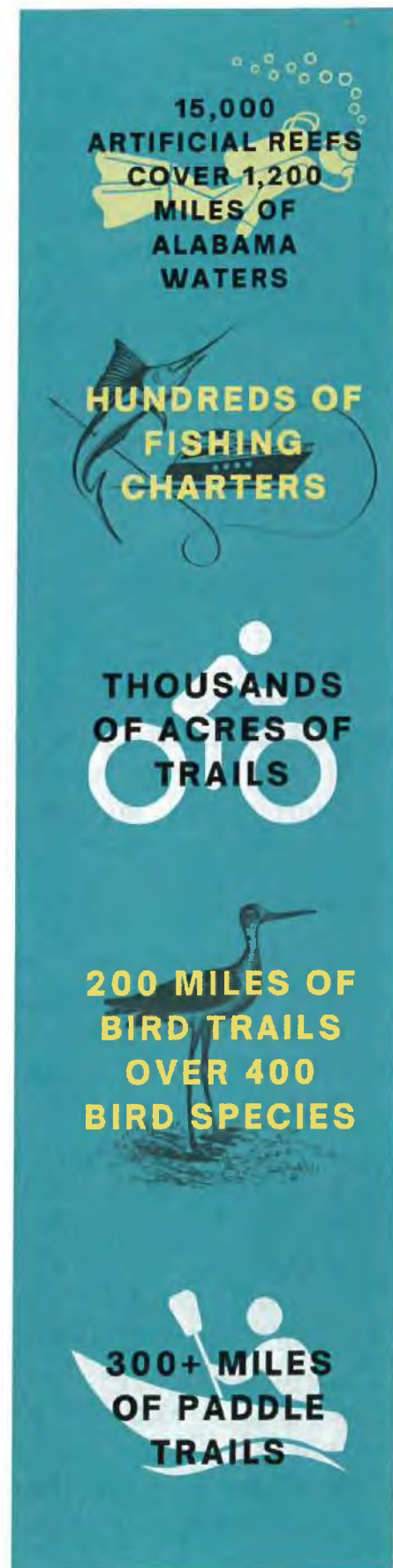
Public lands and waters are the outdoor industry’s basic infrastructure, and without them the industry cannot survive. Preserving access is imperative to enhancing the industry’s economic and social impact. Access ensures everyone's ability to get outside where jobs, health and communities grow.

2

Studies demonstrate that, in addition to economic prosperity, outdoor recreation delivers personal and social benefits on which healthy, happy communities thrive. Investment in outdoor recreation can help reduce health care costs, improve educational outcomes, and reduce crime.

3

Outdoor recreation is among our nation's largest economic sectors. According to the Bureau of Economic Analysis, Americans spend \$887 billion annually in the outdoor recreation economy, which supports 7.6 million American jobs, and generates \$125 billion in federal, state and local tax revenue.



MANUFACTURING CLUSTERS

SHIPBUILDING



Mobile shipbuilder Austal USA, provider of aluminum ships for the U.S. Navy and Coast Guard, recently added a second line to make steel vessels. Austal, which has built aluminum hulled ships for about 20 years, opened its \$100 million steel line expansion in April of this year. Austal currently employees approximately 2,700 employees and is among Mobile County's largest industrial employers.

Steel to supply the new line is provided from the SSAB plant in Axis, just upriver from Mobile. In addition to the new expansion, Austal USA has recently been awarded a \$128 million contract to design and build an auxiliary dry dock for the U.S. Navy. The project will be the second steel project performed on the Mobile company's new steel panel line.

AVIATION & AEROSPACE

Airbus has recently expanded to support a 50% increase production of the popular A320 model. Reuters reports the proposed increase in production would boost output from about 50 A320-family planes a month now to 65 a month by the middle of 2023 and 75 a month in 2025. This increase will lead to a second A320-family assembly line, increasing the Airbus presence in arch-rival Boeing's backyard. Other big news this year from Airbus, which has been 10 years in the making, was the recent expansion and partnership with Lockheed Martin. Airbus will manufacture the LMXT strategic tanker aircraft in Mobile. With all the expansion, the company is increasing its capacity with the building of a new Final Assembly Line (FAL), expected to break ground in Q1 2023 and include the hiring of 1,000 new employees.



Steel & Aluminum

Steel and aluminum manufacturing are growing sectors in the Region's economy. The companies who manufacture these products provide hundreds of jobs to the Region's workforce and have the capacity to produce millions of tons of steel and aluminum annually. Carbon steel manufacturer AM/NS Calvert has the capability to supply over 5.2 million metric tons of advanced high strength steel to the NAFTA auto and energy industries and employs approximately 1,600 people. Novelis' facility in Bay Minette, Alabama, will have an initial 600 kilotonnes of finished aluminum goods capacity per year focused on the beverage container market with flexibility for automotive and specialty production as well.

AGRICULTURE & AQUACULTURE IN THE REGION'S ECONOMY

Statewide, agriculture and forestry are two of Alabama's top industries.

Single-crop farming is the industry's backbone

One out of every 4.6 jobs in the state is related to agriculture, and the industry contributes approximately \$70.4 billion to Alabama's annual economy.

Alabama's top commodities include poultry, cattle and calves, greenhouse and nursery, cotton, and soybeans.

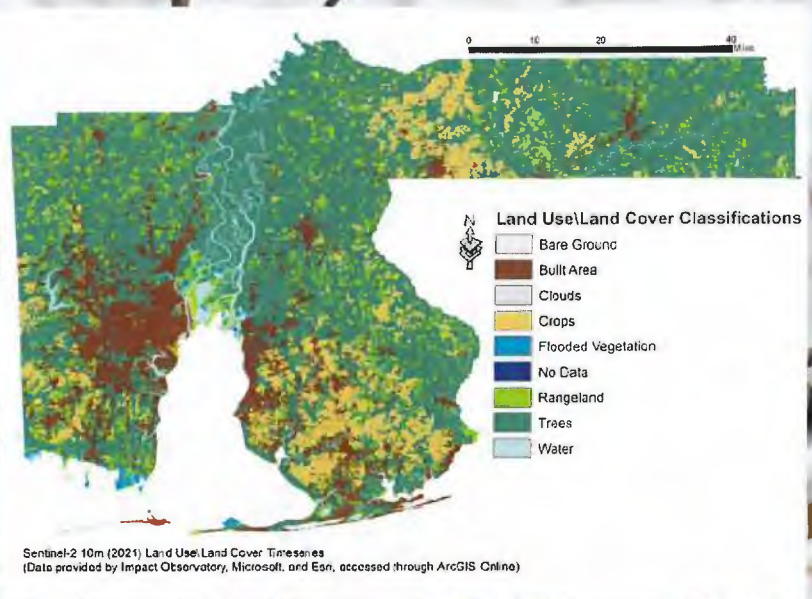
• According to state survey data collected by the National Agricultural Statistics Service in 2018, the value of production for each of the five crops were:

- \$307.12 million for cotton
- \$159.9 million for corn
- \$226.1 million for hay
- \$118.42 million for peanuts
- \$123.37 million for soybeans

#3 U.S. PRODUCTION

Quick Facts

- Cotton, corn, hay, peanuts, and soybeans are Alabama's top agricultural cash crops
- 40,592 farms in operations
- 28% of the state's land area
- No. 2 in U.S. freshwater fish sales
- No. 3 in U.S. poultry production
- No. 3 in U.S. peanut production
- 1/3 of farms are run by women
- Individual/families operate 91% of farms in Alabama



AGRICULTURE & AQUACULTURE

SARPC REGION'S

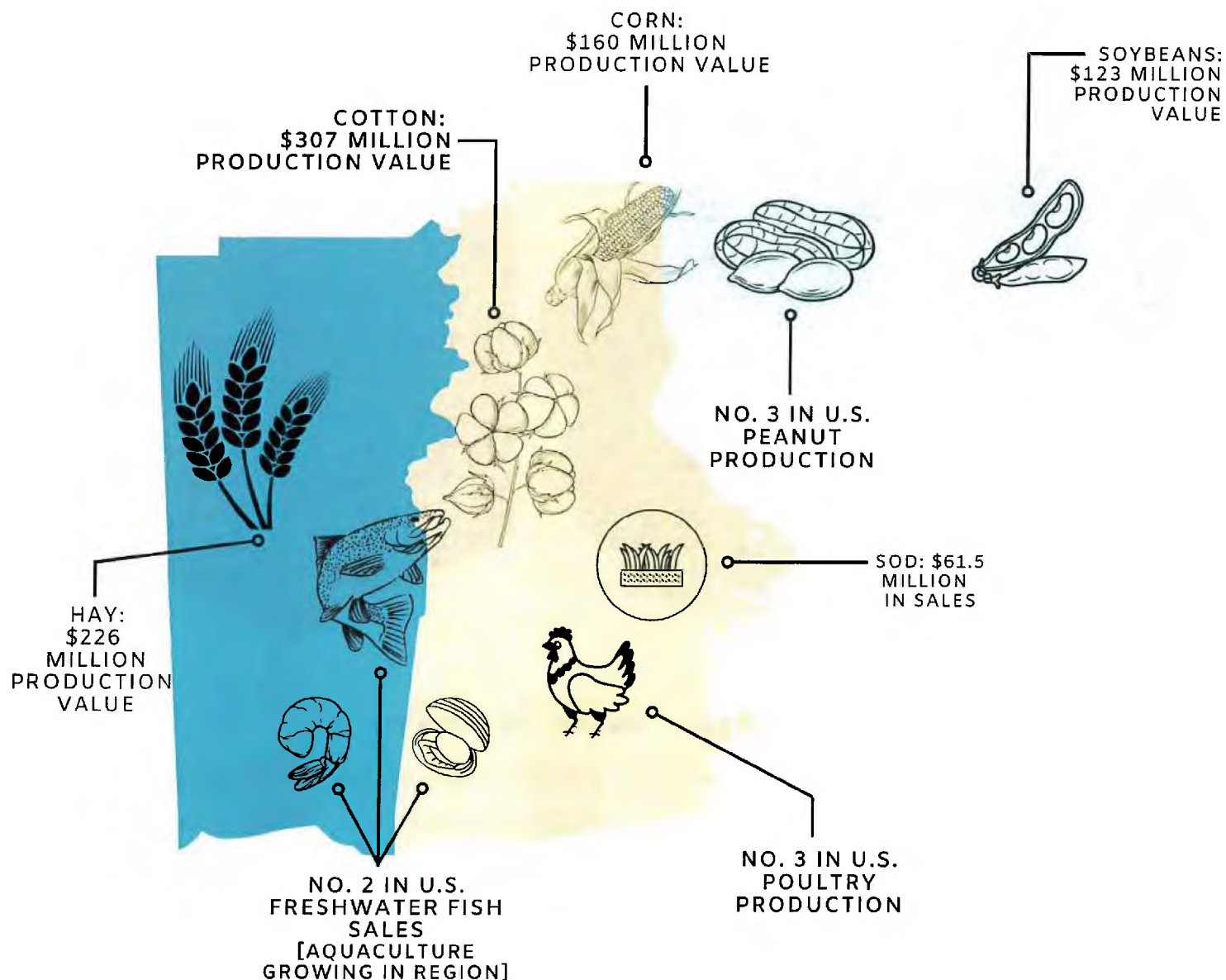
AGRICULTURE AND AQUACULTURE, MAPPED

Per County

MOBILE COUNTY

BALDWIN COUNTY

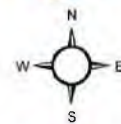
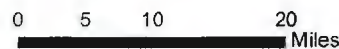
ESCAMBIA COUNTY



AGRICULTURAL CATEGORIES IN THE REGION.



SARPC Agricultural Categories



Aquaculture	Developed/Med Intensity	Herbaceous Wetlands	Pecans
Corn	Developed/Open Space	Mixed Forest	Shrubland
Cotton	Evergreen Forest	Open Water	Sod/Grass Seed
Developed/High Intensity	Fallow/Idle Cropland	Other Hay/Non Alfalfa	Soybeans
Developed/Low Intensity	Grassland/Pasture	Peanuts	Woody Wetlands

INDUSTRY EXPANSION & DIVERSIFICATION

In 2020, Coastal Growers LLC began construction in Atmore on a 400,000 square foot state-of-the-art peanut shelling and storage facility, which will create approximately 150 or more high paying jobs in Escambia County, turning the area into a hub for peanut shelling in southwest Alabama.

The company is owned by a cooperative of farmers, most of them residing in Alabama. They are investing \$87 million in the peanut shelling and storage facility on more than 60 acres in the Atmore Industrial Park.

The facility will anchor the Industrial Park in Atmore will become a vital resource for peanut farmers in our Region and beyond by allowing them to capture more profit from their own crops and giving them more control over their own operations. Since the facility is owned by the farmers that use it, they will keep the profits earned themselves. That's good for both the farmers and the immediate area, because the money will stay local and keep turning over locally.

The shelling operations at the plant will attract other businesses in this sector, spurring development in infrastructure and other areas. It will have a positive effect on the Port of Mobile as well.

The new rail infrastructure currently being constructed in the Park will enable the peanuts to be transloaded to the Port where they will be shipped out to markets all over the world.

The facility will hire more than 150-plus full-time workers at a starting wage of \$17 per hour. In addition, there will be temporary positions added during peak shelling times.

Peanuts grown in our Region are among the highest quality available, yet until this expansion occurred, the County had no infrastructure to support this type of industry.

INDUSTRY EXPANSION & DIVERSIFICATION

OYSTER FARMING

Historically speaking, Alabama happens to be the largest processor of oysters in the United States. Nowadays, Alabama is at the forefront of the homegrown oyster market thanks to a group of dedicated farmers.

Economic Opportunity

Compared to the traditional tonging method of oyster harvesting in Alabama, farmed oysters present a unique opportunity to capitalize on a growing market without facing a high degree of risk.

Farm-raised oysters are still a relatively new commodity in our Region. In fact, just as recently as 2009, there wasn't a single oyster farm in Alabama. Now, thanks to an increasing demand for a premium product, there are 20 Alabama oyster farms currently in operation that generate a value of over \$2 million dollars annually.

Seafood restaurants and oyster bars throughout the state and beyond are featuring these boutique oysters on their menus, and food enthusiasts at every level are enjoy the surplus of local product.

Environmental Conservation

Oyster farming is good for the ecosystems of Coastal Alabama. Oysters are considered to be a "keystone species" for our waterways because they help to improve the water quality in our bays by feeding on excess phytoplankton.

Additionally, the presence of additional on-bottom oyster farms creates new artificial reefs, which are beneficial to a number of aquatic species.

LOCATION OF OYSTER FARMS IN THE REGION



INFRASTRUCTURE ASSETS IN THE REGION

BUILT ASSETS

The Region's strategic location on the central Gulf Coast and extensive multi-modal transportation options ensure the Region is highly capable of transporting freight in and out of the Region to ports

all over the world. Major rail, ship, air, and highway transportation systems all converge into our Region to connect our businesses with the nation and the world.

In addition to being home to the country's 9th largest deep water port, 11th largest by volume, the Region has direct and easy access to both I-10 and I-65 Interstates, over 15,000 miles of inland waterways, five Class 1 railroads and two airports.

After decades of planning and transportation studies, the Region will soon be home to the new I-10 Mobile River Bridge and Bayway Project. This massive infrastructure investment will open up the Region to more economic opportunities.

The ability to move goods and people from place to place is integral to successful economic development, but infrastructure goes further than just transportation. Other infrastructure needs for effective economic development include water, sewer, electricity and telecommunications and/or broadband.

Several of the Region's main economic and infrastructure assets are discussed in this CEDS. The Region is fortunate to have these valuable resources which serve as the main economic drivers and contributors to our regional economy. More and more industries are locating to our Region everyday and we must be prepared to accommodate their needs.



INFRASTRUCTURE IMPROVEMENTS & FUNDING

The U.S. Department of Transportation recently awarded \$100 million to two of the Region's transportation authorities to construct multi-modal transportation assets in our Region. The Mobile Airport Authority (MAA) and the Alabama State Port Authority (ASPA) jointly competed for the opportunity to use the grant to facilitate capital infrastructure improvements at the Port of Mobile and at the Mobile Downtown Airport (BFM). MAA will use its \$62 million portion of the grant and other funds to construct a new international airport terminal at the BFM, which will create expanded air freight capacity, and that will spur continued economic growth and success on the Alabama Gulf coast. ASPA will invest its \$38 million in an interterminal connector bridge at the container intermodal complex along with site development and civil infrastructure in preparation of the construction of distribution centers. These assets are located in the Mobile Harbor where a \$367 million channel deepening and widening program is currently underway to deepen the channel to 50 feet, which will increase container capacity by 50 percent. This project is expected to be complete by 2025.



The competitive grant was authorized under the Consolidated Appropriations Act, which was made possible in large part by the hard work

bold vision of Senator Richard Shelby, who has served the State for over 50 years, and currently serves as vice chairman of the Senate Appropriations Committee. His leadership and unparalleled investment in our Region over the years ensures the growth and success of our Region will continue for generations to come. Shelby announced that the grant package includes more than \$1 billion in funding for various projects throughout South Alabama, including investments that will benefit not only the port and airport, but also the Army Corps of Engineers, the shipbuilding industry, the U.S. Coast Guard, area fisheries, and University of South Alabama. Our Region is grateful for his years of diligent service to our area and the great State of Alabama.

AIR INFRASTRUCTURE

The Region is home to numerous municipal airports spanning across all three counties as well as one regional airport and two international airports.

MOBILE COUNTY

The Mobile Aeroplex at Brookley, Mobile International Airport (BFM) is the Gulf Coast's newest airport terminal, conveniently located off I-10. The airport is a great gateway to the global market as well as the thriving economy across the entire Region.

A feasibility study was conducted in 2018 and it was determined that it was both feasible and critical for the Mobile Airport Authority to consider moving commercial air passenger service from the Mobile Regional Airport in west Mobile to the Mobile Downtown Airport in order to re-capture passenger traffic which has been lost to Pensacola Regional. Regaining Mobile's share of the regional market improves levels of passenger service, drives a more competitive pricing structure, increases convenience and lowers fares. Approximately 55% of the Mobile market is lost to both Pensacola and New Orleans airports and the feasibility study indicated Mobile could recapture this market by moving its location to the downtown area, where much infrastructure and service is already in place.

The Mobile Regional Airport (MOB) located in west Mobile provides non-stop flights to four major hubs, including Dallas, Houston, Atlanta, and Charlotte. It is anticipated that once passenger flight operations are completely moved to the Mobile Aeroplex, all other aviation activity, besides commercial air passenger traffic, would continue at MOB, including the U.S. Coast Guard's use of facilities.

BALDWIN COUNTY

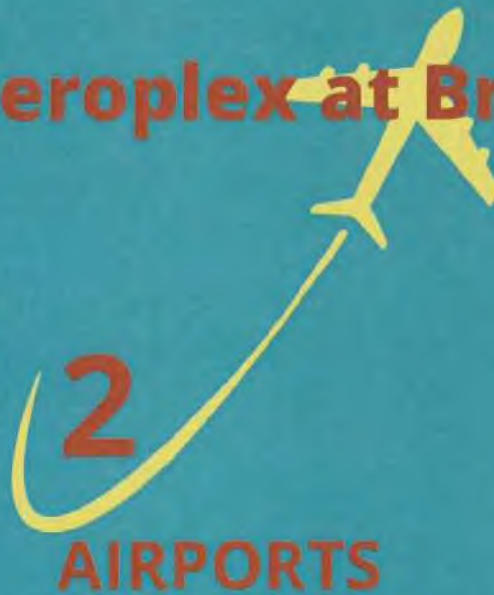
Baldwin County has four airports. In addition to the municipal airports in Bay Minette and Foley, the County is home to H.L. "Sonny" Callahan airport in Fairhope and the Jack Edwards Airport in Gulf Shores, which has recently been re-named to the Gulf Shores International Airport. Located just two miles north of the beaches in Gulf Shores, the airport has primarily served private charters and corporate jets for business and leisure travelers. But that is quickly changing. Studies show that almost all visitors to the Region's beaches arrive by vehicle. Of the 7 million people who visited the beaches in 2018 and 2019, 92% arrived by car or truck during the peak summer travel months.

MOBILE AIRPORT AUTHORITY

Gulf Shores airport officials are pursuing commercial flights to assist city officials in alleviating congested beachbound roadways, especially Alabama State Route 59. New improvements to the International Airport project will include a new traffic control tower and a new, two-gate airport terminal. The overall project is estimated to cost a total of \$24 million, offering commercial air service by mid to late 2023. Gulf Shores International Airport is currently the state's second busiest airport by number of takeoffs and landings, and will soon be even busier once the new improvements are complete.¹ Business Alabama

Mobile Aeroplex at Brookley

Mobile Aeroplex at Brookley is Mobile's expanding aerospace industry hub. It is home to Airbus U.S. Manufacturing Facility, Airbus Engineering, SAFRAN, Continental Motors, VT MAE, MAAS Aviation, Aerostar and many other global companies.



Mobile area aviation and aerospace companies employ an estimated 3,500 engineers, processors, mechanics, welders and other skilled workers, forming an ever-growing labor market.

Mobile Aeroplex at Brookley, is the Region's new transportation and industrial epicenter of the Central Gulf Coast. As a mixed-use industrial complex, the facility offers unmatched logistical advantages, combining rail, road and water along with a state-of-the-art general aviation airport, featuring two runways that can accommodate any aircraft in the world. Both Mobile Aeroplex at Brookley and Mobile Regional Airport are owned and operated by Mobile Airport Authority. The Authority proudly partners with other community leaders making a positive impact on local and regional economic development. The Authority plans to build the new complex debt-free, which will enable them to be an aggressive competitor with neighboring markets.



Mobile Aeroplex at Brookley

PORT OF MOBILE

The Port of Mobile is vital to the economic growth for the Region, the Gulf Coast and the entire state of Alabama. It is one of the State's main economic engines providing direct and indirect employment of approximately 162,000 residents statewide, with 40,000 jobs placed in Mobile, Baldwin, and Escambia counties. Trade creates jobs, wealth, and prosperity for our Region and State. It has been the fastest-growing port in the last five years.

The Port of Mobile annually handles approximately 58 million tons of international and domestic cargo for exporters and importers delivering \$26.8 billion in economic value to the state each year. It currently serves all 67 Alabama counties, exporting products such as lumber, wood pulp, poultry and components for the state's automotive plants, and importing a wide variety of retail products.

The Port of Mobile is continuing to expand in order to accommodate existing supply chains and generate even further economic growth and job creation for the State. Once the channel is fully widened to 50 feet, the port will increase its container capacity by 50 percent, making it able to handle the largest container and other ships permitted through the Panama Canal. With the infrastructure in place to handle the demand for maximum quantities of cargo the port will continue to be the hub of immense growth for the state's economy.

The container terminal, which opened in 2008, is one of the newer, more modern, and more efficient facilities in the country, with its ability to move cargo faster than other ports. Because of this, along with the recent infrastructure improvements, supply chains are rearranging, with more cargo passing through Mobile. Rail traffic from the port was up 125% in August of this year compared with 2021, with July 2022 being the busiest month for containerized cargo in the history of the terminal.

100-GAUGE
POST-PANAMAX
AND SUPER
POST-PANAMAX
SHIP-TO-SHORE
CRANES



58
MILLION
TONS
OF CARGO



CLASS 1 RAILROADS

ACCESS TO 5 CLASS 1 RAILROADS

- CSX
- CANADIAN NATIONAL
- ALABAMA GULF COAST RAILROAD - BNSF
- NORFOLK SOUTHERN
- KANSAS CITY SOUTHERN

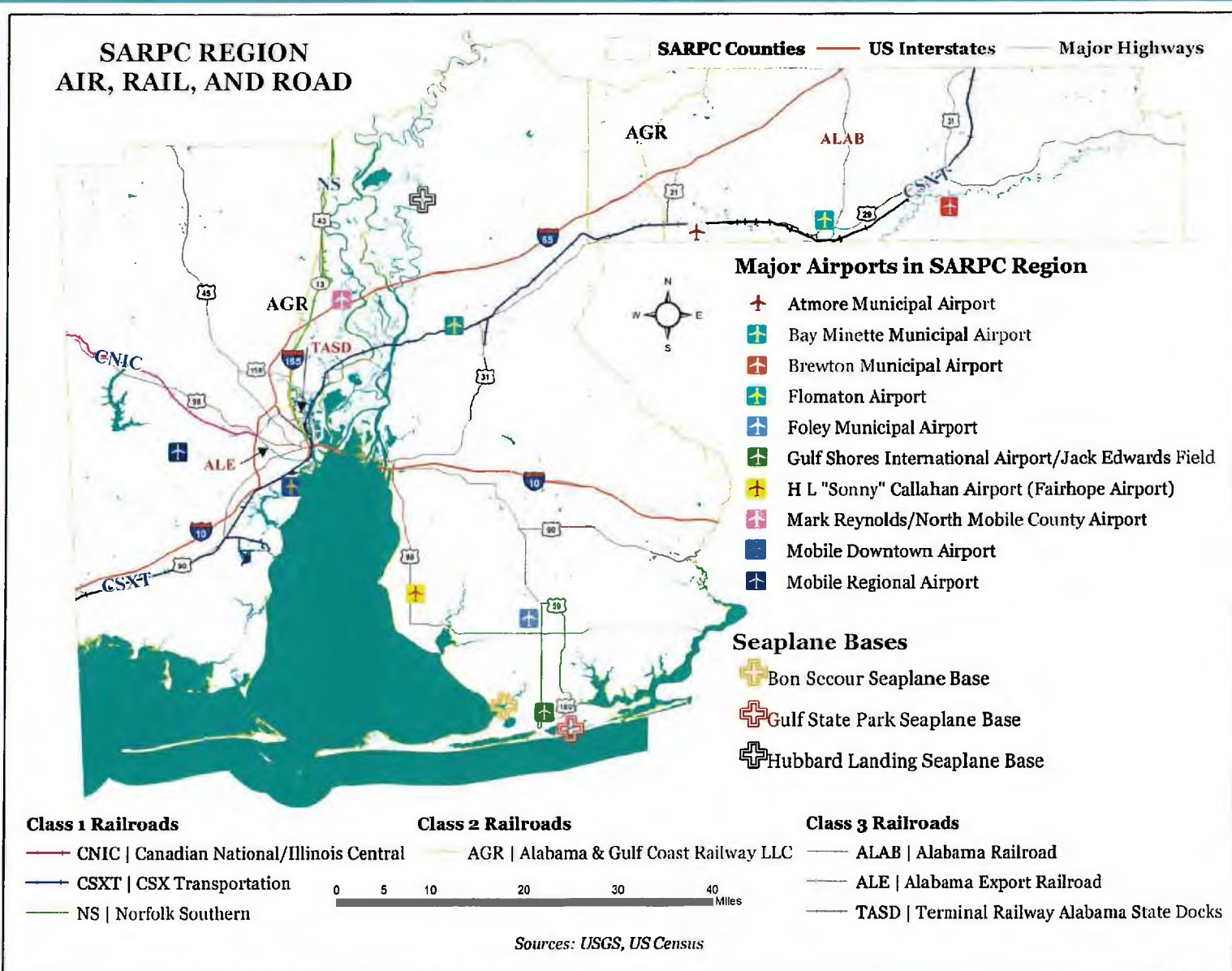
11TH
LARGEST
PORT
IN THE
US
BY
VOLUME



WITH ACCESS TO 15,000 MILES OF INLAND WATERWAYS

TRANSPORTATION NETWORKS

The Region has experienced tremendous growth over the last few years. Baldwin County has remained the fastest growing county in Alabama since 2010 and is not slowing down yet. While growth in our Region was identified in the SWOT as a strength, it was equally identified as a threat due to the high demand on infrastructure and resources. Even with our most aggressive efforts, it's difficult for the Region to keep up with need for new infrastructure when growth is occurring as quickly as it is in our area. New roads and other modes of transportation are being added to our inventory everyday however, more improvements are critically needed to provide enough roadways to supply all the cars. Existing roads and traffic routes are at capacity and traffic issues are at an all time high in almost every municipality in the Region. Expansions at the Port, new and expanding industrial parks in all three counties, along with improvements made at area airports are bring more people and freight into the Region now more than ever.



TRANSPORTATION INFRASTRUCTURE

I-10 Mobile River Bridge & Bayway Project



Traveling throughout our Region via the Bayway and/or Causeway on any given day is challenging to say the least, not to mention during peak tourist season. This is no mystery due to the fact that the existing tunnel system and Bayway were designed for 35,000 vehicles a day back in the 1970s. Peak traffic days today however are well over 100,000 vehicles. There is no doubt in anyone's mind that an alternate route is desperately needed to handle the increased traffic demand.

The I-10 Mobile River Bridge and Bayway Project is the obvious solution to our traffic problems. It will most definitely have a substantial impact on the economies of both Mobile and Baldwin Counties, both good and bad. The bridge is essential to our Region's future growth by connecting workers to jobs and businesses to new customers. However, the tolls that will be required to build and use the bridge will impact the local workforce significantly. The real question and ongoing concern is how to provide a new route across the Mobile Bay without costing local commuters and taxpayers any money. While the final plans did not eliminate a toll for locals, ALDOT has stated they will continue to work with the MPOs to seek flat-rate tolling for frequent business and personal travel across the Bayway. Under the current plans, motorists with an ALGO Pass will be assessed a \$2.50 toll for a one-way trip over the new infrastructure. A \$40 monthly discount is also available. For those without an ALGO Pass, a one-way trip over the new infrastructure will cost \$5.50. Motorists also have an option of taking a free route off I-10, through the Wallace Tunnel and along the Spanish Fort Causeway.

The project, as proposed, includes the construction of a new 215-foot-tall Mobile River Bridge, and a new 7.5-mile Bayway between downtown Mobile and Daphne, and the demolition of the existing Bayway, which will be replaced with an elevated structure that is will be able to withstand powerful storm surges from tropical weather.

The Region's two metropolitan planning organizations, the Mobile MPO, and Eastern Shore MPO, both voted this year to add the project back into their Transportation Improvement Plans (TIP), which is critical because projects not including in the plans cannot receive federal funding. The votes occurred slightly less than three years after the Eastern Shore MPO voted to remove the previous I-10 project from its plan due to public outrage over tolls. The revised project is no longer organized through a public-private arrangement, and the tolls are lower than the 2019 plan.

The project as a whole is two separate projects and requires action from both the Mobile MPO and the Eastern Shore MPO. ALDOT has agreed the project to be developed from the framework suggested by both MPOs, requiring it to be one, complete, comprehensive project. It's estimated to cost \$2.7 billion dollars and take five years to complete construction (2023-2028). ALDOT hopes to receive \$250 million in state funding and more than \$2 billion in federal grants and loans. Officials are hopeful that a \$500 million federal Mega grant is awarded for the project by the U.S. Department of Transportation.

The financing for the new project relies heavily on bonding which would be repaid through toll revenues. Financing includes \$1.2 billion through bonding and another \$1.1 billion through federal loans under the Transportation Infrastructure Financing and Innovation Act (TIFIA). The project will get at least \$250 million in direct state funding and \$125 million from a federal Infrastructure for Rebuilding America (INFRA) grant that was awarded for the project in 2019. ALDOT anticipates the federal agency announcing Mega grant award recipients before the end of the year.

ALDOT officials explained the project's next big milestone is to place the project on the state's Transportation Improvement Plan (STIP), which is likely to occur soon. Next the state will oversee the registering of companies to submit "joint venture proposals" for the design and construction of the overall project. From there, additional traffic and revenue modeling will take place, and an existing environmental impact study on the project will be "re-evaluated." ALDOT anticipates breaking ground in late 2023.

Project details will include the following key parameters:

- A six-lane, cable-stayed bridge over the Mobile River, rising to provide 215 feet of clearance to accommodate shipping
- New interchanges in Baldwin and Mobile Counties
- A toll — \$2.50 for cars and up to \$18 for trucks; less for frequent commuters
- A free, no-toll options to cross Mobile Bay, including free use of the Causeway, the Africatown Bridge, and the Wallace and Bankhead tunnels
- All tolls will end when debt is paid
- All new infrastructure will be owned by the state and this project will not include any private concessionaire.

Photo source: al.com

BROADBAND INFRASTRUCTURE

Other infrastructure needs for effective economic development include water, sewer, electricity and telecommunications/broadband.

- **Water Utility Providers** - There are 45 water systems in the Region: 18 in Baldwin County, 12 in Escambia County, and 15 in Mobile County.
- **Sewer and Wastewater Facilities** - There are numerous sewer and wastewater plants throughout the Region.
- **Electricity** - Alabama Power Company provides electricity to the Region either directly, or through one of several power distributors, such as Baldwin Electric Cooperative, Riviera Utilities, and Southern Pine Electric Cooperative.
- **Natural Gas** - Due to the abundance of natural gas in the Gulf of Mexico, natural gas is a popular utility in the Region, but new pipelines are making natural gas more readily available in other markets.

TELECOMMUNICATIONS/BROADBAND

Many private entities currently offer broadband service in the Region, and there is also a statewide effort to expand broadband coverage to underserved areas. The global Pandemic revealed the critical need for remote access to internet services. We learned it's not enough to have broadband access, you have to have high-speed broadband access to effectively function in today's world, and that's what we're lacking in rural Alabama. Providing broadband availability continues to be a challenge in many parts of our Region, particularly the rural areas and most of Escambia County, and even in many heavily populated areas such as south Baldwin County.

The Alabama Broadband Accessibility Fund was created by the legislature in 2018 to assist broadband providers in extending services to households, businesses and community anchors in areas of the state without adequate service. In 2021, the Fund awarded 36 grants that totaled \$17 million to multiple broadband providers to provide broadband access to residents in primarily rural, underserved communities. Our Region received only two of these grants that provided broadband to approximately 600 households in the northern parts of Baldwin and Escambia Counties as well as parts of south Mobile County. Much more fiber is needed. The biggest obstacle to meet this challenge is the geographical size of our Region. But in addition to the Fund, Governor Ivy signed in to law the Connect Alabama Act of 2021, both of which have already started to help the Region. Reliable internet access has never been more important. The pandemic showed that many jobs can be done from home, but that's only true if you can get good internet where you live. Recruiting industry and workers to a region without the infrastructure in place for high-speed internet is also difficult.

INDUSTRIAL PARKS

There are approximately 22 primary industrial parks located throughout SARPC's tri-county Region. Recent additions and expansions have added vast amounts of warehouse and distribution space to Mobile and Baldwin Counties.

The South Alabama Logistics Park, once fully developed, will provide 12 million square feet of warehouse spacing in west mobile industrial warehouse and distribution space for potential manufacturers. It will be the state's largest industrial park once completed. The Region needs a project of this size because of the projected growth of Brookley Aeroplex and the Port of Mobile.

The development of the park will lead to more than a thousand jobs and exceed \$350 million in economic value, putting our Region on the map as a major distribution hub.

The projects follow other logistics and distribution hub projects that are currently underway in the Region. Baldwin County has had major expansions as well with the addition of grocery retailer ALDI who recently began construction of a \$100 million distribution center and regional headquarters in Loxley as part of a project that will create 200 jobs at the 564,000-square-foot facility.

Additionally, Imperial Dade, a leading independently owned and operated distributor of food service packaging and janitorial supplies, opened a new state-of-the-art logistics hub in Baldwin County.

The facility includes a 221,000 square-foot warehouse and office space on 29 acres located in Loxley and will support the company's expanding customer base and continued growth along the Gulf Coast. Imperial Dade's new facility brings more than \$20 million in total investment to Baldwin County, with plans to create 55 additional jobs.

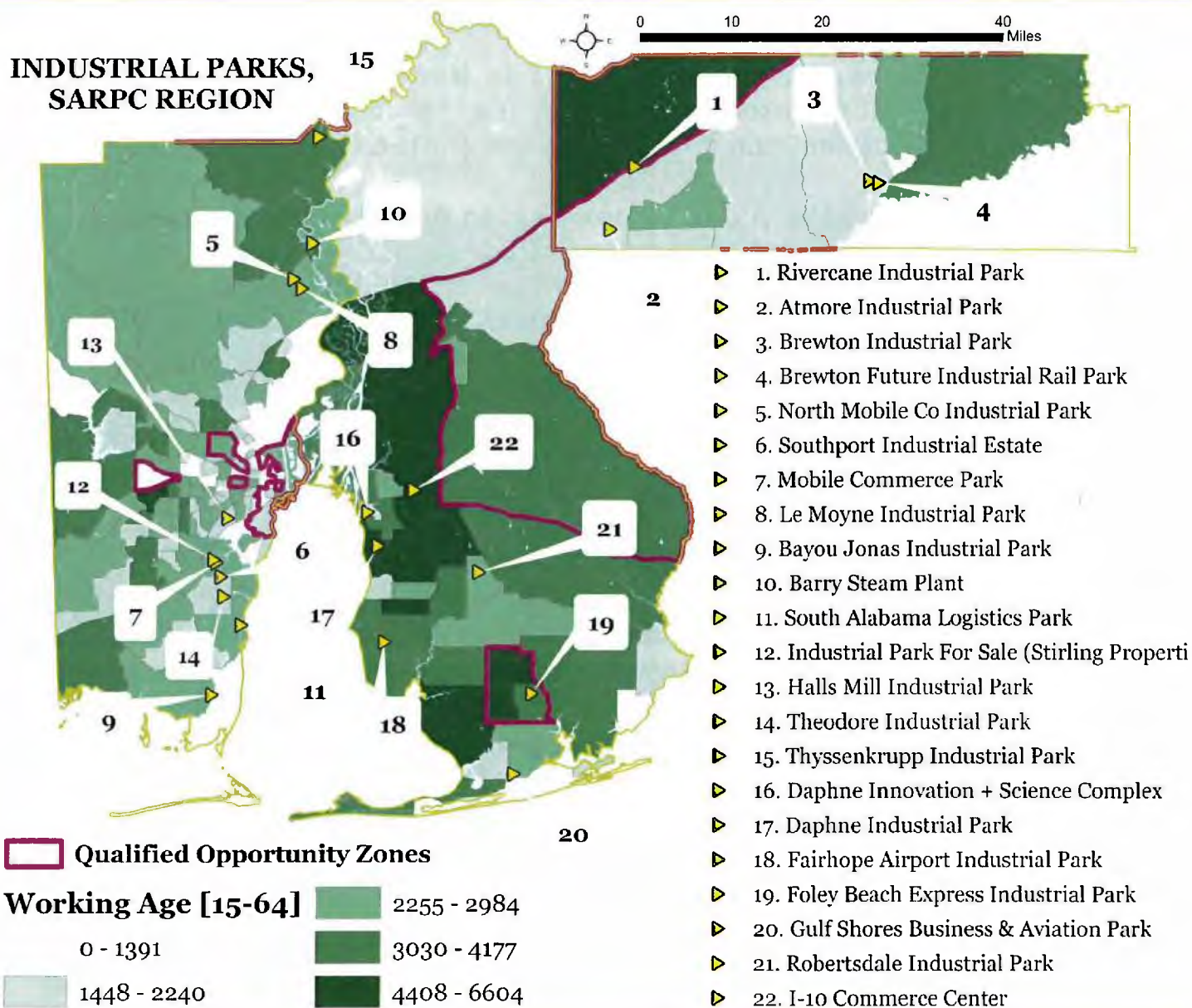
The new logistics hub, developed and owned by I-10 Gulf Coast Logistics Center LLC, will be the first Class-A industrial facility constructed in Baldwin County. The location provides easy access to the entire Gulf Coast market, including the nearby Port of Mobile. The center is also located just south of the new 564,000-square-foot ALDI regional headquarters and distribution center.

Escambia County has seen industrial park expansions as well in Atmore where Coastal Growers recently invested \$87 million on their state of the art peanut shelling and storage facility. The company is a grower-owned LLC peanut shelling plant owned by local farm families in the southeast and provides over 100 local jobs to Escambia County.

INDUSTRIAL PARKS & OPPORTUNITY ZONES

The map below shows the location of the Region's industrial parks as well as their proximity to Qualified Opportunity Zones and the number of working age populations in the area in which the park is located.

As the map indicates, only two existing industrial parks are taking advantage of the deferred tax incentives offered to developers who locate and develop within a Qualified Opportunity Zone.



SOUTH ALABAMA MEGA SITE

Novelis, the leading sustainable aluminum solutions provider and world leader in aluminum rolling and recycling, is currently building their new manufacturing facility at the South Alabama Mega Site in Baldwin County. The project brings a total investment of \$2.5 billion to the Region. Novelis is expected to create approximately 1,000 high-wage, high-skill jobs with its new low-carbon recycling and rolling plant at the 3,000-acre site and is projecting an average annual salary of \$65,000 for its employees.

Novelis will partner with CSX Railroad to transport their high-quality aluminum products across North America. The plant will be the first fully integrated aluminum mill built in the United States in 40 years.

Additionally, Novelis plans to develop an Advanced Manufacturing and Leadership Training Center in Daphne, where best-in-class training will be provided to industry leaders. The leadership center will be located at the Daphne Innovation + Science Complex (DISC), a 75-acre master planned Class A office and research space focusing on technology, professional offices, and corporate offices. The training candidates receive at DISC will help bolster Baldwin County to the forefront of innovation in workforce training and leadership in the metals industry and throughout SARPC's tri-county Region.



NATURAL ASSETS

NATURAL ASSETS

Our Region is home to a myriad of natural resources. Located in the southwest corner of Alabama, centered around Mobile Bay, the Region boasts a temperate climate with hot and humid summers and mild winters. Receiving more annual rainfall than twice the national average, the warm temperatures and high rainfall make for a humid environment, with much of the Region designated as a subtropical climate zone. However, while the climate is similar among the three counties, the landscape changes dramatically. Traveling north from the Gulf of Mexico, the terrain transforms from beaches and marshland to river delta and forests as flatter coastal areas morph into gentle rolling hills.

The fact that the only two coastal counties in the state are located within the Region leads to unique environmental opportunities and issues. A body of water as large as Mobile Bay, which includes one of the biggest estuary systems in the country, plays a major role in the health of the environment.

Water pollution is a major concern, both from upstream sources and from incoming ship traffic. Sources outside the Region can also drastically affect us, as seen by the Deepwater Horizon oil spill in the Gulf of Mexico in 2010. How we utilize our natural resources will have a direct impact on our economy. We have to effectively find a balance between development and environmental protection to ensure both coexists without negatively impacting the other.

As expected, natural disasters are a severe threat to the Region. Hurricanes and tropical storms, with their high winds, storm surge, and residual flooding can wreak havoc on the area, but tornadoes and flash flooding are also looming threats. The map below shows the land and water area of our region by county.



MOBILE BAY ESTUARY & MOBILE TENSAW DELTA

The Mobile Bay Estuary includes waters within Baldwin and Mobile counties and Mobile Bay, where the fresh water from five Alabama rivers mix with the salt water of the Gulf of Mexico to produce rich brackish waters. It supports both fresh and saltwater species and serves as nursery habitat for many commercially and recreationally important fish and shellfish. It is considered environmentally and economically important because of its exceptional biodiversity and productivity. This estuary is greatly affected by the upstream waters draining the expansive Mobile Bay Watershed.

The Mobile-Tensaw River Delta is the largest river delta and wetland in Alabama. It encompasses approximately 260,000 acres and is the second largest delta in the country. It provides a wide variety of habitats and marine ecosystems which include flood plains, cypress-gum swamps, tidal brackish water marshes, bottomland forests and submersed grass beds. As one of the most biologically diverse ecosystems in both Alabama and the United States, it is home to a large number of threatened or endangered species, 126 species of fish, 46 mammals, 69 reptiles, 30 amphibians, and at least 300 species of bird, including more than 110 which nest in the Delta. The Delta's considerable biodiversity has led to it being described as an "American Amazon" by naturalist E. O. Wilson.

Mobile ●

0 2 4 8 Miles

NATURAL ASSETS

Our Region is truly unique and fortunate to encompass such an abounding amount of natural assets that provide a multitude of functions and benefits that support an immense number of species.

South Alabama is literally teeming with natural resources which are a huge contributing factor to the economy. The possibilities are endless when it comes to ecotourism opportunities throughout the Region. We can't just take and use these resources without limits. We have to protect and enforce high standards in environmental protection practices to ensure they are not harmed and depleted. A healthy environment will ensure a healthy economy.

While these rich and diverse assets can be used to grow the ecotourism sector of our Region's economy, we must be cognizant of their vulnerabilities and find a proper balance that benefits both the economy and the environment in order to ensure they remain healthy and uncompromised while our Region continues to grow at an exponential rate, as indicated in the SWOT analysis.

Coastal Alabama supports a surplus of critical habitats that sustain a rich species diversity that extends throughout the Region and along the gulf coast. Some of these habitats, include but are not limited to:

- beaches and dunes
- submerged aquatic vegetation (SAV)
- intertidal marshes & flats
- freshwater wetlands
- oyster reefs
- maritime forests
- pine savannas
- long leaf pine forests
- rivers, streams, and their riparian buffers.



Land and Water Area of the Region

(IN SQUARE MILES)

Territory	Land Area	Water Area	Total Area
Baldwin County	1,596	432	2,028
Escambia County	947	6	953
Mobile County	1,233	411	1,644
REGIONAL TOTAL	3,776	849	4,625

Source: SARPC

BEACHES & COASTLINES

South Alabama's coastline is one of the state's greatest economic and environmental assets.

The tourism industry in south Baldwin County provides more than 50,000 jobs and generates more than \$2 billion in revenue annually, with beaches being the keystone of that industry. Additionally, they provide habitats for hundreds of plant and wildlife species.

Our Region encompasses approximately 60 miles of pristine white quartz sand beaches and extends nine miles into the Gulf of Mexico.

The tidal shoreline that borders all of the coastal bays, rivers, and bayous in Mobile and Baldwin counties extends another 600 miles.

Gulf State Park alone encompasses 6,150 acres of beaches, dunes, marshes, freshwater ponds, and forest.

Our beaches are used each year by nesting sea turtles where between 2010-2020, an estimated 70,786 hatchlings emerged from the sand and entered the Gulf.

Our beaches are also used as stopover habitats for migratory birds who congregate in habitats around the shore where they rest and forage before and after their long flight across the Gulf of Mexico.

encyclopediaofalabama.org

Almost all of the Alabama shoreline has been affected by some type of human activity, typically due to development pressures. These actions include infilling of wetlands, construction of bulkheads along shorelines to serve as protective barriers to wave erosion, reconstruction of the Gulf beaches, and, primarily, engineering and dredging passes for ship channels. These manmade threats, along with natural disasters and storms are a primary cause of Alabama's beach erosion. Beach re-nourishment, which involves adding large amounts of good-quality sand to beaches to widen them, is a proven process that can be used to rebuild beaches damaged in previous decades. It is a solution for long-term management and protection of our shorelines.

photo source: [darryl vest/shutterstock](https://www.shutterstock.com)

NATURAL ASSETS PROTECTION

NATURE RESERVES & WILDLIFE PRESERVES

Nature and wildlife preserves/refuges are protected areas of importance for wildlife, flora, fauna, or features of geological or other special interest, which are reserved and managed for purposes of conservation and to provide special opportunities for study or research.

The following is a short list of just many of the organizations that preserve and maintain these protected lands which provide critical habitats. They work with government and other agencies to ensure a balance between human land uses and conservation.

Weeks Bay National Estuarine Research Reserve (NERR) is comprised of 9,317 acres and contains upland and bottomland hardwood forests, salt and freshwater marshes, submerged aquatic vegetation and unique bog habitats. It provides habitat for many fish species as well as almost 350 species of birds. The Reserve conducts research, monitoring, education, and outreach to protect its own estuary and others nationwide. It is made up of more than 6,000 acres of tidal and forested wetlands within an estuary that receives freshwater from both the Fish and Magnolia Rivers.

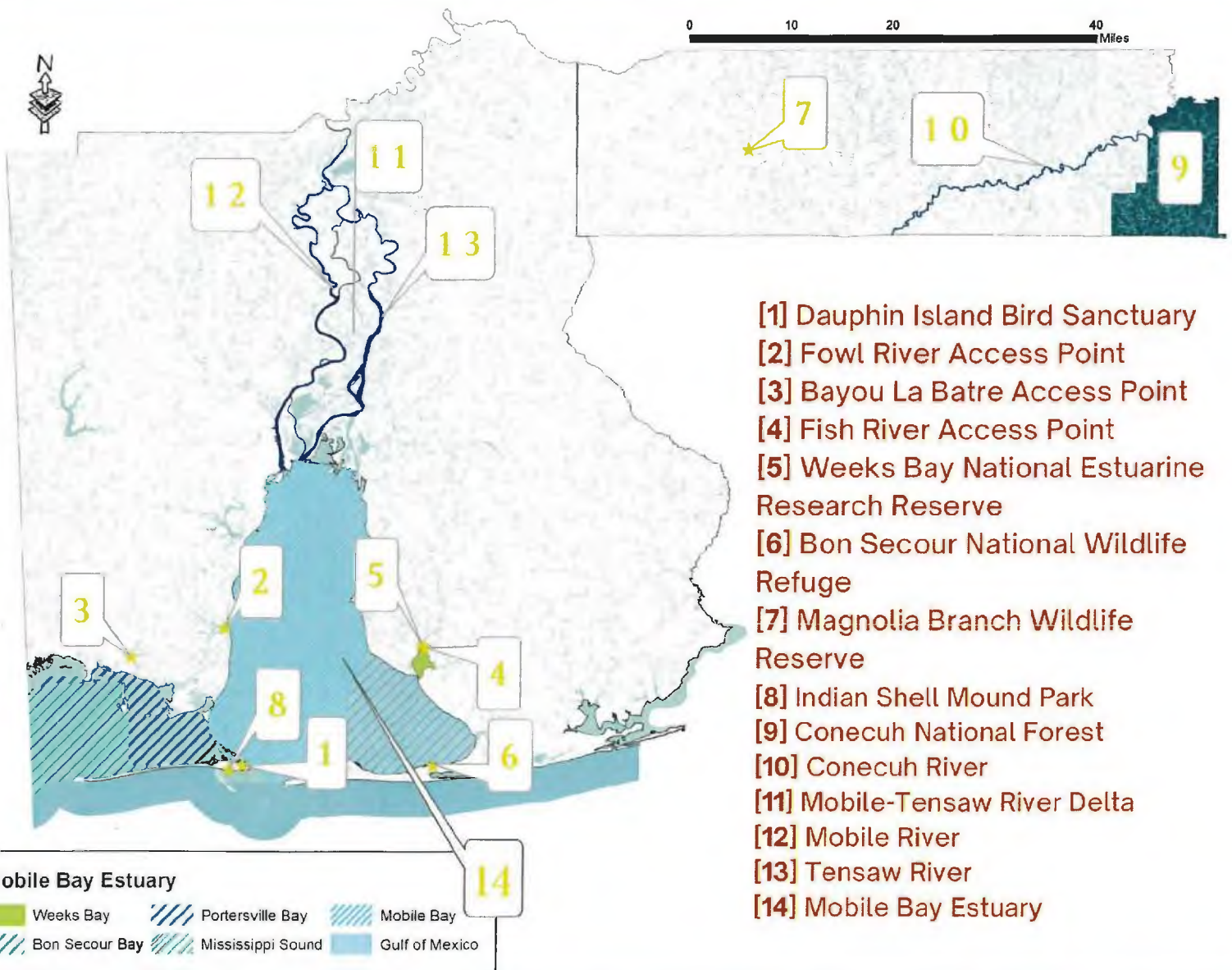
Bon Secour National Wildlife Refuge encompasses some of Alabama's last remaining undisturbed coastal barrier habitat. It contains 7,000 acres of coastal lands, ranging from constantly changing beach dunes to rolling pine-oak woodlands, provides a haven for more than 370 species of migratory birds, nesting sea turtles and the endangered Alabama beach mouse. The Refuge was established by Congress in 1980 for the protection of neotropical migratory songbird habitat and threatened and endangered species and provides an important stopover and staging habitat for neotropical migratory songbirds during the fall and spring migration along the Alabama coastline.

Graham Creek Nature Preserve in Foley is almost 500 acres of natural habitats including pine savannas, bottomland wetlands, mixed forests and tidal marshes and provides protection for rare plant and animal species. The preserve also offers a canoe/kayak launch, hiking trails and bird watching.

Photo source: outdooralabama.com

NATURAL ASSETS MAP

The map provides the names and geographic locations of just a small sample of our Region's Natural Assets. Many of these assets are capitalizing on ecotourism opportunities that are naturally generated by the resources themselves. Through proper planning and stewardship practices, many more naturally occurring areas in our Region can develop additional ecotourism activities that fuel the economy while creating awareness to the importance of the natural resource.



MOBILE BAY

Mobile Bay's average depth is only about 10 feet, which is among the shallowest for a bay of its size. It is approximately 32 miles long from the Mobile-Tensaw Delta to its mouth, 23 miles across at its widest point. A combination of wind and tide delivers salty Gulf waters from the south into the Bay that mix with varying amounts of freshwater from the Mobile-Tensaw River Delta, creating a marine ecosystem that contains a multitude of species that use the Bay for a variety of reasons such as habitat, nurseries, migration routes, breeding areas, food and shelter.



FRESHWATER WETLANDS

Freshwater wetlands are bottomland to upland areas with a natural supply of water, either from flooding rivers or streams, groundwater seeps, or depressions perched above shallow groundwater, ensuring wet conditions for at least a part, if not all, of the year. These vegetated habitats serve to slow and store floodwater, recharge groundwater supplies, and enhance water quality by trapping excess sediments, nutrients, and other pollutants.

Wetlands, whether freshwater or salt marsh, provide a host of valuable ecosystem services, including providing complex habitats that support a diversity of species, filtration of nutrients and pollutants, shoreline and sediment stabilization, and protection of upland areas from flooding and wave energy.

Highly functioning wetlands not only support highly diverse biological communities but provide nature-based solutions to stormwater management and flooding controls. So why are they among the most highly stressed and

historically altered habitats in coastal Alabama? One word-**DEVELOPMENT**.

South Alabama is growing at an exponential rate, and if this growth does not include protective development regulations for these critical habitats, there will not be any habitats left to protect and only flooded communities will remain.

Most of the municipalities in SARPC's region have adopted effective development regulations prohibiting the fill of wetlands, limiting development near sand dunes, and other measures such as requiring low-impact development standards, or nature-based, green infrastructure practices be used in place of traditional standards. Progressive building codes, proper subdivision planning and restrictive zoning codes all work together in protecting the Region's natural resources as well as property values and the safety of our residents. But these standards must be enforced before any positive impacts can be made that will benefit the environment and residents alike. Many of our communities are implementing these practices and seeing results. If we do our part, nature will reciprocate and the results will benefit all.

WATERSHEDS

Watershed protection is one of the most important factors in proper planning practices. With all the growth our Region is currently experiencing, we must properly plan and develop property in a manner that protects our environment, particularly our water.

A watershed is defined as the area of land that collects water and drains to one particular stream or water body. Each stream has its own watershed. Topography is the key element determining this area of land. The boundary of a watershed is defined by the highest elevations that surround the stream.

Developments occurring upstream can have a detrimental impact on waterways downstream if proper watershed planning is not regulated in the development process. The Mobile Bay National Estuary Program (NEP) has diligently worked in recent years to complete a Watershed Management Plan (WMP) project, which includes twelve separate plans throughout the Region that prescribes development and implementation of comprehensive watershed management plans (WMPs) for all 12-digit HUC watersheds in coastal Alabama to ensure ecosystem restoration and protection. Proper watershed protection measures can produce a plethora of environmental benefits including: Clean water; improved agricultural practices; responsible development; resilient shorelines; protection for critical habitats; cultural preservation; sustainable tourism; increased public access to waterfronts.



The Mobile Bay Watershed is the sixth-largest drainage basin by area, encompassing over 43,600 square miles, with the fourth largest freshwater flow volume in the United States, draining most of the State of Alabama and portions of Mississippi, Georgia, and even Tennessee. Large watersheds draining to major rivers can be divided into many smaller sub-watersheds that drain to tributaries of the 5 rivers that make up the Mobile-Tensaw River Delta.

The Mobile Bay estuary is the coastal transition zone between the Mobile Bay Watershed and the Gulf of Mexico. The Mobile Bay and Mobile-Tensaw Delta are subject to an unusually large number of major uses with international implications, including the Tennessee-Tombigbee Waterway, the Port of Alabama, commercial fisheries, industry, tourism and recreation, and coastal development.

SERVICE ASSETS

SERVICE ASSETS

A thriving and successful region provides an adequate and sufficient number of businesses and facilities in the service industry to accommodate all of its residents.

Some of the most important services assets a region can offer in order to function effectively are schools, healthcare facilities, business support services, and aging services

Our Region provides a healthy amount of each of these services and facilities, which provides a tremendous attraction to the area for both recruiting businesses to the area and drawing new residents to our communities.

We are fortunate to have some of the best, award-winning schools and quality hospitals in the state. Our Region is home to the only Trauma 1 hospital in the entire Gulf Coast region. Families will locate to our Region in large part because of the success rate of our schools. Families need homes and their need for housing increases the number of rooftops in our area. Developers will want to locate here due in large part to the number of rooftops and available workforce.

Quality of education will determine the success of our workforce, thereby impacting the economic prosperity of our Region. Therefore, school districts in our Region are actively working to increase education quality and graduation rates. Many of our elementary schools meet College and Career Readiness Standards by providing Alabama Math, Science, and Technology Initiative (AMSTI) and Science, Technology, Engineering, Art, & Math (STEAM) activities. Area high schools provide aviation programs and signature academies that offer internships, hands-on training, and more as they prepare students for college and career. By high school, most of our students can take advantage of flexible education opportunities, such as dual enrollment options and free public virtual schools.

According to the 2020 US Census, the following number of people hold service occupation jobs within the service industry sector in our Region:

- BALDWIN COUNTY: 17,053**
- ESCAMBIA COUNTY: 3,134**
- MOBILE COUNTY: 30,473**

WORKFORCE DEVELOPMENT & TRAINING

Our Region is home to numerous workforce development agencies that effectively train and develop a quality workforce that is prepared and qualified to fill the positions, equipping applicants with the skills and education needed to succeed.

Alabama Industrial Development Training (AIDT)

Considered one of the best manufacturing training programs in the United States. Almost all major Mobile manufacturers have taken advantage of the services offered by (AIDT). With more than 35 years of experience, AIDT has a proven method of recruiting, screening, and training for company startups and expanding workforces. This program is available to all Alabama companies with significant hiring needs. It is provided free of charge and custom-tailored to individual company needs.

Regional Workforce Council

The State of Alabama is divided in to seven regional workforce councils. The three counties in the SARPC Region are included in the Southwest Alabama Works region, which also includes Choctaw, Clark, Conecuh, Monroe, Washington, and Wilcox counties.



Alabama Works

Alabama Works is a state agency and provides resources for employers, and various types of job seekers, such as students, older workers, veterans, and unemployed persons. The training resources available through Alabama Works are provided through the following organizations who administer a variety of programs and grants to help enhance Alabama's workforce; offer a wide variety of services that include job placement and training assistance; and provide extensive training for businesses and industries. They are as follow:

- AIDT
- Alabama Community College System
- Alabama Technology Network
- Alabama Department of Commerce

WORKFORCE DEVELOPMENT & TRAINING

SOUTHWEST ALABAMA WORKFORCE DEVELOPMENT COUNCIL (SAWDC)

SAWDC is an employer-established and employer-led non-profit organization whose mission is to develop strategic partnerships which attract, educate and train students and workers to better meet employer needs and foster economic growth in a global marketplace. It is recognized as one of thirty-two nationally designated National Fund for Workforce Solutions sites.

With a vision to create a fully comprehensive, integrated workforce development system, SAWDC has established four high quality workforce partnerships - a sound strategy modeled by the National Fund for helping individuals obtain and advance in good careers while at the same time ensuring that employers have high-quality skills that are needed to compete in today's dynamic economy.



The Region continues to strengthen its connection to aerospace with the location of Airbus's U.S. final assembly line in Mobile, which has resulted in continued growth in the industry. With an abundance of accommodating facilities, capable personnel and nationally recognized training programs, aerospace and aviation companies that land in Baldwin County truly see their businesses take off.

Training opportunities in aerospace and aviation are now available at The Academy at the Fairhope Airport, the Aviation College, and Flight Works Alabama, along with AIDT's Aviation Training center. With numerous training assets, aviation has become a critical piece of our Region's economy and will continue to be a target for future growth for many years to come.

SERVICE ASSETS

EDUCATION

BALDWIN COUNTY SCHOOLS- QUICK FACTS

- 41 schools
- (1) virtual elementary/ middle
- (1) virtual high school
- (1) alternative school
- (1) aviation program
- (2) technical centers
- Fastest growing school system in Alabama
- Award-winning After-School Program
- 31,000 students
- Largest employer in Baldwin County
- Top paid teachers

Coming Soon:

- A state-of-the-art technical high school called Baldwin Preparatory Academy opening August 2024
- \$300 million in school construction projects to be completed by 2024

Academics:

- \$91 million in total scholarships offered in 2022
- Featuring high-performing academic schools
- International Baccalaureate Program offered at Fairhope High School and Daphne High School
- Advanced placement in all high schools
- STEAM/ STEM certified schools
- A Scholastic Lighthouse District
- Awarded the Department of Education Blue Ribbon School distinction
- Leader in Me Leadership Program featured

BALDWIN COUNTY COLLEGES-HIGHER EDUCATION

- Coastal Alabama Community College
- Coastal Alabama Community College – Bay Minette Campus
- Columbia Southern University
- Faulkner State Community College
- Genesis Career College – Cookeville – Daphne Campus
- United States sports Academy

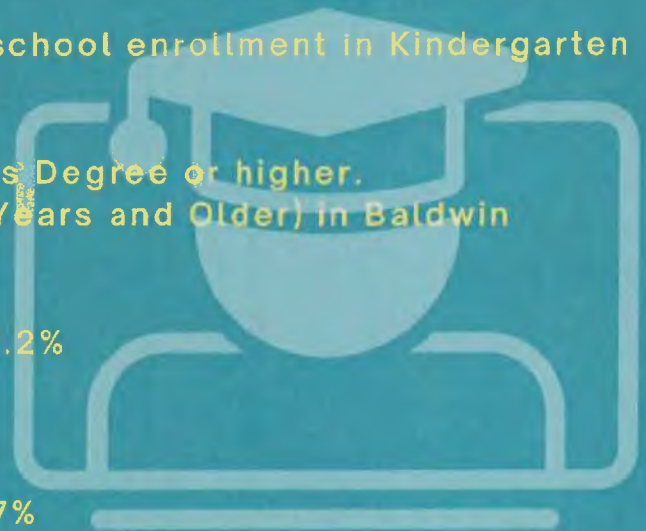
Baldwin County Education – Private Schools

- Alabama Gulf Coast Christian Academy
- Bayside Academy
- Calvary Christian Learning Center
- Central Christian School
- Christ the King School
- Eastern Shore Early Childhood
- Faith Christian Academy
- Good Shepard Lutheran School
- Marietta Johnson School of Organic Education
- Open Door Baptist Church and Open Door Christian School & Day Care
- St. Benedict School
- St. Patrick School
- Victory Christian Academy

Baldwin County schools have a total school enrollment in Kindergarten to 12th Grade of 75%.

32% of the population has a Bachelor's Degree or higher. Education Attainment (Population 25 Years and Older) in Baldwin County:

- High School or equivalent degree - 27.2%**
- Some college, no degree - 22.2%**
- Associate's degree - 9.2%**
- Bachelor's degree - 20.2%**
- Graduate or professional degree - 11.7%**



The County saw a population increase of over 65% over the last 20 years with a total 2021 population of 233,665. The city of Loxley alone grew over 127%. Population projections reveal the County is expected to reach a population of almost 300,000 residents within the next ten years. These numbers put tremendous pressure on the school system to provide enough facilities and teachers to accommodate the students.

Baldwin County Schools are in the process of opening a comprehensive career technical high school in the central part of the district, offering technical programs, required core classes and college courses under one roof. The new high school will be open to students from all Baldwin County high schools. In addition, Auburn University's Educational Complex in Gulf Shores includes a School of Aviation that delivers aviation learning for K-12 students and hosts unmanned aircraft systems courses.

Coastal Alabama Community College will soon be offering a new aviation technology certificate program.

14
National Blue Ribbon Schools

Elementary Schools:
Mary B. Austin
Anna Booth
Calcedevaver
Council
Dodge
Eichold-Mertz
George Hall
Old Shell Road
Spencer-Westlawn

Middle Schools:
Clark-Shaw
Phillips Preparatory

High Schools:
Davidson
Murphy
Vigor

4
Terrel H. Bell Award-Winning Principals

Michelle Dubose Adams (Eichold-Mertz)
Hattie Alexander (Council)
Dianne Reynolds (Spencer-Westlawn)
Lisa Williams (Anna Booth)

*The Blue Ribbon is the highest award given to public and private schools by the U.S. Department of Education. Among Blue Ribbon Schools, about 10 principals are selected annually for the Terrel H. Bell Award.

Mobile County Public Schools

BY THE NUMBERS

53,237 students
90 schools

\$675M annual budget

\$11,268 per-pupil expenditure

\$35.6M monthly payroll

#1 largest employer in Mobile County

B District score on the 2019 Alabama Department of Education Report Card.

\$113M college scholarships earned by the Class of 2020

88% four-year on-time graduation rate

72 Alabama First Class Pre-K Classrooms

1,296 First Class Pre-K Students

*The National Institute for Early Education Research has ranked Alabama's First Class Pre-K as the highest quality state-funded program in the nation.

603 Bus Routes; 7.7 Million Miles Annually

48K Lunches Served Daily

8 New Schools Built or Opened Since 2013

12 Signature Academies

Any student can apply for enrollment in any Signature Academy, based on interest. The academies offer internships, hands-on learning and more as they prepare students for college and career. Our Signature Academies are:

- Advanced Careers and AP (Advanced Placement) Capstone at Baker High
- Pre-Med, Medical and Health Careers at Blount High
- Coastal Studies at Bryant High
- Advanced Manufacturing at Citronelle High
- Engineering (EPIC) at Davidson High
- Law, Arts and Health Services at LeFlore High
- Biomedical Sciences at Mary G. Montgomery High
- University Center at Murphy High
- Aviation and Aerospace at B.C. Rain High
- Industry and Engineering at Theodore High
- Information Technology at Vigor High
- Maritime, Engineering and Entrepreneurship at Williamson High

**LEARNING TODAY.
LEADING TOMORROW.**

Mobile County PUBLIC SCHOOLS

In addition to the public school system, Mobile County offers three city school systems and a wide variety of private school options as well as a multitude of higher education possibilities.

Education - City School Systems

- Chickasaw City Schools
- Saraland City Schools
- Satsuma City Schools

Education - Charter Schools

- ACCEL Day and Evening Academy

Education - Private Schools

- UMS-Wright Preparatory School
- St. Paul's Episcopal School

Education - Private Schools cont'd

- St. Mary's Catholic School
- St. Luke's Episcopal School
- Renaissance School of the Eastern Shore
- Mobile Christian
- McGill-Toolen Catholic High School
- Little Flower Catholic Schools
- Cottage Hill Christian Academy
- Archdiocese of Mobile
- Alabama School of Mathematics and Science
- Barton Academy for Advanced World Studies

Mobile County is home to some of the finest colleges in the country. The University of South Alabama's 1,200-acre campus has been transformed over the past decade with new facilities and resources for teaching, housing and recreation, health sciences, the arts, engineering, computer science and athletics.

Total enrollment as of 2020 was 14,224.

It was revealed through the SWOT analysis that South saw a major decline in enrollment during the pandemic.

Education – College

- University of Mobile
- University of South Alabama
- Spring Hill College
- Remington College
- MTI Business Solutions
- Fortis College
- Faulkner University
- Coastal Alabama Community College
- Bishop State Community College
- Alabama Aviation Center of Mobile

24.4% of residents hold a Bachelor's Degree or Higher in Mobile County.
Education Attainment (Population 25 Years and Older):

High School or equivalent degree - 33.5%
Some college, no degree - 20.7%
Associate's degree - 8.6%
Bachelor's degree - 16.2%
Graduate or professional degree - 8.2%

ESCAMBIA COUNTY SCHOOLS

Education – Public Schools

12 Schools in the Escambia County School System

Education – Private Schools

Atmore Christian School
Escambia Academy (EA Cougars)
Temple Christian Academy

Education – College

Coastal Alabama Community College – Brewton Campus
Reid State Technical College
Escambia Career Readiness Center

Escambia County Educational Attainment

12.5% hold a Bachelor's Degree or Higher in Escambia County
High School or equivalent degree - 43.0%
Some college, no degree - 17.3%
Associate's degree - 7.5%
Bachelor's degree - 8.8%
Graduate or professional degree - 3.7%

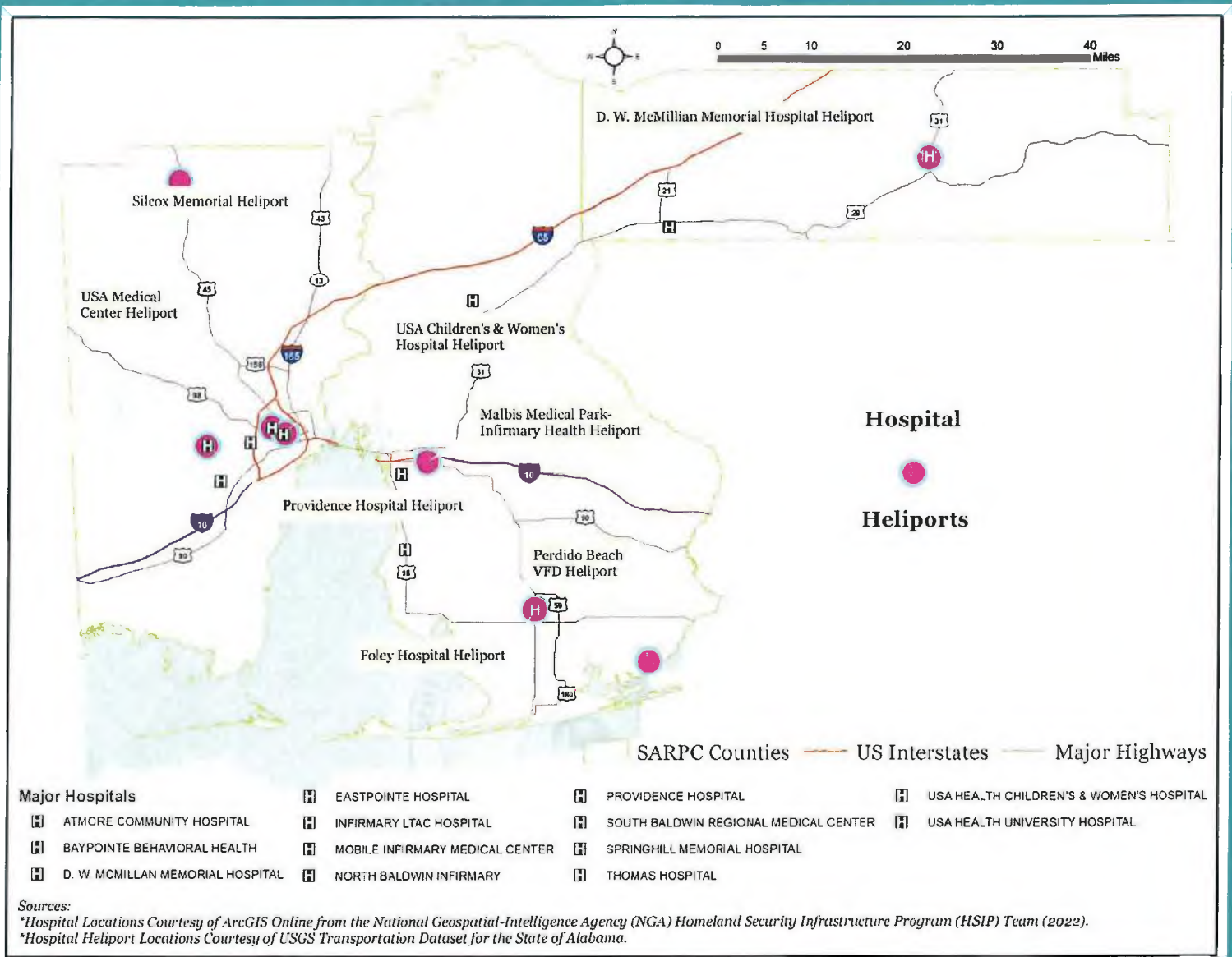


HEALTHCARE

As the economic growth of the Region expands, the standard of living goes up, thereby increasing the ability to purchase and receive a higher level of health care. Conversely, the improved health of the population contributes to enlarging the output of the economy.

The greatest challenge facing the health care industry nationwide is meeting the needs of an aging population, and our Region is no exception. The aging of the Baby Boomer generation is a national trend that has many implications. It's projected that by the year 2030, one in five Americans will be over age 65, comprising 20% of the population.

The map indicates the location of the hospitals in our Region as well as the facilities that provide a heliport.



KEY FACTS ABOUT REGIONAL HEALTHCARE

ESCAMBIA COUNTY

- There are 77 physicians per 100,000 population in Escambia County.
- There are 2 Hospitals in Escambia County, Alabama, serving a population of 37,621 people in an area of 945 square miles. There is 1 Hospital per 18,810 people, and 1 Hospital per 472 square miles.
- Hospitals in Escambia County provide emergency care in response to injuries and sudden or severe illness, laboratory and other diagnostic services, scheduled surgeries, labor and delivery services, inpatient treatment, and recovery services.

BALDWIN COUNTY

- USA Health is building a health center at the intersection of Alabama 181 and Alabama 104. The campus will be home to a 25,000 square foot ambulatory surgery center that will house state of the art surgical suites.
- There are 173 physicians per 100,000 population in Baldwin County.
- There are 6 Hospitals in Baldwin County, Alabama, serving a population of 203,360 people in an area of 1,590 square miles. There is 1 Hospital per 33,893 people, and 1 Hospital per 264 square miles.
- In Alabama, Baldwin County is ranked 47th of 67 counties in Hospitals per capita, and 18th of 67 counties in Hospitals per square mile.

MOBILE COUNTY

- Mobile County has six medical transport agencies, including two aero-medical services (Baptist Hospital Life Flight and Gulf Coast).
- There are 209 physicians per 100,000 population in Mobile County. The US average is 210 per 100,000 people.
- There are 13 Hospitals in Mobile County, Alabama, serving a population of 414,328 people in an area of 1,230 square miles. There is 1 Hospital per 31,871 people, and 1 Hospital per 94 square miles.
- Infirmary Health System alone provides a total of 681 beds.
- USA Hospital is the only Level I Trauma Center on the Gulf Coast

BUSINESS SUPPORT & AGING SERVICES

BUSINESS SUPPORT SERVICES

ENTREPRENEURSHIP

As our Region continues to recover from the pandemic, two things become poignantly clear: the workplace will never be the same, and holding on to old ways of doing things will be at the expense of our future.

According to Forbes, while the workforce navigates hybrid work, workplace wellness and other pandemic-related issues, the world of entrepreneurship is also shifting. Over the past two years, millions of Americans launched businesses, and Bloomberg reports that the U.S. Census received almost 40% more business applications last year when compared to 2019.

People learned quickly during the pandemic how to make money to survive. They are finding creative ways to earn a living without relying on a company. Post-Covid, entrepreneurs are seeing huge opportunities for social impact, and funders are looking to join forces and help propel real change.

Covid taught us that connections matter and that we need social interactions. People need and want to connect with others to deepen the meaning in their own lives and the world around them. Connecting in more meaningful ways will have the ability to improve communities. The social entrepreneurs who see this desire to connect as the incredible opportunity that it is are the ones who will succeed.

One of the barriers to entry for entrepreneurs is access to funding, and that's even more true for social entrepreneurs. This is where an entrepreneurship support organization (ESO), particularly ones catered to help social entrepreneurs, can be massively important.

HATCH FAIRHOPE

The University of Alabama, the City of Fairhope and the Baldwin Community and Economic Development Foundation have partnered to create Hatch, a business resource hub for technology-based entrepreneurs in Baldwin County. Hatch provides Baldwin County's new and existing startups with a place to learn and grow. This partnership is fostering local entrepreneurial culture, developing an entrepreneurial resource ecosystem, and linking the resources of The University of Alabama to emerging tech companies in Baldwin County. Hatch is funded by the City of Fairhope, Coastal Alabama Community College, and the Baldwin Community and Economic Development Foundation and will be housed in Downtown Fairhope in space provided by BBVA Compass.

SARPC's REVOLVING LOAN FUND

SAPRC is doing their part in supporting local entrepreneurship too. The South Alabama Regional Planning Commission Revolving Loan Fund is a locally controlled source of capital used to finance small business start-up and expansion whose projects will create permanent jobs. By combining RLF and bank financing the borrower can realize an effective rate well below market rates.

CHAMBERS OF COMMERCE

A chamber of commerce is an organization of business owners and entrepreneurs who promote the interests of their local business community. Chambers of commerce provide access to valuable resources, discounts, and relationships that help businesses save money and market their products.

Joining a chamber of commerce can help you build your professional network and market your business. When you join your local chamber of commerce, your business will be listed in the chamber's online directory, and your business could be highlighted in other chamber publications.

AGING SERVICES

Population trends will affect our workforce. Our regional population growth is expected to continue to grow over the next ten years. At the same time, our population is aging. Due to advances in healthcare, Americans are living longer and more active lives. Due to the rise in inflation and unexpected shifts in the national economy, many older Americans are re-training for new careers and going back to work instead of retiring, or finding volunteer opportunities in their communities.

AREA AGENCY ON AGING (AAA)

SARPC is home to the Region's the Area Agency on Aging (AAA) and manages many programs to help our local aging population. For more than thirty-five years the AAA has assessed the needs of older persons in the three-county region in South Alabama; distributed funds for the provision of services to older adults; helped agencies and local governments plan services for older persons; and provided information about available resources to older adults and their caregivers. Staff of the Area Agency on Aging are available to assist seniors, persons with disabilities, and their families in coordinating resources and services that support an active healthy lifestyle and maintain independence as long as possible.

In addition to Older American Act services, the AAA provides programs for older adults and people with disabilities that are funded by Medicaid such as the in-home services provided through Medicaid Waivers; and the Aging and Disability Resource Center. Visit their website at: <https://agingsouthalabama.org>.

Additionally, the AAA just completed their 5-year plan which can be found at: https://agingsouthalabama.org/wp-content/uploads/2022/Area_Plan_FY%2022-25-Full-Plan.pdf.

ECONOMIC DEVELOPMENT & SENIOR EMPLOYMENT SERVICES

SARPC's Economic Development Department offers and manages a senior employment program for our senior community. The Senior Community Services Employment Program (SCSEP) is administered by the Department of Employment and Economic Development under the auspices of the State of Alabama Department of Senior Services. The program is designed to assist low income mature job seekers and their communities by providing part-time community service work and training. Men and women 55 years of age or older who have limited income may become a SCSEP participant, revitalizing their job skills while supporting local non-profit and governmental agencies.

BABY BOOMER POPULATION

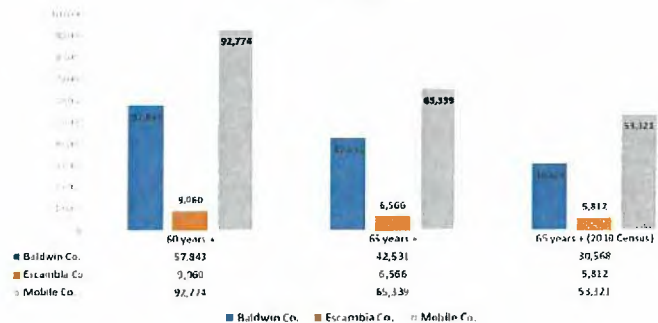
The US Census reports an estimated 73 million Americans are part of the Baby Boomer generation.

The number of people age 65 and older in the United States has grown rapidly over most of the 20th century, from 3.1 million in 1900 to 35 million in 2000.

In 2018, there were 52 million people age 65 and older. Their share of the population grew as well, from 12.4% in 2000 to 16.0% in 2018.

But aging boomers are not the only reason the nation's population is getting older overall. Longer lives in part due to better health care and record low birth rates among young women are also major factors.

REGIONAL POPULATIONS
60 YEARS AND OLDER
65 YEARS AND OLDER
July 2019



The total fertility rate of U.S. women is now 1.7 children per woman, below the 2.1 children needed to replace the population.

Life expectancy at age 65 went from 11.9 years (1900-1902) to 19.1 years in 2010, according to An Aging World, a Census Bureau report co-authored by Wan He.

Older adults are projected to outnumber children under age 18 for the first time in U.S. history by 2034, according to Census Bureau projections.

The concern is the increasing need for caregiver and health services for people over age 65, many of whom use services whose funding depends on decisions made based on census data.

SARPC Regional County Population Aged 65 and Over 2000-2010 and Projections 2020-2040

	Census 2000	Census 2010						2018 series Change 2010-2040	
			2020	2025	2030	2035	2040	Number	Percent
Baldwin	21,703	30,568	47,034	56,876	66,159	72,875	78,769	48,201	157.7
Escambia	5,236	5,812	6,802	7,324	7,529	7,404	7,405	1,593	27.4
Mobile	47,919	53,321	68,695	78,836	86,072	88,252	88,908	35,587	66.7

Source: U.S. Census Bureau and Center for Business and Economic Research, The University of Alabama, April 2018.



SWOT ANALYSIS

*Analysis of the Region's strength's,
weaknesses, opportunities, and threats*

3 SWOT Analysis

SWOT ANALYSIS

The main focus of the CEDS is to develop a strategic plan for the Region that can be used for capacity building for economic development. A strong CEDS means a strong Region that can better position assets so the public and private sectors succeed. The SWOT (strengths, weaknesses, opportunities and threats) analysis is an integral planning tool used in strategic planning that provides the framework needed to evaluate the Region's competitive position by assessing the internal and external factors, as well as resilient factors. The SWOT analysis is designed to identify the Region's strengths and weaknesses to help analyze what is currently working, and to devise a successful strategy for the future.

SARPC surveyed the CEDS Strategy Committee utilizing an online survey tool to confirm their input on the SWOT. The survey asked a series of questions employing the Asset-Based Approach. These questions inquired about the current assets and issues, and the advantages and negative impacts looking forward to the next 5- 10 years.



In creating the CEDS, a dual approach was utilized to answer the questions "Where are we now?" and "Where do we want to be in 5 years?"

To help answer these questions, the traditional SWOT analysis and the Asset-Based Approach were used. The Asset-Based Approach focuses on positive assets to create momentum for moving forward. Based upon demographic and socioeconomic data, trends, and other information relevant to the regional economy presented in the "Summary Background", the CEDS Strategy Committee moved forward with identifying the internal and external factors that define our Region.

SWOT RESULTS

STRENGTHS

- Competitive
- Quality of Life
- Available Land
- Location/Lifestyle
- Tourism
- Schools
- Large Industrial Base
- Jobs
- Multimodal Connectivity
- Access to Coast
- Economic Diversity
- Agriculture/Aquaculture
- Growing Population *
- Housing Costs

STRENGTHS

WEAKNESSES

- Declining Infrastructure
- Lack of Infrastructure
- Lack of Workforce
- Income Disparity
- Declining Population
- Underemployment
- Safety/Crime Rates
- Transportation Systems
- Childcare Availability
- Healthcare

THREATS

WEAKNESSES

OPPORTUNITIES

- Utilize Natural Assets
- Downtown Development
- Hybrid Work
- Community Facilities
- Workforce Training
- Industry Expansion & Diversification
- Focus on Infrastructure-Broadband & Roads
- Utilize Nature-Based Infrastructure
- Higher Education
- Improve Graduation Rates

OPPORTUNITIES

THREATS

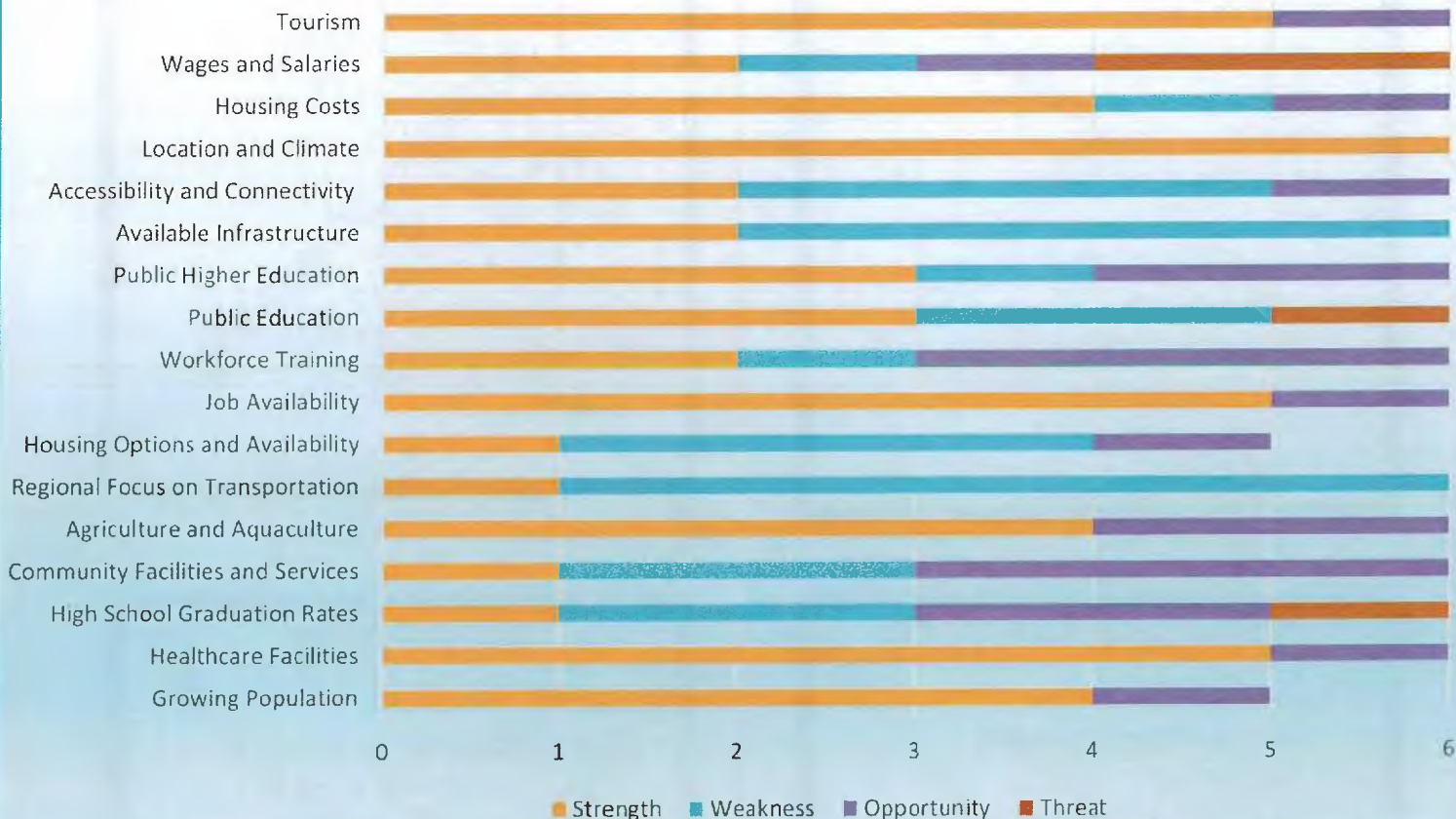
- Lack of Workforce
- High Employee Turnover
- Rapid Population Growth *
- Affordable Housing
- Public Education
- Low Wages
- Insurance Costs

* The SWOT revealed that while 57% of survey participants listed the Region's GROWING POPULATION as a STRENGTH, 90% view RAPID POPULATION GROWTH as a negative factor in our Region due to the demands the rapid increase places on existing infrastructure and new developments. Comments received targeted Baldwin County, stating the County is at risk of losing its charm, and the population is growing too fast for proper development to keep up. Other negative factors listed were lack of workforce, public education, crime, hurricanes, and lack of planning.

SURVEY RESULTS

The following results from the SWOT Analysis indicate how each survey participant identifies each item of interest in the Region as either a strength, weakness, opportunity, or threat.

SWOT Analysis from Selected Development Categories



STRENGTHS are our Region's competitive advantages. Survey participants indicated through the SWOT that our Region has more strengths than weaknesses, threats, or opportunities. In addition to the graphic above, some of our greatest strengths are: industry supply chains and clusters, extensive port, rails, road, and air assets, specialized workforce skills, higher education levels, and collaborations & partnerships among stakeholders.

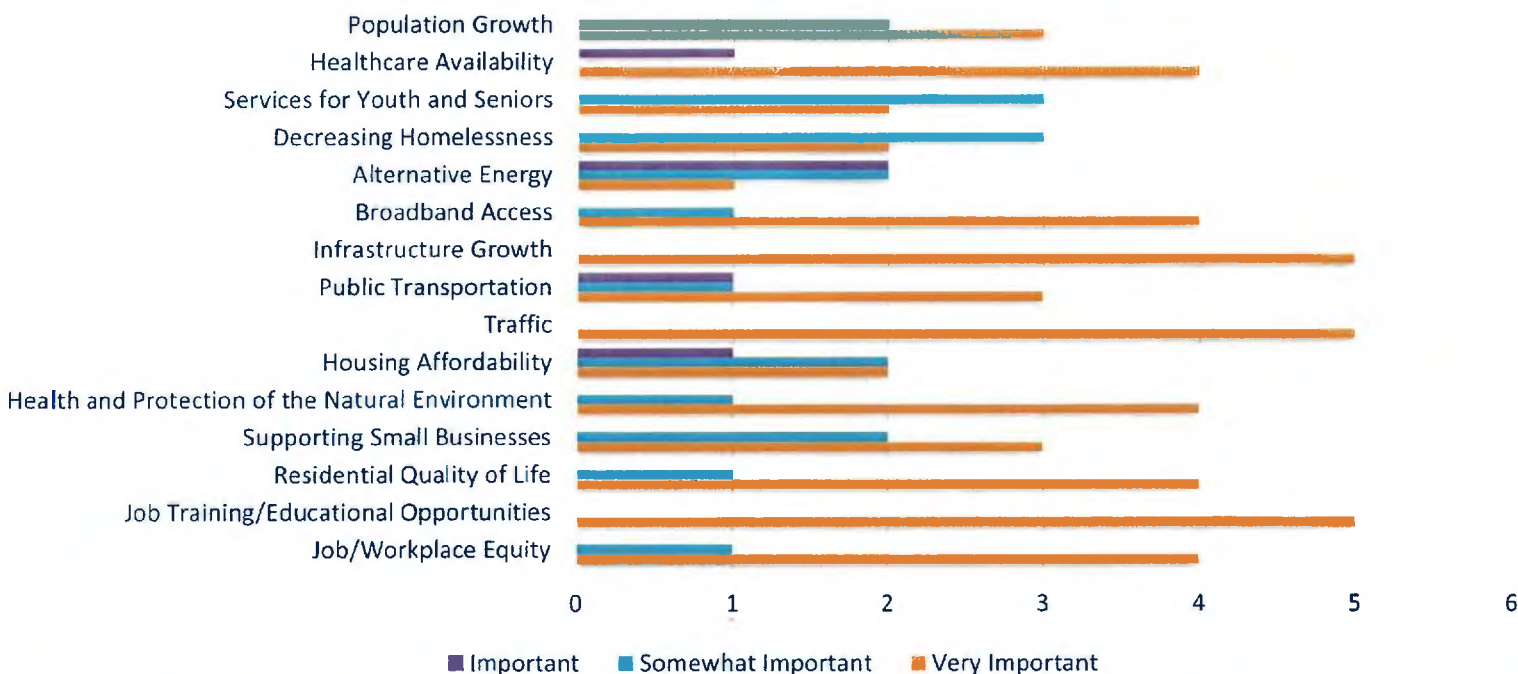
TERMS USED TO DESCRIBE OUR STRENGTHS.....SURVEY SAYS.....

Competitive VAST leadership connected
 DIVERSIFIED
 COASTAL STABLE-RESILIENT producing DISTRIBUTION
 OPPORTUNITIES

SURVEY RESULTS

The following results from the SWOT Analysis indicate how each survey participant rates the level of importance of each topic in the Region as either a factor that needs addressing the most and which are of less concern.

Please rate the level of importance you attribute to the following factors in our Region. Which factors need addressing the most, and which are of less concern?



LEVEL OF IMPORTANCE.....SURVEY SAYS.....





4

EVALUATION & ASSESSMENT FRAMEWORK

*Performance measures and impact of the
CEDS on the Region's economy*

4

Evaluation & Assessment Framework

HOW DO WE MEASURE CAPACITY BUILDING AND PROSPERITY IN OUR REGION?

This section of the CEDS is used to gauge the progress of the successful implementation of the CEDS throughout our Region and to quantify the outcomes of CEDS activities. It is an important element in the ongoing economic planning process achieved in this CEDS.

The CEDS looks at specific performance measures which are used in evaluating the progress of implementing the CEDS and the impact it has had on the Region's economy as well as measuring how successful the CEDS has been in achieving the mission, vision, and goals outlined in the CEDS. In this section, we will ask two main questions:

HOW ARE WE DOING & WHAT CAN WE DO BETTER

While job creation and retention is a huge indicator of a healthy economy, it is just one performance measure to look at. To effectively measure the overall condition of our Region's economy, we look at the following factors:

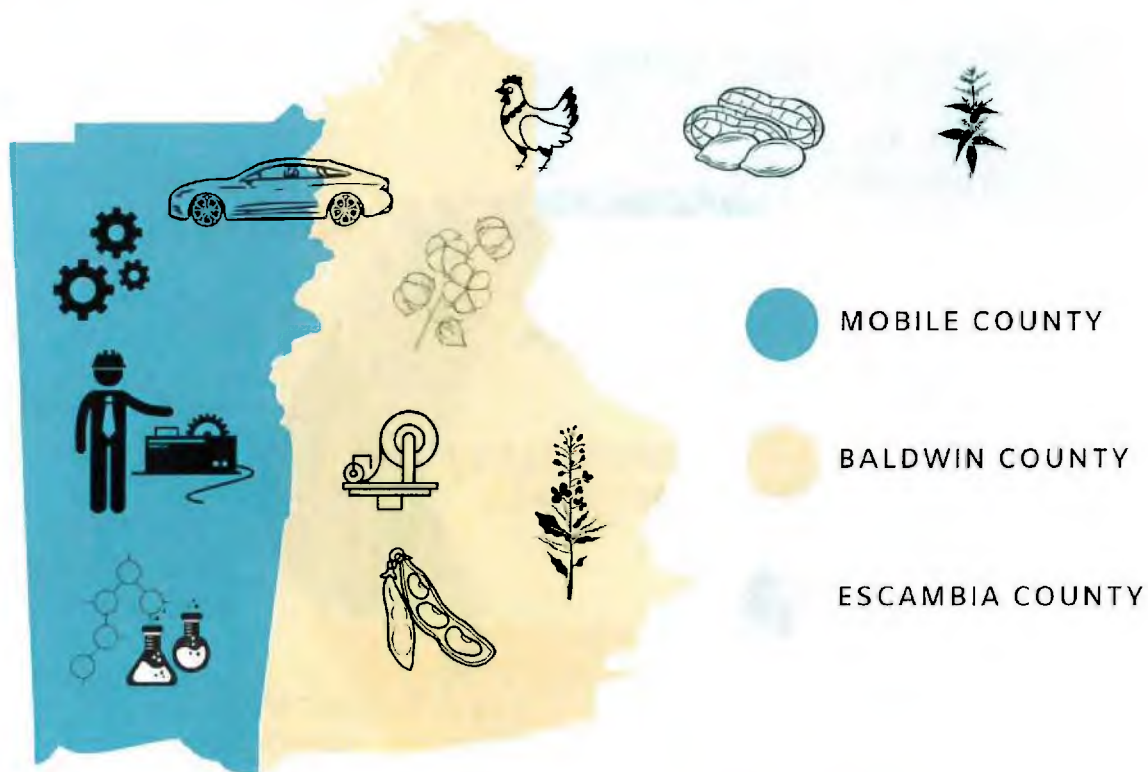


OUR REGIONAL ECONOMY

SARPC REGION'S

TOP EXPORTS

Offering some of the lowest property taxes and cost of living rates, as well as having the most diverse economy in the state, makes the SARPC Region one of the most attractive business climates in the county. There isn't much that we don't make in our Region, with each one of our counties specializing in their own unique products. Our industries make steel, aluminum, airplanes, ships; our agriculture produces some of the finest peanuts in the county, and thanks to our beautiful beaches, we our one of the top tourist destinations in the country. The Region is fortunate to have access to an extensive multi-modal transportation system that includes two major Interstates, five Class 1 railroads, two airports, and direct access to inland and intracoastal waterways that offer access to over 15,000 miles of inland waterways. Additionally, the Region offers excellent healthcare options that include top-ranked hospitals and the only Trauma 1 Center along the Gulf Coast, award-winning schools, colleges and universities. With a Regional labor shed of over 540,000 people, the Region is set apart as one of the Gulf Coast's top locations to live, raise a family or grow a business.



ECONOMIC CLUSTERS

ECONOMIC CLUSTERS

What are economic clusters?

Economic clusters are essentially local and regional concentrations of similar and related industries within a region. They contain assemblages of production and exchange goods, services, talent, and technology, while supporting and promoting the region. They consist of companies, suppliers and service providers, as well as government agencies and other institutions that provide education, information, research and technical support to a regional economy. They strengthen the existing economic environment while attracting new investment, industry, and innovation, as well as a strong workforce to a region.

A cluster is much more than businesses from similar sectors working alongside each other in an industrial park.

Successful economic clusters benefit from a strong, economic environment that supports the needs of businesses and their workforces.

At their core, clusters are about talent. As talent has increasingly become the dominant determinant in where business decide to locate and grow, the available workforce and talent from a cluster of related industries becomes a powerful tool in recruiting other companies in that industry as well as those adjacent.

Clusters exist in all types of economies and are more prevalent in locations that achieve better performance relative to their overall stage of development. They play a fundamental role in driving regional economic competitiveness by encouraging higher rates of job growth, wage growth, new business formation, and innovation in the regions they are located in.

It is useful to view economies through the lens of clusters rather than specific types of companies, industries, or sectors because clusters capture the important linkages and potential spillovers of technology, skills, and information that cut across firms and industries. Viewing a group of companies and institutions as a cluster highlights opportunities for coordination and mutual improvement.

REGIONAL INDUSTRY CLUSTERS

The Region has a thriving portfolio of existing economic clusters from Aerospace to Advanced Manufacturing and from Entrepreneurship to Electronics. The economic environment among the three counties in SARPC's Region is vastly diverse, and the different economies within each county offer unique opportunities to the Region.

One of the most attractive attributes of the Region is the economic diversity we currently offer and have the potential to exponentially expand and capitalize upon. Each of our three counties is home to their own distinctive specialties that sets them apart from one another.

Baldwin County TARGET INDUSTRIES

Advanced Manufacturing

Collins Aerospace in Foley is the County's largest manufacturing employer, with 1,100 employees. Segers Aero Corp. in Fairhope expanded with a new test cell facility and capital investment topping \$4 million.

White Collar

Baldwin County is a leader in workforce recruitment. According to Baldwin EDA, in 2020, 1 in every 10 Baldwin County residents held a graduate degree. Since 2010, the Region has seen growth in its residents with college and professional degrees. Baldwin County ranked in the TOP 50 MSAs in the United States for new job growth and ranked #1 in the state for Incoming Business Investment for three straight years and Forbes named Baldwin County one of the best small places for business and careers.

Baldwin County was Alabama's fastest growing county from 2010 to 2020, with 4 of the top 10 fastest growing cities in the state in recent years.

84% growth in Baldwin County's Transportation and Warehousing sector jobs since 2010.

SOURCE: U.S. CENSUS BUREAU

142% growth in Baldwin County's Transportation and Warehousing sector total wages since 2010

TARGET INDUSTRIES

Aerospace & Aviation

Baldwin County has a healthy, growing aerospace community. Collins Aerospace, Segers Aero Corp., Quincy Compressor, and Vulcan, Inc. make up some of the largest advanced manufacturing companies in the County. Its close proximity to Mobile County, with Airbus and other aerospace companies, ensures further growth in this industry. Additionally, the County has the \$2.7 million Academy at the Fairhope Airport, in partnership with the Fairhope Airport Authority, Baldwin County schools and the two-year college system to teach aviation, industrial maintenance and welding to high school and adult students. Gulf Shores city schools also have aviation programs.

Distribution/Logistics

Because of its location, available land and warehouse space, two major interstates, port access and rail service, distribution and warehousing industries thrive in Baldwin County. The Port of Mobile is the 11th largest seaport in the U.S., by volume, and is also one of the only places in the U.S. where 5 Class-1 railroads converge, providing any industry in our Region the opportunity to ship product all over the world.

Source: Baldwin EDA

Baldwin County TOP INDUSTRY CLUSTERS

Aldi U.S. has recently established its regional headquarters and distribution center in Baldwin County. The upcoming 564,000-square-foot facility will bring approximately \$100 million in capital investment and create 200 jobs for Loxley and Baldwin County. Additionally, ACE Hardware Support Center is one of Baldwin County's largest distribution employers producing over 300 jobs.

Employment by Industry Sector – Baldwin County (2020 Q4)

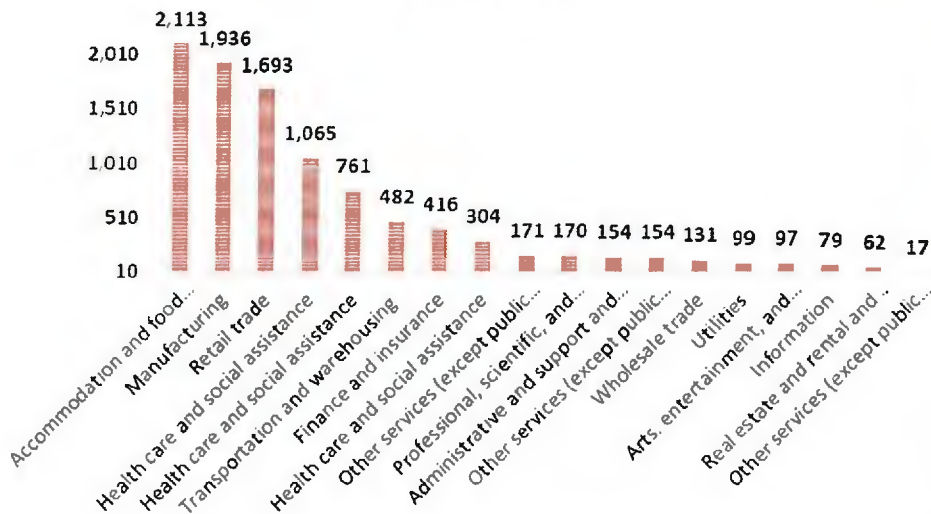
INDUSTRY	# OF EMPLOYEES
RETAIL TRADE	13,734
ACCOMMODATION & FOOD SERVICES	12,571
HEALTH CARE & SOCIAL ASSISTANCE	9,675
CONSTRUCTION	5,771
EDUCATIONAL SERVICES	5,716
ADMINISTRATION & SUPPORT; WASTE MANAGEMENT & REMEDIATION SERVICES	4,487
PUBLIC ADMINISTRATION	4,173
OTHER SERVICES (EXCEPT PUBLIC ADMINISTRATION)	4,085
MANUFACTURING	4,006
PROFESSIONAL, SCIENTIFIC, & TECHNICAL SERVICES	2,943
REAL ESTATE; RENTAL; LEASING	2,475
TRANSPORTATION & WAREHOUSING	2,390
FINANCE & INSURANCE	2,194
ARTS, ENTERTAINMENT, & RECREATION	2,127
WHOLESALE TRADE	1,995
AGRICULTURE, FORESTRY, FISHING, & HUNTING	1,173
UTILITIES	853
INFORMATION	512
MANAGEMENT OF COMPANIES & ENTERPRISES	286
MINING, QUARRYING; OIL & GAS EXTRACTION	79
TOTAL-ALL INDUSTRIES	81,248

Source: Baldwin EDA/ JobsEQ

Escambia County TOP INDUSTRY CLUSTERS

Manufacturing and forestry/timber industries have long been Escambia County's primary established cluster, but the County is diversifying with the recent addition of Provalus IT and peanut shelling and processing.

TOP INDUSTRIES IN ESCAMBIA COUNTY



Source: Coastal Growers

Escambia County has diversified their economy with the addition of the IT industry. IT Company Provalus has named Brewton, Alabama their new home for their headquarter location.



The recent addition of peanut shelling to Escambia County's industry has benefitted over 100 local peanut farmers.

The County is also investing in rail and transload expansions, funded by the EDA and DRA, which will enable more freight to be shipped throughout the country via connections with the Port of Mobile.

Mobile County TOP INDUSTRY CLUSTERS

AVIATION
AEROSPACE

HEALTH-
CARE

CHEMICAL

LOGISTICS
DISTRIBUTION

OIL
&
GAS

MARITIME

IT

LARGEST
&
FOREIGN-BASED
COMPANIES

STEEL

AVIATION/AEROSPACE

Mobile County is home to Airbus U.S. Manufacturing Facility, Airbus Engineering, SAFRAN, Continental Motors, VT MAE, MAAS Aviation, Aerostar and many other global companies located at Mobile Aeroplex at Brookley. This industry employs 3,500 professionals.

CHEMICALS & MANUFACTURING

There are 26 chemical companies in Mobile County. This industry has grown along a 60-mile corridor. Major companies include Evonik Industries and Olin Corp.

HEALTHCARE

According to the Mobile Chamber of Commerce, 12% of Mobile's workforce is employed in the healthcare sector. This sector employs 850 physicians and 160 dentists and is home to the only Cancer research Center along the Upper Gulf Coast.

LARGEST & FOREIGN BASED COMPANIES

There are 50 foreign-based companies representing more than 20 countries, some of which include Austal USA, Airbus Americas Engineering, SSAB Americas and Mitsubishi Polysilicon. Together, these companies employ over 13,000 of our Region's workforce.

Industry recruiting in the Region is grouped into seven generic categories

- #1 AEROSPACE
- #2 CHEMICALS & MANUFACTURING
- #3 HEALTHCARE
- #4 MARITIME
- #5 LOGISTICS & TRANSPORTATION
- #6 OIL & GAS
- #7 TECHNOLOGY

Source: Mobile Chamber of Commerce

OPPORTUNITY ZONES

What's an Opportunity Zone

Opportunity Zones are defined as “economically-distressed communities where new investments, under certain conditions, may be eligible for preferential tax treatment. They are an economic development tool that allows investments in distressed areas in the United States. Their purpose is to spur economic growth and job creation in low-income communities while providing tax benefits to investors. When Taxpayers develop in Opportunity Zones, they can temporarily defer taxes on eligible gains when they invest in a Qualified Opportunity Fund

Why Invest in Opportunity Zones

Developers can support economic development in targeted areas where jobs are needed the most while benefitting from tax deferments. Opportunity Zones are key investment ready locations. When developers chose to develop in Qualified Opportunity Zones, they can temporarily defer taxes on eligible gains when they invest in a Qualified Opportunity Fund.

Where are Qualified Opportunity Zones

Low-income communities and certain neighboring areas, defined by population census tracts, can qualify as Opportunity Zones. States nominate communities for the designation, and the U.S. Department of the Treasury certifies that nomination.

There are 21 census tracts in our Region that are designated as Qualified Opportunity Zones.



OPPORTUNITY ZONES

Opportunity Zones (OZ) throughout the U.S. promise to drive billions—even trillions—of dollars in long-term investment into low-income urban and rural census tracts across the country. One of the main focus' of this CEDS is to capture and promote the economic and community advantages of an OZ. Our Region currently encompasses approximately 403,840 acres of land designated as an OZ with the potential to provide many more acres of designed lands due to the vast amount of property available for growth and development. Having the ability to offer these key investment-ready locations throughout our counties is a huge factor in promoting the economic attractiveness to our Region. See map on the previous page for the current locations of the OZs in our Region.

SOURCE: LISC.ORG



403,840

ACRES

76,710

population in OZs

20-52%

poverty rate in OZs

They are a powerful tool used to direct capital to places where access has been closed off, and promote economic development that benefits residents, businesses and institutions rooted in those communities. Investors reap a tax savings that, ideally, can be employed for further community investment.

The goal of the Opportunity Zones initiative is to achieve a double bottom line: fueling inclusive local economies in communities that benefit the people who live and work there; to forge projects that will enable the people who live and work in Opportunity Zones to thrive, and providing a solid return to investors.

The Opportunity Zones incentive promotes shared prosperity and requires the right kind of management, community engagement, partnership-building and oversight to establish projects in OZs that provide long-lasting benefits to residents and local businesspeople as well as to investors.

OPPORTUNITY ZONES



The areas eligible for submission as Opportunity Zones are low income census tracts with a poverty rate of at least 20 percent and a median family income of less than 80 percent of the statewide or area median income. Census tracts are statistical subdivisions of a county established by the U.S. Census Bureau. Each tract averages between 1,200 and 8,000 in population and the nominated tracts vary in size from 199 acres to 235,352 acres.

Congress empowered governors to nominate Opportunity Zones in their states by using up to 25 percent of their low-income community census tracts. In Alabama, 629 of the state's 1,181 census tracts qualified as low-income community tracts. The Governor's Office, with the help of ADECA, identified and selected the 158 Opportunity Zones from the qualifying tracts. There is at least one Opportunity Zone in each of the state's 67 counties.

The Governor's Office and ADECA used an objective methodology that involved input from a variety of resources to determine areas where the program could be most effective. Methods used in the selection process included a county-by-county examination of previous designations as advantage sites or industrial sites, a review of aerial imagery for development activities by ADECA's Geographical Information Systems Unit and data and research compiled by federal, state and local organizations.

Opportunity Alabama (or OPAL) is a nonprofit initiative dedicated to connecting investors with investable assets in Alabama's Opportunity Zones. By using a data-driven approach, we bring investors, opportunities, communities and key institutional supporters together for the purpose of generating real returns while improving economic vitality and quality of life in low-income and underrepresented communities across Alabama. More information about Opportunity Zones in Alabama is available at OpportunityAlabama.com.

UNDEREMPLOYMENT

When evaluating unemployment and the number of jobs a region provides, it is as equally important to look at the underemployment occurring within the Region's labor force.

JobsEQ® defines underemployment by adopting the Federal Reserve Bank of New York's methodology: *Underemployed people are those who have acquired at least a bachelor's degree but are working in an occupation where it is not typically required.*

The only occupations indicated in our Region's underemployment figures are "non-college" jobs. A job is classified as a college job if 50 percent or more of the people working in that job indicate that at least a bachelor's degree is necessary to perform the job; otherwise, the job is classified as a non-college job.

Underemployment Key Takeaways

- Baldwin County has the second-highest underemployment percentage in the State (46.2 percent), just lower than Shelby County (46.8 percent).
- Mobile County has a 34.4 percent underemployment rate.
- Escambia County has a 26 percent underemployment rate.
- SARPC's Region contains 30,309 employees who are underemployed by place of work.
- SARPC's Region contains 1,972 Manufacturing employees who are underemployed by place of work.
- The Transportation, Distribution, and Logistics (CTE Cluster) has an unemployment rate of 8.6 percent.



BROWNFIELD REDEVELOPMENT

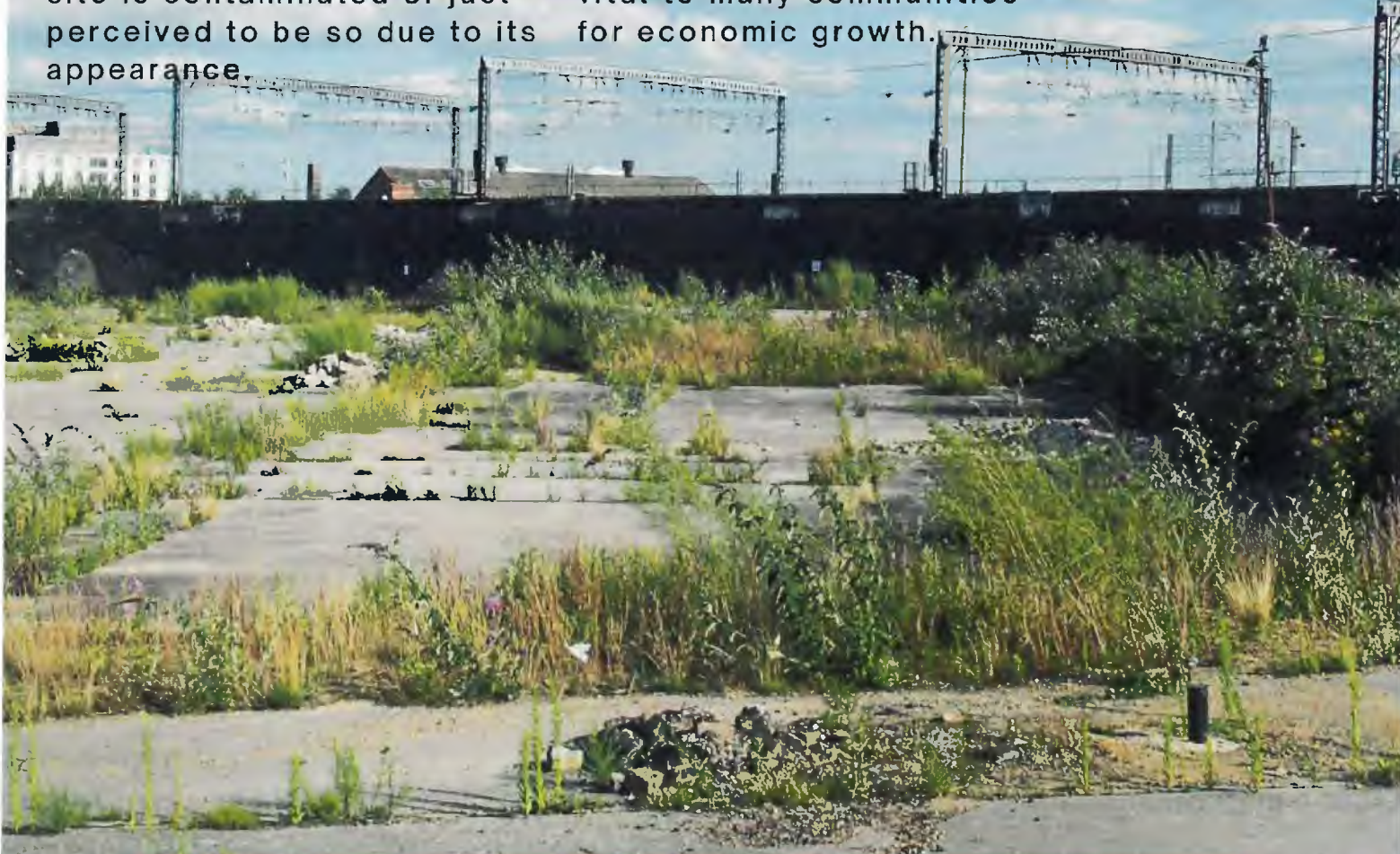
WHAT IS BROWNFIELD REDEVELOPMENT

A brownfield is defined as land that has been previously developed for industrial or commercial use that has possibly been compromised by contamination.

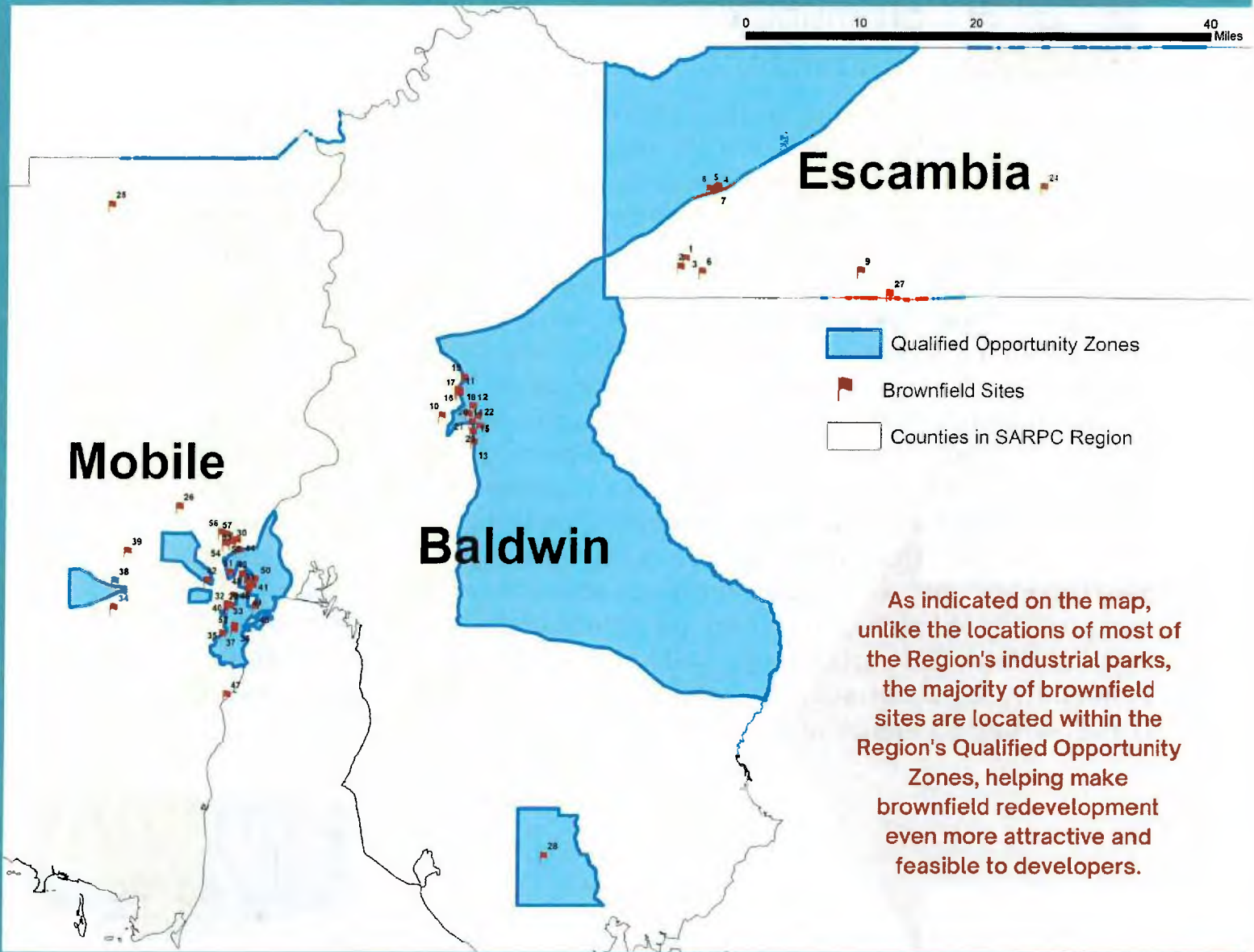
Brownfields are typically compromised by a hazardous substance, contaminant, or pollutant. Although land that is compromised is often looked at as non-usable, brownfields can be redeveloped and reused if properly assessed. Proper assessment will reveal if the site is contaminated or just perceived to be so due to its appearance.

Remediation of a brownfield can rekindle a local community's economy, lead to job creation, and expand the tax base. Many federal and state programs are able to provide developers with programs that will be beneficial to them for the redevelopment of a brownfield.

Brownfield projects preserve undeveloped land and restore previously developed land to a pre-contamination state which is vital to many communities for economic growth.



Brownfield Site Locations Throughout Region & Within Certified Opportunity Zones



- Qualified Opportunity Zones
- Brownfield Sites
- Counties in SARPC Region

As indicated on the map, unlike the locations of most of the Region's industrial parks, the majority of brownfield sites are located within the Region's Qualified Opportunity Zones, helping make brownfield redevelopment even more attractive and feasible to developers.

KEY

Brownfield Sites

- | | | |
|--|--|---|
| <ul style="list-style-type: none"> 1- ATMORE INDUSTRIAL PARK SITE 1A 2- ATMORE INDUSTRIAL PARK SITE 1B 3- ATMORE INDUSTRIAL PARK SITE 1C 4- ATMORE, CITY OF - RIVERCANE 1 PROPERTY 5- ATMORE, CITY OF - RIVERCANE 2 PROPERTY 6- ATMORE, CITY OF - RIVERCANE 3 PROPERTY 7- ATMORE, CITY OF - RIVERCANE 4 PROPERTY 8- ATMORE, CITY OF - RIVERCANE 5 PROPERTY 9- MIKE SIMPSON FERTILIZER CO. 10- AIRPORT PARCEL 11- ASSEMBLY OF GOD PROPERTY 12- BALLARD PROPERTY 13- BAY FIRE PRODUCTS 14- BAY MINETTE LAND COMPANY 15- CLEMENT PROPERTY 16- DEMPSEY LOT 1 17- DEMPSEY LOT 2 18- DEMPSEY LOT 3 | <ul style="list-style-type: none"> 19- FISHERMANS SERVICE AND SALES 20- HINOTE SERVICE STATION 21- KELLY'S PAWN SHOP 22- RAM TRADING CO. 23- SOUTHERN ALUMINUM 24- BREWTON, CITY OF - GLEATON CLEANERS SITE 25- CITRONELLE RAILROAD TURNTABLE 26- TEXAS CITY REFINERY 27- JACKSON THEATRE 28- HISTORIC FOLEY BAKERY 29- 1606 MIDWAY PROPERTY 30- 522 MOBILE STREET 31- 653 ST. LOUIS PROPERTY 32- 913 OPAL PROPERTY 33- AAA WAREHOUSING (601B) 34- ALBERT P. BREWER DEVELOPMENTAL CENTER 35- BROOKLEY FIELD (FORMERLY) 36- BUILDING 1 BROOKLEY AEROPLEX 37- BUILDING 14 BROOKLEY AEROPLEX | <ul style="list-style-type: none"> 38- BUILDING 2 BROOKLEY AEROPLEX 39- CITY OF MOBILE FORMER POLICE FIRING RANGE 40- DIXIE BAG COMPANY 41- FORMER CAR QUEST 42- FORMER SOFTSHINE AUTO WASH 43- HICKORY STREET LANDFILL 44- JOSEPHINE ALLEN HOUSING COMPLEX 45- KEEP MOBILE BEAUTIFUL RECYCLING CENTER 46- MERRITT OIL COMPANY INC 47- MOBILE AREA WATER & SEWER SYSTEM-ZIEBACH WWTP 48- MOBILE GAS WORKS 49- OLD AMERICAN RED CROSS 50- OLD CITY HALL NORTH 51- ST. STEPHENS PROPERTY 52- YARBOROUGH MACHINE & IRON WORKS 53- DEAN BROTHERS FORMER WRECKING SITE 54- FORMER LOFLINS AND VACANT PROPERTY 55- VACANT PARCEL 043; WEST TURNER ROAD 56- VACANT PARCEL 1.01; WEST TURNER ROAD 57- VACANT PARCEL 184; WEST TURNER ROAD |
|--|--|---|

COMMUNITY DEVELOPMENT



In efforts to revitalize the Region's historic downtowns in the Region to attract a people, restaurants, retail, and professional offices, along with creating a renewed a sense of community and quality of place, several of the municipalities within the Region have participated in and adopted the practices of the Alabama Communities of Excellence (ACE) program and the Mainstreet program. This partnership focuses on communities with a population of 2,000 to 18,000 and provides them with technical assistance through a three phase approach. This assistance is geared towards helping communities create developments that will ensure success in the long run. For communities to be granted this assistance, they will go through an application process and be selected based on the level of commitment to the ACE program. Phase one of the approach is assessment, two is leadership development and strategic planning, three is implementation and comprehensive planning. Upon completion of these three phases communities will graduate and are designated an Alabama Community of Excellence. Communities that graduate are honored at the Alabama League of Municipalities annual convention.



Main street- This nonprofit organization strives to assist communities by encouraging community engagement and strategies that will produce new jobs, fabricate new investment, attract visitors, and activate growth. Cities can benefit from this organization's four-point approach which includes a proven model that has shown impressive revitalization results from a variety of states. Organization, which allows cities to get everyone on the same page and working towards the same goal. Promotion that will create a positive image and spark community pride and investor confidence. Last but not least, this organization will use design to help create a safe and inviting environment for residents and visitors. Cities that decide to adopt Main Street are giving themselves a great opportunity to strengthen their current economic assets, while also diversifying their economic base.

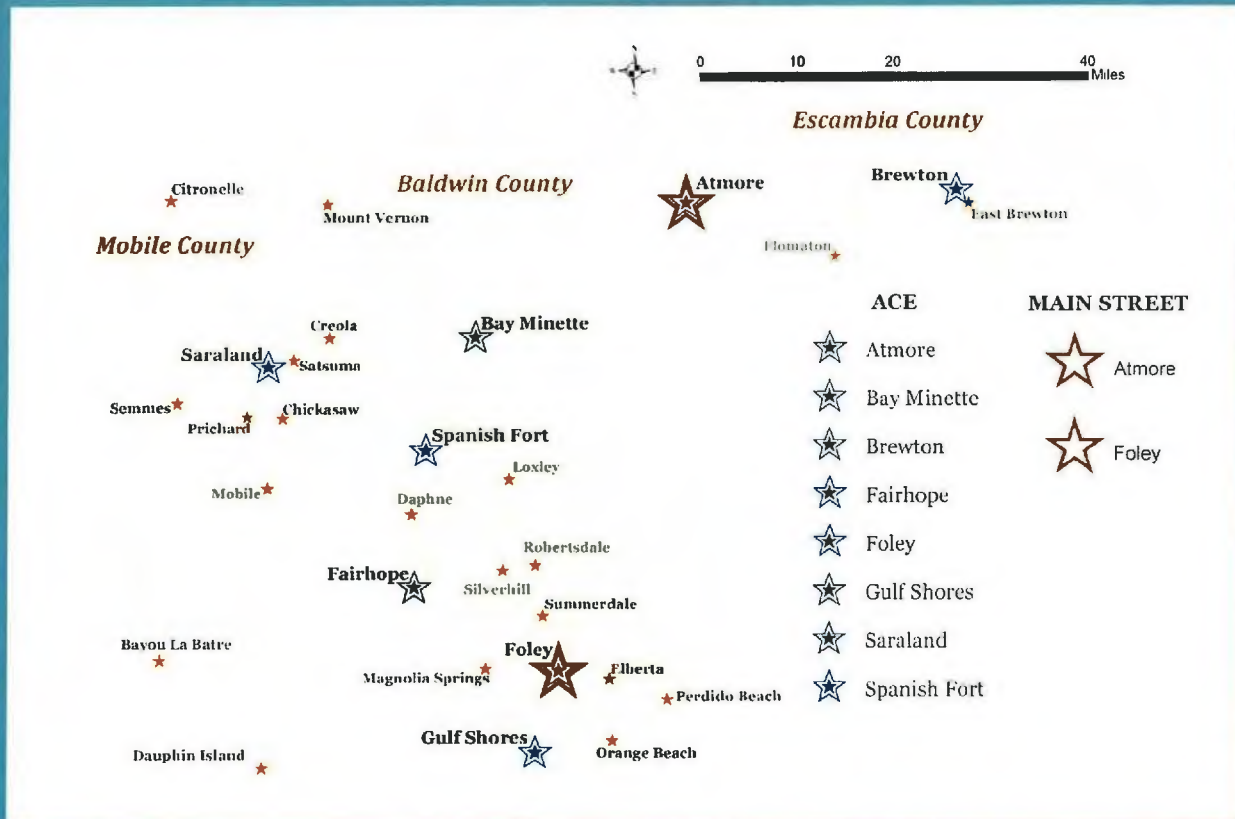
DOWNTOWN DEVELOPMENT

The map below indicates the municipalities within the Region who are currently participating in the ACE program and Mainstreet program, or both. In addition to these efforts, many communities are working hard to revitalize their downtowns in efforts to attract and retain residents and visitors alike, while providing the attractions and venues that are most sought after by the working age population.

A vibrant and busy downtown area is one of the most effective community development tools in drawing people to the community. Studies show that a successful downtown offers a wide variety of facilities and services, some of which include: restaurants, retail, entertainment venues, parks, places of worship, civic buildings, lodging, and professional/personal service establishments.

To capture and retain a young and upcoming workforce, becoming a high tech Region will be key. According to the Pew Research Center, anyone born between 1981 and 1996 (age 26-41) is considered a Millennial, and anyone born from 1997 onward is part of a new generation. These generations rely heavily on technology and it's a huge driving force behind where this population decides to locate.

A Young Professionals Network was recently launched in 2022, which is helping to attract and retain young professionals in the Mobile area and fulfilling workforce needs. The Regional Workforce Council has been established as well to address specific industry needs





STRATEGIC DIRECTION

The Region's Vision, Goals, and Objectives

5 Strategic Direction

MISSION.....

SARPC's mission and the mission for this CEDS is for the Region to continue to aggressively recruit growth to the Region. Utilize the unique assets each county offers to attract targeted development. Build a skilled and trained workforce. Serve the Region as an effective, contributing partner in economic development .Brand the Region as the Southeast's most economically diverse and competitive market.

VISION.....

*What priorities do we as a Region want to achieve in the next five years.
What priorities should we be focusing on?*

The Strategic Direction and Action Plan was developed through an internal and external analysis of the SWOT and the Asset Based Approach. Additionally, the CEDS Strategy Committee was presented the above question via an online survey to help determine the vision for our Region.

GOALS.....

Goals are broad outcomes or general intentions that build upon the desired vision for the Region.

Objectives are quantitative, directional statements that support the vision.

Strategies define the means to achieve the goals and objectives.

STRATEGIC GOALS

1

IMPROVE AND INCREASE INFRASTRUCTURE TO PROVIDE SUFFICIENT CAPACITIES TO ACCOMMODATE POPULATION GROWTH & TRAFFIC CIRCULATION

2

DECREASE UNDEREMPLOYMENT BY INCREASING WAGES TO CAPTURE & RETAIN WORKFORCE

3

ADVANCE THE REGION'S ECONOMY & INVEST IN DOWNTOWN DEVELOPMENT & COMMUNITY ASSETS

4

BUILD A SKILLED & TRAINED WORKFORCE TO FILL THE NEEDS OUR INDUSTRIES REQUIRE

5

PROTECT & FOSTER THE UTILIZATION OF OUR NATURAL ASSETS

6

BUILD A UNIFIED IDENTITY & BRAND FOR THE REGION

STRATEGIC GOALS

OBJECTIVES

- DEVELOPING STRONG WORKFORCE SOLUTIONS; COLLABORATE WITH WORKFORCE DEVELOPMENT PARTNERS
- FOSTER RELATIONSHIPS WITH THE REGION'S EMPLOYERS TO ASSESS AND OFFER ALTERNATIVES TO FILL THEIR WORKFORCE NEEDS
- CONNECT WITH KEY EDUCATION AND TRAINING PARTNERS SUCH AS LOCAL UNIVERSITIES, LOCAL COMMUNITY COLLEGES, CAREER CENTERS, MOBILE COUNTY PUBLIC SCHOOL SYSTEM AND ITS SIGNATURE ACADEMIES TO INCREASE STUDENT ENGAGEMENT WITH EMPLOYERS.
- CONTINUE INVESTIGATING THE FEASIBILITY OF NEW CAREER TECHNICAL EDUCATION PROGRAMS, INTERNSHIPS, APPRENTICESHIPS AND EMPLOYER-RELATED SCHOLARSHIPS WITH PARTNERS.
- RECRUITING YOUNG, SMART TALENT TO THE AREA
- BUILD AND SUPPLY STATE OF THE ART TECHNOLOGY
- SUPPORTING DOWNTOWN DEVELOPMENT AND OTHER QUALITY-OF-LIFE ASSETS FOR THE COMMUNITY.
- ESTABLISH A CONSISTENT BRAND AND IDENTITY
- MAKE THE REGION A HUB AND POWERHOUSE FOR ECONOMIC DEVELOPMENT
- INFRASTRUCTURE IMPROVEMENTS LIKE TRANSPORTATION ARTERIES, PARKS, HOUSING, PUBLIC SAFETY AND EDUCATION
- IMPROVE MOBILE'S "QUALITY OF PLACE" FOR BUSINESS GROWTH AND INVESTMENT
- INCREASE THE POPULATION IN MOBILE

STRATEGIES

- Build a bridge over the Mobile River on I-10
- Support the development of diverse, reliable and cost effective energy sources and systems to meet the Region's economic and environmental goals
- Seek state and/or federal funding for utility improvements and expansion
- Develop and maintain suitable telecommunications infrastructure to bring high-speed internet service to the underserved areas of the Region
- Expand options for high school students to become industry certified while still in high school
- Integrate education, training and workforce development
- Offer more quality job options vs. quantity of jobs to capture quality and loyal employees to decrease underemployment and job turnover rates
- Seek funding for downtown development
- Support businesses and programs that support downtown revitalization
- Encourage responsible development practices that are environmentally friendly
- Create awareness and promote environmental responsibility in the community
- Work with local governments to update their development regulations to include low impact standards
- Support the continued development of the eco-tourism industry through forest recreation, fish and wildlife, and scenic and heritage-based strategies
- Support and seek opportunities for value-added manufacturing that utilizes commodities originating within the Region
- Seek federal funds to identify contaminated sites available for brownfield redevelopment



ECONOMIC RESILIENCY

*Planning for and implementing economic
resilience in the Region*

6 Economic Resiliency

"Establishing economic resilience in a local or regional economy requires the ability to anticipate risk, evaluate how that risk can impact key economic assets, and build a responsive capacity"
EDA

WHAT IS ECONOMIC RESILIENCY AND WHY IS IT IMPORTANT?

According to the National Association of Development Organizations (NADO), "History has shown that a region's success is inherently linked to its economic resilience - in other words, its ability to anticipate, withstand, and bounce back from any shocks to its businesses and overall economy, whether those stem from natural hazards, climate change, or shifting economic or market conditions."

In order of our Regional economy to achieve resiliency in the face of adversity, we must fully understand the risks that we face, then develop strategies to mitigate those risks. A focus on economic resilience will enable our Region to better withstand shocks, or quite possibly prevent them altogether.

MEASURING RESILIENCY

Resilience is a process, not an end-state. Our Region must employ tools to measure the effectiveness of resilience initiatives across physical, economic, and social dimensions.

Rigorous procedures for data collection and analysis must be implemented to understand and mitigate our vulnerability to economic shocks.

PLANNING FOR & IMPLEMENTING RESILIENCY

A resilient economy can anticipate hazards and threats to people and what they value; understand vulnerabilities and hazards to mitigate and reduce their impact; organize itself through the stages of an emergency, reconstruction, and community betterment; and respond to events as they happen by mobilizing resources and coordinating events.

Both Hurricanes Sally and Zeta revealed the vulnerabilities in our Region as well as the need for proper disaster preparedness and recovery planning. Sudden and unexpected, the impact of these events crippled major parts of our regional economy.

ECONOMIC RECOVERY

In the midst of destruction, it is hard to see a disaster as an opportunity. But it can be exactly that — an opportunity to build back better. Too often in the rebuilding process, communities look backwards to try to replicate what they lost instead of looking forward to how they can rebuild more sustainably.

ECONOMIC VS. PHYSICAL SHOCKS

STRATEGIES FOR STRENGTHENING REGIONS AND COMMUNITIES IN THE WAKE OF DISASTER NOT ONLY MEAN REDUCING FUTURE RISK, BUT CAN MEAN ENHANCING QUALITY OF PLACE BY GUIDING SMART DEVELOPMENT, PROTECTING NATURAL RESOURCES, DIVERSIFYING THE ECONOMY, CREATING ALTERNATE TRANSPORTATION OPTIONS, AND FOSTERING ECONOMIC GROWTH.



When examining the types of shocks that a community needs to plan for, most can be categorized in one of two ways, economic shocks and physical shocks. Economic shocks are those which are caused primarily by economic forces such as the closing of a major factory that results in great loss in employment, a national recession, or a change in regulations that affect importing and exporting.

Physical shocks are those which cause harm to either built or natural environment, or both, such as a hurricane, or a man-made disaster such as an oil spill. Our Region is vulnerable to both. Obviously physical shocks are economic in nature as well, so the issue is not just repairing the physical damage, but repairing the economic damage caused by destroyed property and loss of income and businesses.

Whether the shock comes as an economic shock or a physical shock, it is important that all

aspects of the community be resilient: people, the built environment, and industries

HAZARD MITIGATION

Economic resiliency is important for both economic shocks and physical shocks, but hazard mitigation is a tool that is mainly focused on physical shocks. Hazard mitigation planning is often focused primarily on natural disasters in which we usually have some advance warning, but hazard mitigation should also focus on physical shocks that come with no warning. Each community in SARPC's Region has created a community action plan that is part of the our Region's Multi-Jurisdictional Hazard Mitigation Plan, which outlines how to prepare for and react to hazards and the resources available in the event of a disaster. Links to our Region's hazard mitigation plan can be found on the Alabama Emergency Management Agency's website, <https://ema.alabama.gov/county-mitigation-plan>.





COMBATING ECONOMIC AND PHYSICAL SHOCKS



Create Resilient People

• Education

In order to have a resilient workforce, training and education should support local industry and should be adaptable and flexible enough to change as new industries emerge, or as existing industries grow and evolve over time

• Communication

The Region should strive for effective and transparent communication, whether it's about jobs and training opportunities, or advance warning for storms and disaster preparedness

• Quality of Life & Place

Healthy and happy people tend to be more adaptable and resilient in times of hardship and an excellent quality of life and place can make an area marketable and appealing to new industry

• Safety

Providing a safe environment, either on a daily basis through good building and infrastructure, or during a time of physical crisis, such as the availability of shelters and efficient evacuation routes during a storm

Create Resilient Environment

• Structures

Improving and implementing strong building and flood prevention codes that result in improved construction standards create a built environment that is less vulnerable to natural disasters, and will sustain the test of time

• Infrastructure

Install new and up to date infrastructure that is stronger and more resilient, that can withstand a natural disaster. Utilize natural (green) infrastructure, and/or nature-based solutions to minimize flooding, erosion, and stormwater runoff issues.

• Land suitability

Building on land that is most suitable for development reduces vulnerability to natural disasters

• Site Redevelopment

Redevelopment of an existing or underutilized site is often more efficient and cost effective than developing a new site

Create Resilient Industry

• Diversity

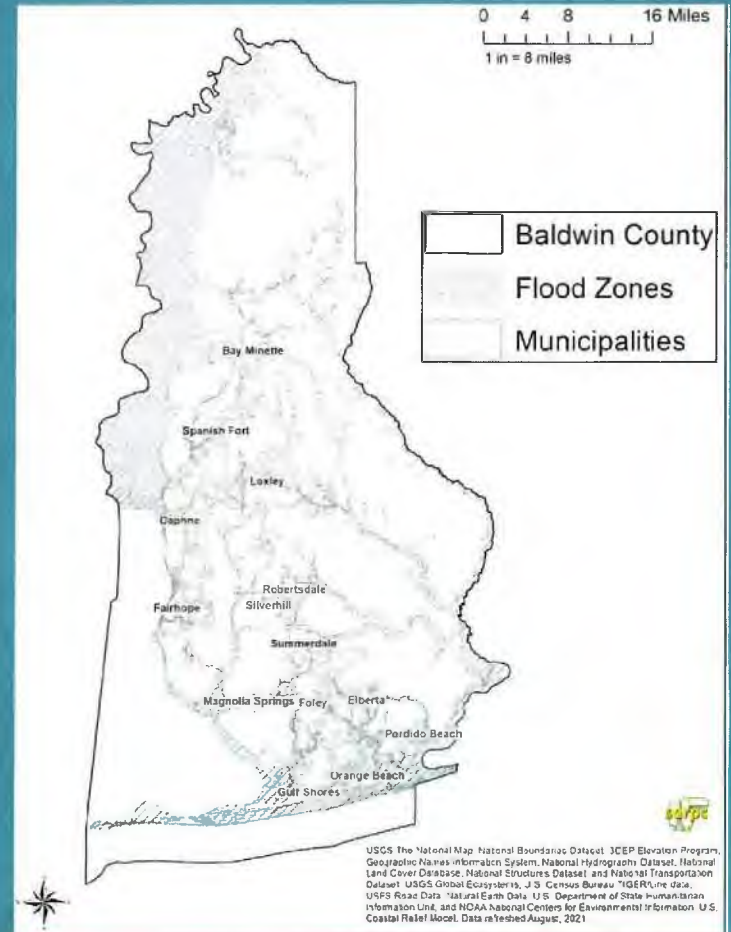
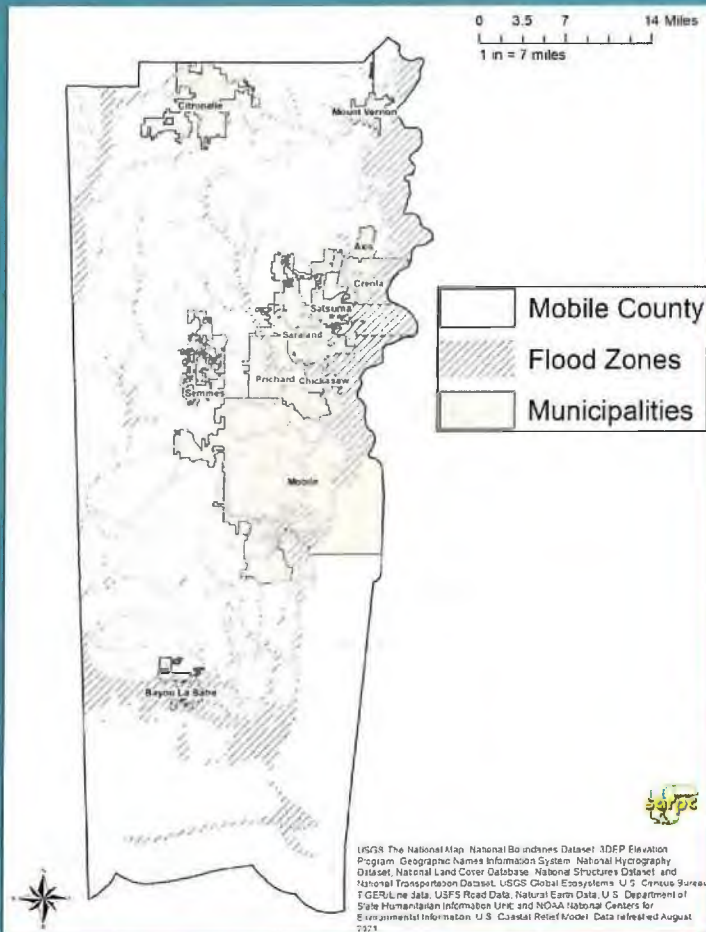
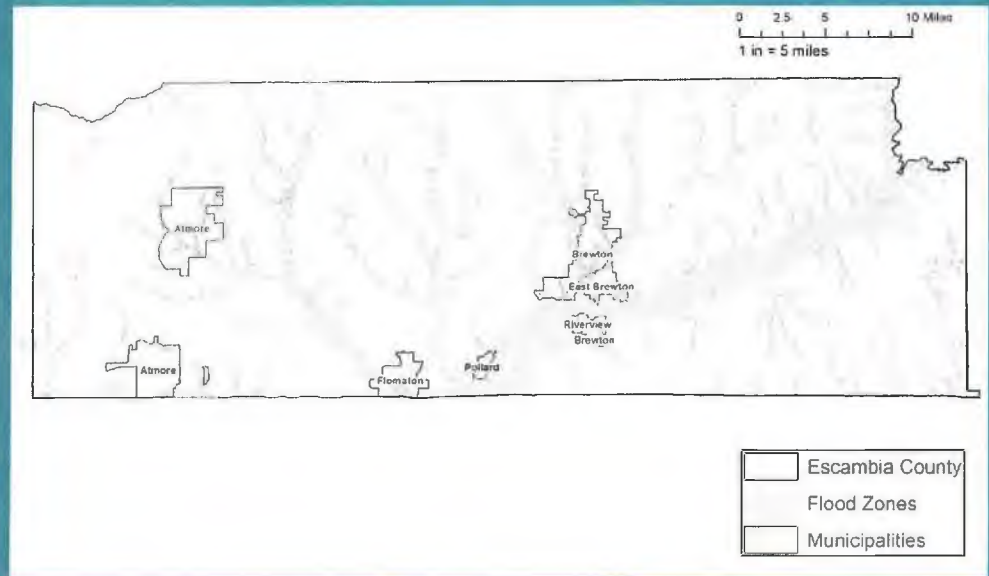
Industry in the Region should be diverse in nature

• Adaptability

Industries need to be adaptable to the current market and the workforce should be adaptable to meet those changing needs

Flood Zone Locations Within Each County

The following maps, created using FEMA-designated flood zones, show the geographic location of flood zones in each of the three counties in SARPC's Region (2021).



FEMA Flood Zone Designations

Definitions of FEMA Flood Zone Designations

Flood zones are geographic areas that the FEMA has defined according to varying levels of flood risk. These zones are depicted on a community's Flood Insurance Rate Map (FIRM) or Flood Hazard Boundary Map. Each zone reflects the severity or type of flooding in the area.

Moderate to Low Risk Areas

In communities that participate in the NFIP, flood insurance is available to all property owners and renters in these zones:

ZONE	DESCRIPTION
B and X (shaded)	Area of moderate flood hazard, usually the area between the limits of the 100-year and 500-year floods. B Zones are also used to designate base floodplains of lesser hazards, such as areas protected by levees from 100-year flood, or shallow flooding areas with average depths of less than one foot or drainage areas less than 1 square mile.
C and X (unshaded)	Area of minimal flood hazard, usually depicted on FIRMs as above the 500-year flood level. Zone C may have ponding and local drainage problems that don't warrant a detailed study or designation as base floodplain. Zone X is the area determined to be outside the 500-year flood and protected by levee from 100-year flood.

High Risk Areas

In communities that participate in the NFIP, mandatory flood insurance purchase requirements apply to all of these zones:

ZONE	DESCRIPTION
A	Areas with a 1% annual chance of flooding and a 26% chance of flooding over the life of a 30-year mortgage. Because detailed analyses are not performed for such areas; no depths or base flood elevations are shown within these zones.
AE	The base floodplain where base flood elevations are provided. AE Zones are now used on new format FIRMs instead of A1-A30 Zones.
A1-30	These are known as numbered A Zones (e.g., A7 or A14). This is the base floodplain where the FIRM shows a BFE (old format).
AH	Areas with a 1% annual chance of shallow flooding, usually in the form of a pond, with an average depth ranging from 1 to 3 feet. These areas have a 26% chance of flooding over the life of a 30-year mortgage. Base flood elevations derived from detailed analyses are shown at selected intervals within these zones.
AO	River or stream flood hazard areas, and areas with a 1% or greater chance of shallow flooding each year, usually in the form of sheet flow, with an average depth ranging from 1 to 3 feet. These areas have a 26% chance of flooding over the life of a 30-year mortgage. Average flood depths derived from detailed analyses are shown within these zones.
AR	Areas with a temporarily increased flood risk due to the building or restoration of a flood control system (such as a levee or a dam). Mandatory flood insurance purchase requirements will apply, but rates will not exceed the rates for unnumbered A zones if the structure is built or restored in compliance with Zone AR floodplain management regulations.
A99	Areas with a 1% annual chance of flooding that will be protected by a Federal flood control system where construction has reached specified legal requirements. No depths or base flood elevations are shown within these zones.

High Risk - Coastal Areas

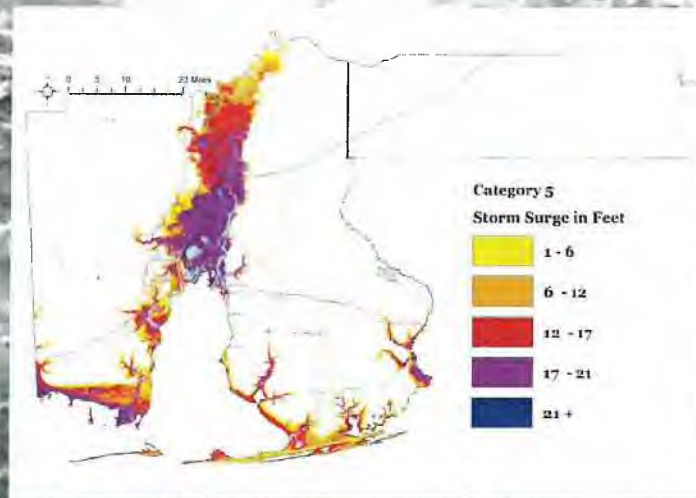
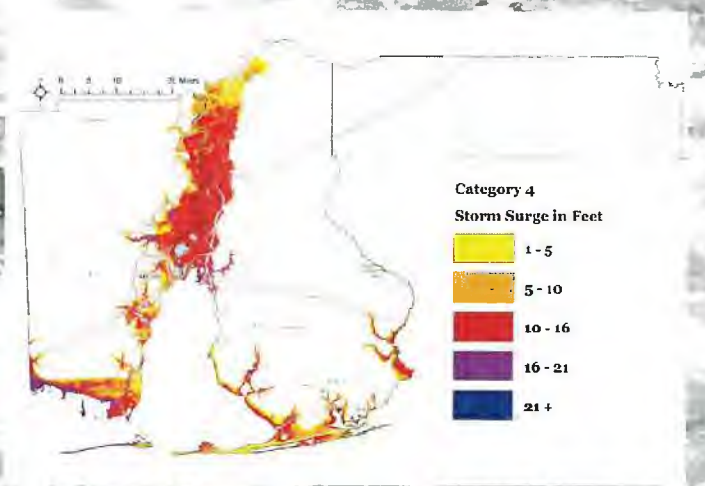
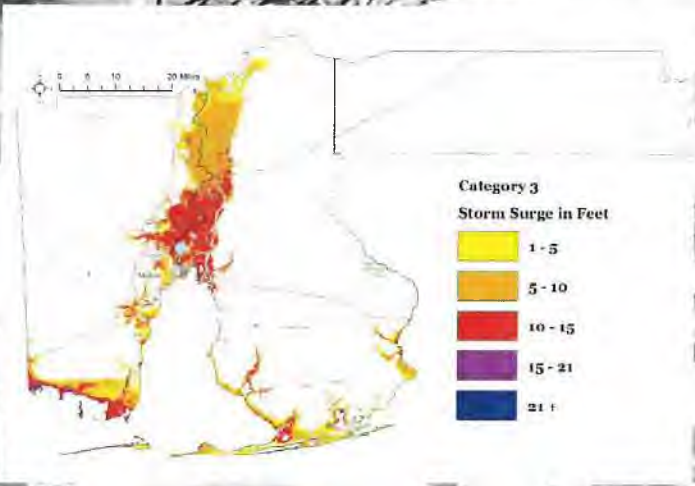
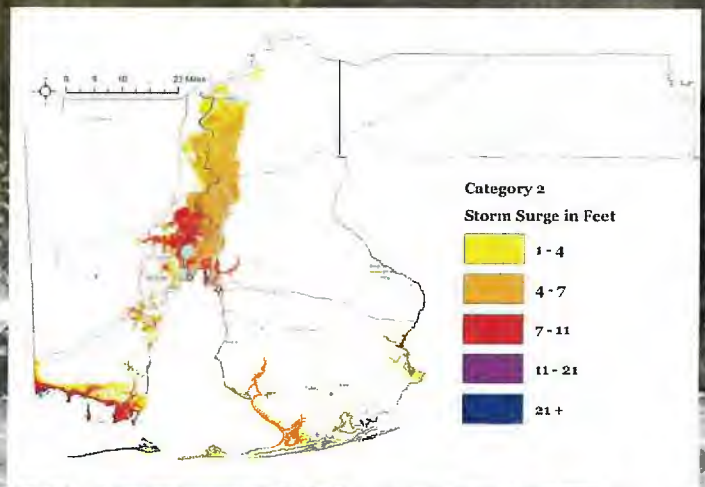
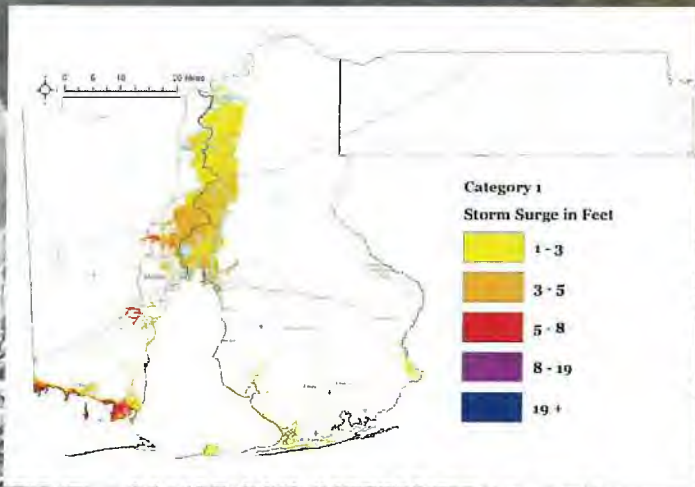
In communities that participate in the NFIP, mandatory flood insurance purchase requirements apply to all of these zones.

ZONE	DESCRIPTION
V	Coastal areas with a 1% or greater chance of flooding and an additional hazard associated with storm waves. These areas have a 26% chance of flooding over the life of a 30-year mortgage. No base flood elevations are shown within these zones.
VE, V1 - 30	Coastal areas with a 1% or greater chance of flooding and an additional hazard associated with storm waves. These areas have a 26% chance of flooding over the life of a 30-year mortgage. Base flood elevations derived from detailed analyses are shown at selected intervals within these zones.



STORM SURGE

Flood zone designation is determined in part by the threat of storm surge. The following storm surge maps show the different levels of flood water inundation at a Category 1-5 Hurricane

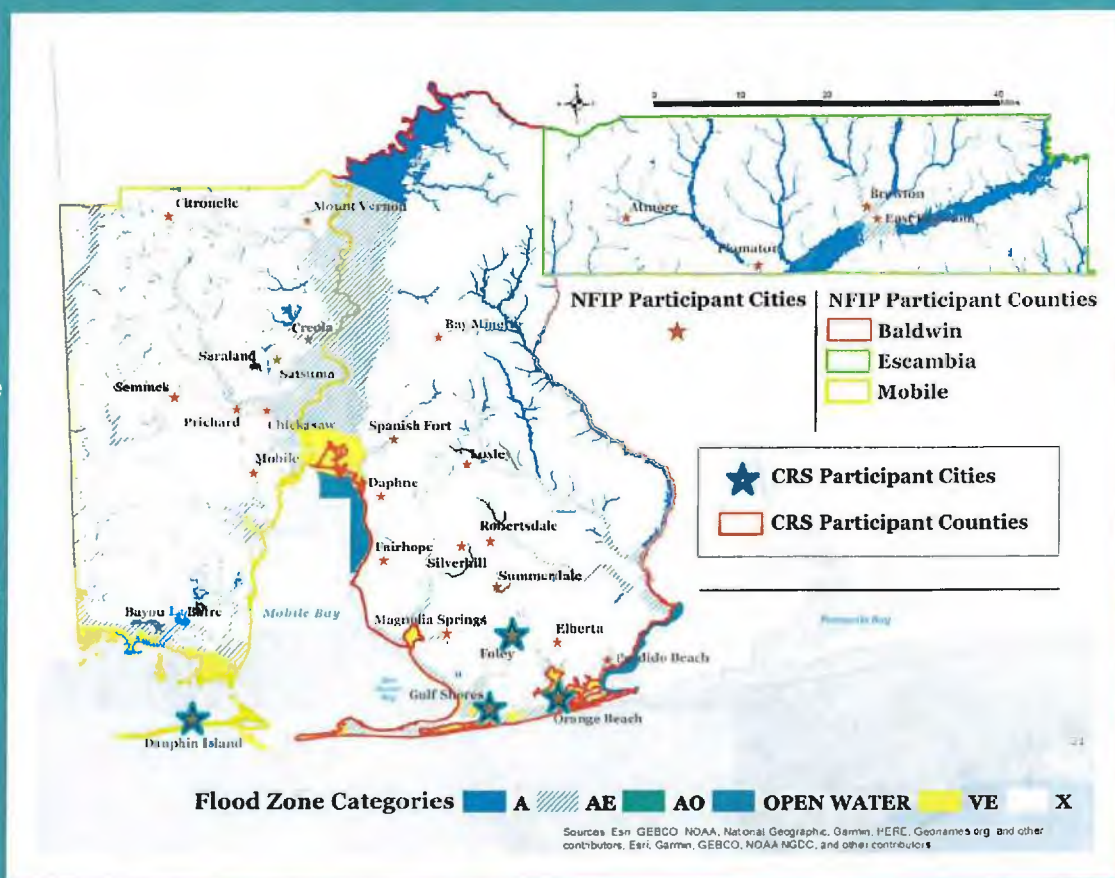


NFIP & CRS

Good development begins with proper planning. Municipalities who are members of the National Flood Insurance Program (NFIP) can offer residents the option to purchase flood insurance as a protection against flood losses in exchange for the creation and adoption of community floodplain management regulations that reduce future flood damages. Every county and municipality within SARPC's Region is a member of the NFIP and has adopted a Flood Damage Prevention Ordinance, which permits development in flood zones provided additional flood protection standards are included during construction to minimize flood damage to structures and ensure proper protection from flood hazards are achieved.

THE COMMUNITY RATING SYSTEM (CRS) AND THE NFIP

The goal of this program is to encourage a comprehensive approach to floodplain management, reduce flood damage to insurable properties, and strengthen and support the insurance aspects of the NFIP.



This is a voluntary program that awards communities exceeding the minimum requirements. Applicants must participate in the NFIP for at least one year and have full compliance with NFIP regulations. Only four municipalities within the Region currently participate in the CRS program.

NATURAL DISASTERS

HURRICANE SALLY HIT OUR SHORES ON SEPTEMBER 16, 2020.

THE EPIC CATAGORY 2 HURRICANE SLAMMED INTO THE REGION, MAKING LANDFALL IN GULF SHORES.

THE SLOW-MOVING STORM HOVERED OVER THE COUNTY FOR MORE THAN 6 HOURS, REAKING HAVOC ON BALDWIN COUNTY & CAUSING \$7.3 BILLION DOLLARS IN DAMAGES.

PRIOR TO SALLY, ALABAMA HAD NOT BEEN HIT BY A HURRICANE SINCE 2004. IRONICALLY, HURRICANE IVAN HIT OUR COAST ON THE SAME DAY, IN THE SAME PLACE, 16 YEARS AGO.

One of the standout statistics from Sally was the amount of rainfall the storm dumped along the Gulf Coast. Orange Beach received the most, an incredible 30 inches.

In addition to uprooting over 200,000 trees in Baldwin County, Sally also did extensive damage to the pecan crop in the County and the timber industry. The Alabama Forestry Commission estimated that 2,440 acres were damaged and more than 79,000 tons of timber were destroyed as a result of the storm.

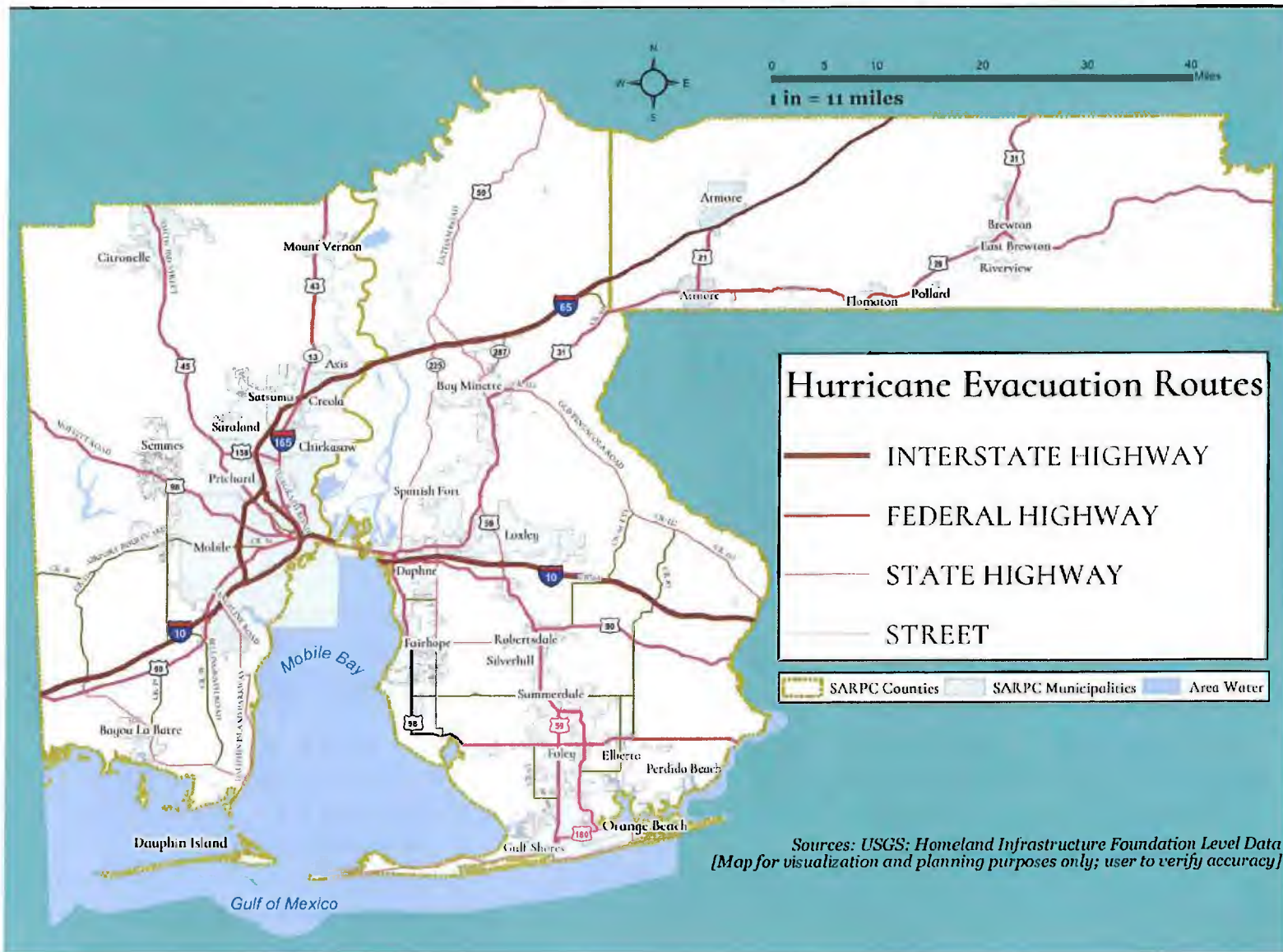
Almost every resident in Baldwin County suffered some type of damage as a result of Hurricane Sally.

Dauphin Island and South Mobile County were the first to feel the impacts with storm surge flooding inundating the communities.

Sustained winds reached 105 miles per hour, but Fort Morgan felt the brunt of it, with wind speeds reaching as high as 121 mph.

Gulf Shores, Orange Beach, and Fairhope received the most damages in the Region from Sally.

HURRICANE EVACUATION ROUTES IN THE REGION



The Alabama Emergency Management Agency website, www.ema.alabama.gov, and www.ready.gov offers information about planning for and responding to many different types of disasters. In our Region, hurricane preparedness is one of the most important disasters to prepare for, and fortunately, one with the most forewarning. The map shows the major hurricane evacuation routes in our Region. In the event of an emergency, shelters are provided throughout our Region and along evacuation routes throughout the state to provide safe housing for evacuees.



PANDEMIC-2020

Most of the survey participants in the CEDS Strategy Committee stated their organization was impacted in some way by the global pandemic of 2020.

43%yes-IMPACTED / 29% No Impacts

Most of the impacts felt were targeted at:

Business and workforce retention (71%) & New business attraction and development (43%)

Additionally, the majority of participants concurred that our Region fared well and has fully recovered from the pandemic.

43% Fully Recovered / 14% Somewhat Recovered / 14% Not Recovered

In summary, the overall consensus of survey participants was:

- The lasting effects of the pandemic were supply chain issues and people's unwillingness to return to work.
- Our Region however, has a strong manufacturing backbone, which has helped us to not be as negatively impacted as other regions, giving us the ability to recover faster.
- Some businesses reported their sales did not slow much, with some even growing. Others reported customer demand has never been higher.

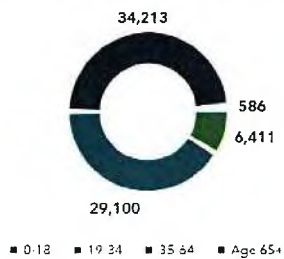
Below is a summary planning report of the impacts the pandemic had on our Region.

CORONAVIRUS (COVID-19) IMPACT PLANNING REPORT

3 Counties 2



POPULATION NO HEALTH INSURANCE (ACS)



693,434	2.46	276,280	40.6	\$55,097	\$197,217	137	93%
Population	Avg Size Household	Households	Median Age	Median Household Income	Median Home Value	Housing Affordability	Internet at Home

POPULATION AND BUSINESSES



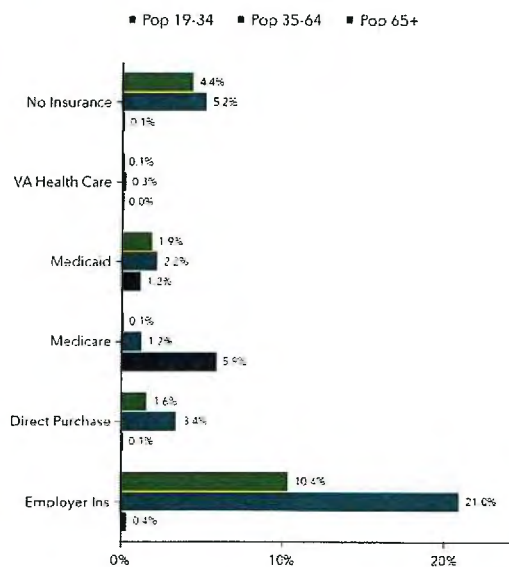
POVERTY



AT RISK POPULATION



HEALTH INSURANCE COVERAGE (ACS)



KEY INDICATORS: IMPACT PLANNING

3 Counties 2

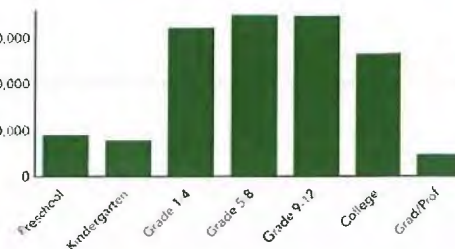
LANGUAGE (ACS)	Age 5-17	18-64	Age 65+	Total
English Only	105,616	378,799	115,406	599,821
Spanish	3,310	9,652	1,352	14,314
Spanish & English Well	3,29	7,472	1,223	11,824
Spanish & English Not Well	131	1,749	119	2,069
Indo-European	964	3,740	924	5,628
Indo-European & English Well	924	3,427	881	5,232
Indo-European & English Not Well	40	313	43	493
Asian-Pacific Island	1,907	4,387	760	6,154
Asian-Pacific Isl & English Well	951	3,279	555	4,815
Asian-Pacific Isl & English Not Well	26	998	197	1,221
Other Language	246	1,519	87	1,852
Other Language & English Well	234	1,367	87	1,688
Other Lang & English Not Well	12	152	0	164

693,434	2.46	276,280	40.6	\$55,097	\$197,217	137	93%
Population	Avg Size Household	Households	Median Age	Median Household Income	Med an Home Value	Housing Affordability	Internet at Home

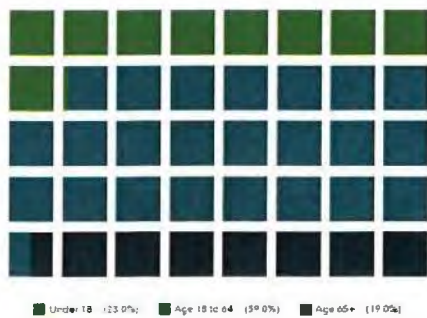
POPULATION AND POVERTY STATUS (ACS)

	Total
Population for which Poverty Status is Determined	655,652
Income to Poverty Ratio <0.50	46,066
Income to Poverty Ratio 0.50-0.99	54,386
Income to Poverty Ratio 1.00-1.24	31,978
Income to Poverty Ratio 1.25-1.49	33,704
Income to Poverty Ratio 1.50-1.84	46,560
Income to Poverty Ratio 1.85-1.99	19,442
Income to Poverty Ratio 2.00+	423,516

SCHOOL ENROLLMENT (ACS)



POPULATION BY AGE



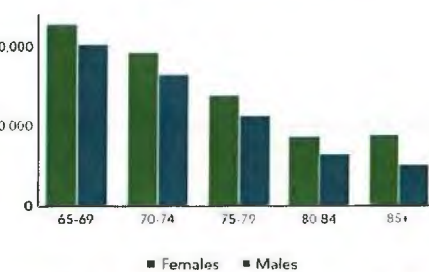
POVERTY LEVELS (ACS)

	Below	Above	Total
Total	39,390	215,145	254,535
Married Couple Families	5,384	117,164	122,548
Other Families w/Male Householder	1,611	8,093	9,704
Other Families w/Female Householder	11,272	23,115	34,387
Nonfamilies w/Male Householder	7,225	32,240	39,465
Nonfamilies w/Female Householder	13,898	34,533	48,431

NO HEALTH INSURANCE COVERAGE

	(ACS) %	Total
Population <19	1.0%	6,411
Population Age 19-34	4.4%	29,130
Population Age 35-64	5.2%	34,213
Population Age 65+	0.1%	586

SENIOR POPULATION



The 120-mile coastline of the Region's Coastline Warning Area (CWA) has historically been impacted and will continue to be impacted by tropical storms and hurricanes which will continue to disrupt the local economy due to either residents being displaced due to evacuations, businesses closing either temporarily or permanently, jobs and incomes being lost. Planning and being more for disasters will make our Region more resilient and will substantially alleviate these negative economic impacts by supplying the Region with continued facilities and services for the duration of the disaster, which in turn will capture and retain industries to the Region that are not as vulnerable to storms effects as many others currently are.

APPENDIX

A

IMPLEMENTATION

A APPENDIX Implementation

Goal 1: IMPROVE AND INCREASE INFRASTRUCTURE		
Objective	Strategy/Activity	Measurement
Develop public-private partnerships that improve, expand and maintain adequate infrastructure that is current with the latest technological advancements and capable of meeting existing and future needs	<ul style="list-style-type: none"> • Build a bridge over the Mobile River on I-10 • Support the development of diverse, reliable and cost effective energy sources and systems to meet the region's economic and environmental goals 	<ul style="list-style-type: none"> • Bridge construction progress • Number of diverse, cost effective energy sources and systems in place
Provide adequate and safe water and sewer facilities and broadband to service existing and future needs for homes, businesses and industry	<ul style="list-style-type: none"> • Seek state and/or federal funding for utility improvements and expansion • Develop and maintain suitable telecommunications infrastructure to bring high-speed internet service to the underserved areas of the region 	<ul style="list-style-type: none"> • Amount of money received • Areas of new broadband service
Utilize nature-based and/or green infrastructure methods to minimize flooding, erosion, and stormwater runoff issues.	<ul style="list-style-type: none"> • Amend development regulations to require new developments to integrate green infrastructure, otherwise known as Low-Impact Development (LID) techniques 	<ul style="list-style-type: none"> • Improved flooding controls • Decreased amounts of sedimentation entering waterways • Slower velocity rates of stormwater runoff
Improve existing infrastructure to accommodate new industry	<ul style="list-style-type: none"> • Repair and/or replace damaged and outdated infrastructure • Provide more housing stock and lower insurance costs • Highway expansion and road and bridge maintenance to supply capacities 	<ul style="list-style-type: none"> • Safer roads and bridges • More broadband availability • Increased inventory to accommodate supply chain routes to move product through Region to national markets
Goal 2: DECREASE UNDEREMPLOYMENT		
Objective	Strategy/Activity	Measurement
Improve Mobile's quality of place for business growth and investment	<ul style="list-style-type: none"> • Offer more quality job options vs. quantity of jobs to capture quality and loyal employees to decrease underemployment • Integrate education, training and workforce development 	<ul style="list-style-type: none"> • Amount of turnover • Number of jobs

Implementation

Decrease income disparity levels to offer a more equal pay scale	<ul style="list-style-type: none"> • Increase pay scales at blue collar jobs and tourism industry 	<ul style="list-style-type: none"> • Less turn-over in staff • Loyal employees • Increased levels of productivity
Work with public education leaders to increase graduation rates and education levels	<ul style="list-style-type: none"> • Offer more programs to assist students with needs • Offer more advising and counseling services • Collaborate with parents more to ensure parent involvement • Offer more after school programs for high-schoolers that provide activities and education 	<ul style="list-style-type: none"> • A more educated population is created • More options to find skilled and educated workers • More successful students and higher graduation rates • Decreased levels of poverty • Decreased levels of crime
Goal 3: ADVANCE THE REGION'S ECONOMY/INVEST IN DOWNTOWN DEVELOPMENT		
Objective	Strategy/Activity	Measurement
Create an environment that fosters economic diversification and growth in the Region	<ul style="list-style-type: none"> • Support development and expansion of research and development parks • Support the development of existing and new business incubators and accelerators throughout the region • Seek funding for downtown development and support businesses and programs that support downtown revitalization. 	<ul style="list-style-type: none"> • Number of new parks • Number of new businesses • Downtown growth
Continue to be competitive in the global economy by proactively developing and marketing our technological, environmental, educational, and human and natural resources	<ul style="list-style-type: none"> • Increase the number of regional businesses engaged in selling goods and services internationally and the diversification of the markets they serve • Provide educational opportunities to regional businesses interested in international trade on the 	<ul style="list-style-type: none"> • Amount of import and export gross national product • Increased trade

Implementation

	advantages of exporting their goods and services	
Strengthen and expand economic cooperation and collaboration regionally and beyond the regions borders	<ul style="list-style-type: none"> • Continue to attract new businesses and industries to the region • Foreign Direct Investment missions • Domestic and international trade shows for business attraction 	<ul style="list-style-type: none"> • Number of new and expanding industries
Provide tri-county transportation routes to move people through the Region	<ul style="list-style-type: none"> • Work with funders to provide more public transportation options, especially after tolls are enforced to travel between counties 	<ul style="list-style-type: none"> • More people visiting and investing into downtowns • Increased sales • Less cars and pollution • Decreased traffic
Make the Region a hub and powerhouse for economic development Create new economic assets from previous developments	<ul style="list-style-type: none"> • Increase the population in Mobile • Seek federal funds to identify contaminated sites available for brownfield redevelopment • Encourage new developments in Opportunity zones 	<ul style="list-style-type: none"> • Population numbers • Number of brownfield sites being used • More new businesses locating to opportunity zones
Create vibrant downtowns to attract and retain working aged populations	<ul style="list-style-type: none"> • Decrease crime levels to create a safer environment • Install more technology to accommodate GenZ needs • Provide more events and establishments that draw younger people to the downtowns • Capitalize and build upon community assets and amenities • Offer familiarization tours for site developers and talent attraction 	<ul style="list-style-type: none"> • Increased downtown activity • More technology integrated into businesses • Safer downtown areas • More socialization opportunities to create a sense of place

Implementation

Support entrepreneurship -- Innovation Portal hub	<ul style="list-style-type: none"> • Provide incentives and offer benefits to encourage entrepreneurship 	<ul style="list-style-type: none"> • More new local businesses are created • Increased wealth to Region
Goal 4: BUILD A SKILLED & TRAINED WORKFORCE		
Objective	Strategy/Activity	Measurement
Recruit young smart talent to the area	<ul style="list-style-type: none"> • Expand options for high school and college students to become industry certified while still in school • Include parent participation more to capture more students to career programs and intership opportunities 	<ul style="list-style-type: none"> • Employee age and number of new trainings • More students enrolled in career training and internship programs
Create more available workforce to meet the high demand for trained workers	<ul style="list-style-type: none"> • Capture high school students through career training electives and counseling services • Provide more internship opportunities for students • Provide working opportunities for the retired population to fill employment gaps 	<ul style="list-style-type: none"> • More educated and trained workforce available for work
Provide infrastructure to accommodate workforce	<ul style="list-style-type: none"> • Build a workforce training campus in needed areas to attract and train workforce to fill tourism industry jobs • Build affordable housing to supply quality living options at lower costs 	<ul style="list-style-type: none"> • Tourism industry sees increased availability in workforce • Tourism entities can supply needed workers to fill positions to meet the increased demands
Offer new and needed employment services to capture more workforce	<ul style="list-style-type: none"> • Offer hybrid work settings and schedules • Provide at-work childcare options • Offer more options to modify traditional work routines to incentivize Generation Z populations to enter the workforce • Work with local Chambers to prepare for tomorrow's workforce 	<ul style="list-style-type: none"> • Increased number of available workers to fill positions • Happier employees who can work while providing for child's needs • Increased productivity levels • More people working and remaining in the Region

Implementation

	<ul style="list-style-type: none"> • Work with local leadership to plan for tomorrow's workforce 	
Provide more workforce training and education options	<ul style="list-style-type: none"> • Create more job training and education programs and infrastructure • Offer more home-based education and work options • Offer more mental health and advising programs to high-schoolers and college students • Offer programs that promote socialization 	<ul style="list-style-type: none"> • Better trained and skilled workforce ready to meet the demand for workers • Increased production levels
Goal 5: PROTECT AND FOSTER THE UTILIZATION OF NATURAL ASSETS		
Objective	Strategy/Activity	Measurement
Build upon the uniqueness of the Region's natural resources to leverage sustainable and diverse enterprise opportunities	<ul style="list-style-type: none"> • Support the continued development of the ecotourism through forest recreation, fish and wild life, and scenic and heritage based strategies • Support and seek opportunities for value-added manufacturing that utilizes commodities originating within the region • Market and capitalize on cultural assets 	<ul style="list-style-type: none"> • Tourism numbers • Number of added value products
Create more ecotourism businesses to capitalize on the outdoor recreation economy	<ul style="list-style-type: none"> • Recruit more ecotourism to the area to utilize our natural assets while creating awareness and education to the public to ensure environmental protection 	<ul style="list-style-type: none"> • Increased number of ecotourism businesses • Increased awareness of environmental assets and protection efforts • Public gains more knowledge about protecting natural assets and becomes better stewards of the environment

Implementation

Goal 6: BUILD A UNIFIED IDENTITY & BRAND FOR THE REGION		
Objective	Strategy/Activity	Measurement
Establish a consistent brand and identity	<ul style="list-style-type: none"> • Support and seek opportunities for value-added manufacturing that utilizes commodities within the Region 	<ul style="list-style-type: none"> • Business growth
Increase collaborations between local leaders and government officials to support economy and build up Region	<ul style="list-style-type: none"> • Create new programs and partnerships that encourage unified projects between counties • Create a unified identity for the Region • Prioritize building a name and brand for the Region by highlighting our most attractive assets • Market Region's assets 	<ul style="list-style-type: none"> • Region becomes more identifiable to outside markets and people • Region draws more people to area • Increased amounts of tourism and relocation • Increased interest in Region
Build resiliency and diversity to create a name and identity for the Region that represents both	<ul style="list-style-type: none"> • Work with local Chambers and leadership to plan and develop a strategy 	<ul style="list-style-type: none"> • A new brand is created that is attractive to new populations and markets

APPENDIX

B

**REFERENCES &
ACKNOWLEDGEMENTS**

B APPENDIX

References & Acknowledgements

Map Sources

1. **The Regional Councils, Page 1.** *US Census TIGER/line shapefiles (2022); Alabama Association of Regional Councils (AARC).* <https://alarc.org/the-councils/>
2. **SARPC Planning Commission and Planning Area, Pages 2-3.** *US Census (2020) City, County, and State Shapefiles.* <https://data.census.gov/>
3. **SARPC Region Population, Page 8. Population Change Maps:** *US Census and American Community Survey (ACS). Population Snapshots: ESRI Community Analyst Comparison Reports.*
4. **Land Use\Land Cover Classifications, Page 18.** *ArcGIS Online Hosted Layer, compiled and provided by Impact Observatory, Microsoft, and ESRI.*
5. **Agriculture and Aquaculture, Mapped, Page 19.** *United States Department of Agriculture (USDA) Economic Research Service (ERS); USDA National Agricultural Statistics Service (NASS); Alabama Farmers Federation.*
6. **Agricultural Categories in the Region, Page 20.** *USDA, National Agricultural Statistics Service (2022) annual Cropland Data Layer (CDL).*
7. **Location of Oyster Farms in the Region, Page 22.** *Alabama Aquaculture- Oyster Farming.* <https://alaquaculture.com/state/>
8. **SARPC Region Air, Rail, and Road, Page 28.** *USGS National Transportation Dataset (NTD) (2020). U.S. Census (2020).*
9. **Industrial Parks and Opportunity Zones, Page 33.** *StatsAmerica, Opportunity Zones Tool (2018).* <https://www.statsamerica.org/opportunity/>
10. **Natural Assets, Page 40.** *USGS, US Census (2020), US Forest Service, National Estuarine Program (NEP) 2022,* <https://www.mobilebaynep.com/>
11. **Healthcare, Page 52.** *ArcGIS Online, National Geospatial-Intelligence Agency (NGA) Homeland Security Infrastructure Program (HSIP 2022); USGS NTD (2022).*
12. **Top Exports, Page 64.** *Mobile Chamber of Commerce.* <https://mobilechamber.com/>
13. **Brownfield Site Locations, Page 75.** *US Environmental Protection Agency (EPA) Geospatial Download Service, Brownfield Properties.* <https://www.epa.gov/frs/geospatial-data-download-service>
14. **ACE and MAIN STREET Communities, Page 77.** <https://www.alabamacommunitiesofexcellence.org/>, <https://www.mainstreetalabama.org/>
15. **Flood Zone Locations Within Each County, Page 87.** *Federal Emergency Management Agency (FEMA) Flood Hazard Data (2021?).*
16. **Storm Surge, Hurricane Categories 1-5, Page 89.** *National Hurricane Center, National and Atmospheric Administration (NHC-NOAA 2021) Inundation Data.*
17. **NFIP & CRS, Page 90.** *National Flood Insurance Program and the Community Rating System, Participating Communities. FEMA (2022).* <https://www.fema.gov/floodplain-management/community-rating-system>
18. **Hurricane Evaluation Routes in the Region, Page 92.** *ArcGIS Online, hosted layer (accessed 2022); USGS; Homeland Infrastructure Foundation Level Data*

References & Acknowledgements

Textual References

1. **Population Highlights and Tapestry Segments, Pages 7-12.** *ESRI Community Analyst, US Census, American Community Survey (ACS).*
2. **Economic Assets, Page 13.** *Baldwin County Economic Development Alliance (BCEDA); Mobile Chamber of Commerce; Escambia County Industrial Development Authority*
3. **Tourism Industry, Pages 14-16.** *Alabama Tourism Department Annual Report, <https://alabama.travel/>*
4. **Transportation Infrastructure, Pages 23, 24, 29, and 30.** *Alabama Department of Transportation (ALDOT); Mobile Metropolitan Organization (MPO).*
5. **Air Infrastructure, Page 25.** *Business Alabama Magazine (<https://businessalabama.com/>); Mobile Chamber of Commerce*
6. **Port of Mobile, Page 27.** *Alabama Port Authority, <https://www.alports.com/>*
7. **Industrial Parks, Pages 32-33.** *Business Alabama Magazine*
8. **South Alabama Mega Site, Page 34.** *Baldwin County Economic Development Alliance (BCEDA)*
9. **Education, Pages 47-51.** *Public School Boards, <https://www.bcbe.org/>; <https://www.mcpss.com/>; <https://ecsd-fl.schoolloop.com/>*
10. **Opportunity Zones, Pages 70-72.** *StatsAmerica and US Economic Development Administration (EDA)*
11. **Agricultural Statistics, Pages 18-20.** *USDA-ERS; USAID*
12. **Mobile Bay, Freshwater Wetlands, and Watersheds, Pages 41-43.** *Mobile Bay National Estuarine Program, <https://www.mobilebaynep.com/>*
13. **Workforce Development and Training, Pages 45-46.** *www.aidt.edu; alabamaworks.com*
14. **Ecotourism and Outdoor Economies, Page 16,** *Outdoorindustry.org*
15. **Manufacturing Clusters, Page 17.** *<https://www.novelis.com/bayminette/>*
16. **Tourism & Hospitality Industry, Page 14, Gulf Shores/Orange Beach Sports & Events***Gulfshores.com; Foleysports.com*

Acknowledgements

1. **Coastal Alabama Community College,** *<https://www.coastalalabama.edu/>*
2. **Alabama Power,** *<https://www.alabamapower.com/>*
3. **Escambia County Emergency Management Agency (EMA),** *https://www.escambiacountyal.gov/health___safety/emergency_management_agency.php*
4. **Mobile Chamber of Commerce-Economic Development,** *<https://mobilechamber.com/>*
5. **University of South Alabama, Department of Research and Economic Development,** *<https://www.southalabama.edu/departments/research/>*

APPENDIX

C

FUNDING SOURCES

&

PARTNERS

C APPENDIX

Funding Sources & Partners

	Agency Name	Type of Funding
ACCS	Alabama Community College System	Cash and In-kind – Workforce Training
ALDOT	Alabama Department of Transportation	Cash – Road Improvements
ADECA	Alabama Department of Economic and Community Affairs	Grant 80% - 20% ---\$50,000 – \$500,000. Depends on Funding. Economic Development Grant - \$200,000 - \$350,000. (HUD restrictions apply)
ADO	Alabama Development Office	Grant- Access Roads for Industries
BCEDA	Baldwin County Economic Development Alliance	Assists with Grants – Alabama Industrial Development Grant: \$10,000 to \$150,000. Alabama Industrial Access Road Grant and CDBG Economic Development Grant: \$200,000 to \$350,000 Grant – through the Alabama Gulf Coast Recovery Council.
BPOSF	British Petroleum Oil Spill Fund	
CCAA	Chamber of Commerce Association of Alabama	
DRA	Delta Regional Authority	Various Grants- limited to Escambia County
DOL	Department of Labor	Grants to Community Colleges or Universities for workforce training.
EDA	Economic Development Administration	Grant – EDA – 50% - 50% (Million plus) Depends on Funding
EDPA	Economic Development Partnership of Alabama	Varying types of support for businesses and communities
FAA	Federal Aviation Administration	Airport funding and support
(ADC)	Alabama Department of Commerce	Industry and Small Business Support - State Tax Incentive packages
IDA	(Industrial Development Authority)	
MCC	Mobile County Consortium	Grant's limited to Mobile County – HUD criteria)
MPO	Metropolitan Planning Organization	Grants from ALDOT – sidewalks, landscaping, gateways.
SARPC	South Alabama Regional Planning Commission	Grant preparation and limited gap loan financing - \$10,000 to \$125,000.
USDA	U.S. Department of Agriculture	Grants and Loans to Rural Areas. Limited by geographic boundaries.
USA	University of South Alabama	Cash and In-kind (Research to Market and Incubators and entrepreneurial centers)

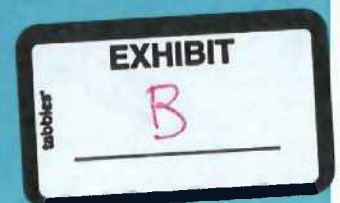
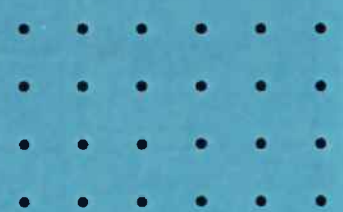
ALABAMA STATE PORT AUTHORITY

AN ENTERPRISE FUND OF THE STATE OF ALABAMA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Years Ended September 30, 2022 & 2021





FACILITIES LEGEND	
Upper Harbor	Lower Harbor
○ Blakeley Island Terminal	⑨ Pinto Steel Terminal
Main Docks/General Cargo	○ Container Terminal
○ AutoMobile International RC/RC Terminal	○ McDuffie Coal Terminal
① CG Railway	○ Lineage Logistics
○ Alabama Steel Terminal (AST)	○ Lineage Logistics Option Property
○ Cement Terminal	○ Logistics Park
○ Grain Elevator	○ Intermodal Container Transfer Facility (CTF)
○ Pig Iron Dock	○
○ Seacross Refrigerated Services	○

OCEAN CARRIERS	
Main Docks/General Cargo	Mobile Container Terminal
■ BBC Chartering	■ CMA-CGM
■ Clipper Americas	■ Cosco
■ Dan Gulf Shipping	■ Evergreen
■ G2 Ocean	■ Hapag-Lloyd
■ Glovis Americas	■ Hyundai Merchant
■ Hoegh Autoliners	■ Marine Maersk
■ Intermarine	■ MSC
■ LD Seaplane	■ Ocean Network Express
■ Oslo Caribbean	■ OOCL
■ Carrier Saga Welco	■ Sealac
■ Wallenius Wilhelmsen	■ Yang Ming
	■ Z.M.
Barge Line Operators	Marquette Transportation
American Commercial Barge Line	Parker Towing Company
Cooper Marine & Timberlands	Waterway Towing
Kirby Offshore Marine	

RAIL CARRIERS
++++ BNSF/AGR
++++ Alabama Export Railroad
++++ CG Railway
++++ CN*
++++ CSX*
++++ Kansas City Southern*
++++ Norfolk Southern*
++++ TASD
<small>*Class I Railroad</small>
<small>ALE and KCS have access to the Port of Mobile via CN tracks</small>
PILOT ASSOCIATIONS
Mobile Bar Pilots
Mobile Harbor Pilots

LEGEND
RTG Cranes
STS Cranes
Mobile Harbor Cranes
Ship Loaders
Ship Unloaders
Ship Loader/Unloader
Rail
NO 250 N. Water Street Mobile, AL 36602
<small>**Map not shown to scale</small>

ALABAMA STATE PORT AUTHORITY

An Enterprise Fund of the State of Alabama

Mobile, AL

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2022 & 2021



PREPARED BY THE FINANCIAL SERVICES DEPARTMENT



ALABAMA STATE PORT AUTHORITY
An Enterprise Fund of the State of Alabama
Mobile, AL

ANNUAL COMPREHENSIVE FINANCIAL REPORT

TABLE OF CONTENTS

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2022 AND 2021

INTRODUCTORY SECTION

	<u>PAGE</u>
Directory of Officials	7
Director's and Chief Financial Officer's Letter of Transmittal	9
Certificate of Achievement for Excellence in Financial Reporting	24
Organization Chart	25

FINANCIAL SECTION

Report of Independent Auditors	29
Management's Discussion and Analysis (unaudited)	32
Financial Statements for the Years Ended September 30, 2022 and 2021	
Statements of Net Position	44
Statements of Revenues, Expenses, and Changes in Net Position	46
Statements of Cash Flows	47
Notes to Financial Statements	49
Supplementary Information – Required Supplementary Information (unaudited)	96

STATISTICAL SECTION (UNAUDITED)

Contents of Statistical Section	
Financial Trend Information	
Exhibit 1 – Statements of Net Position for the Last Ten Fiscal Years Ended September 30	110
Exhibit 2 – Statements of Revenues, Expenses, and Changes in Net Position for the Last Ten Fiscal Years Ended September 30	112
Exhibit 3 – Chart of Operating Revenues by Division for the Last Three Fiscal Years Ended September 30	114
Exhibit 4 – Chart of Operating Expenses by Division for the Last Three Fiscal Years Ended September 30	115
Revenue Capacity Information	
Exhibit 5 – Operating Revenue by Principal Source for the Last Ten Fiscal Years Ended September 30	116
Exhibit 6 – Principal Customers per Largest Revenue Sources for the Fiscal Years Ended September 30, 2022 and 2013	117
Exhibit 7 – Top Revenue Rates for the Last Ten Fiscal Years Ended September 30	118
Debt Capacity Information	
Exhibit 8 – Outstanding Revenue Bonds for the Last Ten Fiscal Years Ended September 30	120
Exhibit 9 – Annual Debt Service Requirements of Revenue Bonds for the Last Ten Fiscal Years Ended September 30	121
Exhibit 10 – Long-Term Revenue Bond Coverage for the Last Ten Fiscal Years Ended September 30	122
Exhibit 11 – Chart of Revenue Bond Coverage for the Last Ten Fiscal Years Ended September 30	123

STATISTICAL SECTION (UNAUDITED) (CONTINUED)

Demographic and Economic Information	
Exhibit 12 – Demographic and Economic Statistics for a Period of Ten Years for the State of Alabama and Mobile MSA	124
Exhibit 13 – Principal Employers in the Mobile Area for Years 2022 and 2013	125
Operating Information	
Exhibit 14 – Employees by Organization and Type for the Last Ten Fiscal Years Ended September 30	126
Exhibit 15 – Freight Traffic Statistics for the Last Ten Years Ended December 31	128
Exhibit 16 – Detail of Port Freight Traffic Statistics for the Last Ten Years Ended December 31	129
Exhibit 17 – Ratios of Capital Assets for the Last Ten Fiscal Years Ended September 30	131
Exhibit 18 – Capital Assets Statistics as of September 30, 2022	132
Miscellaneous Statistical Information	
Exhibit 19 – Alabama’s Total Value of Trade by Region for the Last Ten Years Ended December 31	133
Exhibit 20 – Chart of Alabama’s Total Value of Trade by Region for the Last Ten Years Ended December 31	135



INTRODUCTORY SECTION



ALABAMA STATE PORT AUTHORITY
An Enterprise Fund of the State of Alabama
Mobile, AL

COMPREHENSIVE ANNUAL FINANCIAL REPORT

DIRECTORY OF OFFICIALS

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2022 AND 2021

GOVERNOR OF ALABAMA

Kay Ivey

BOARD OF DIRECTORS

T. Bestor Ward, III, Chairman
At Large

Alvin K. Hope, II, 1st Vice Chair
Southern Region

Ben C. Stimpson, Jr., 2nd Vice Chair
Southern Region

Tony R. Cochran
Northern Region

Daryl H. Dewberry
At Large

Horace H. Horn, Jr.
Central Region

Carl T. Jamison
Central Region

Dr. Patricia G. Sims
Northern Region

Mayor Sandy Stimpson, Ex-Officio*
Mayor of Mobile County

PORT OFFICIALS

John C. Driscoll
Director,
Chief Executive Officer

Rick Clark
Deputy Director,
Chief Operating Officer

Linda K. Paaymans
Secretary-Treasurer,
Chief Financial Officer

Beth Branch
Chief Commercial Officer

Patrick Seals
Chief Information Officer

Maria W. Williams
Comptroller

* The Mayor of the City of Mobile and the President of the Mobile County Commission rotate as members of the board of directors for a one year tenure beginning every August 1st.





March 30, 2023

To The Directors of The Alabama State Port Authority Board:

We are pleased to present the Annual Comprehensive Financial Report of the Alabama State Port Authority ("the Authority"), an agency of the State of Alabama established in accordance with the laws of the State of Alabama, for the years ended September 30, 2022 and 2021. The purpose of the report is to provide the Board of Directors, the Comptroller, and the Chief Examiner of the State of Alabama, the public, and other interested parties with reliable information concerning the financial condition and results of the operations of the Authority.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority and its management. The Financial Services Department of the Authority prepared this report according to the guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position, changes in financial position, cash flows, and results of operations of the Authority in accordance with accounting principles generally accepted in the United States of America (GAAP). All disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities have been included.

Governmental accounting and auditing principles require that management provide a narrative to accompany the basic financial statements. This narrative, entitled Management's Discussion and Analysis, follows the independent auditors' report in the Financial Section of this report. Read this letter of transmittal in conjunction with Management's Discussion and Analysis, as they are complementary documents.

Certain statistical and demographic information included in this report do not come from accounting records of the Authority, rather presented as reader information.



PROFILE OF THE AUTHORITY

General

The Alabama State Port Authority, an agency of the State of Alabama created in 2000 pursuant to the provisions of Title 33 of the Code of Alabama 1975, as amended, owns, and manages certain operations at the Port of Mobile, Alabama's seaport. Prior to August 2000, the Alabama State Docks Department owned and managed these same facilities with an appointed Director, serving at the pleasure of the Governor as a member of their Cabinet. Effective August 1, 2000, the name of the Alabama State Docks Department changed to the Alabama State Port Authority, and the Authority became a separate agency of the State governed by a nine-member board of directors.

The Legislature created the Authority to promote, develop, construct, maintain, and operate all harbors and seaports within the State or its jurisdiction, including the inland waterways program of the State. The Authority is a self-supporting entity whose finances are accounted separately and apart from those of the State, with the Authority functioning much in the manner of an enterprise operation. The Authority retains its revenues, its net earnings are not paid into the State Treasury, and the Authority has generally received no appropriations from the General Fund of the State of Alabama other than for some capital improvements. A recent economic impact report from calendar year 2021 showed that the Port of Mobile is responsible for \$85 billion in annual economic impact and generates 312,896 jobs across the State of Alabama.

The Authority serves all 67 counties in the State of Alabama and oversees the deep-water public port facilities at the Port of Mobile. The Authority conducts most of its activities in Mobile, the Authority's extensive facilities in and around Mobile being an integral part of the Port of Mobile hereinafter discussed. The Port of Mobile is strategically located in the northern Gulf of Mexico with access to an international airport and two interstate systems, I-65 running north/south and I-10 running east/west. In addition to interstates, air, and rail, the Authority's container, general cargo, and bulk facilities have immediate access to nearly 15,000 miles of inland waterways. Once the currently underway channel deepening and widening project is completed in 2025, the Port of Mobile will offer the deepest container terminal in the Gulf of Mexico.

The Authority also owns eight inland ports on the rivers of Alabama. During the fiscal year, the Authority purchased a 272-acre parcel in Montgomery, Alabama on which to build and operate an inland container transfer facility (ICTF). This facility is expected to begin operation in 2025 and will be served by CSX, providing new advantages and opportunities for shippers. This facility, and a similar one envisioned in North Alabama, are funded through federal budget appropriations and grants advocated by retired Senator Richard Shelby. As will be discussed more fully below, the



Authority operates certain business segments directly while outsourcing other business segments to third parties through leases or license arrangements.

All the Authority's wharves are public facilities. The main complex lies in the upper channel, north of the Mobile River tunnels, and consists of the General Cargo facilities containing 30 berths and almost 5 million square feet of covered and open storage, the Grain Elevator, roll-on/roll-off terminals, rail switching yards, a cold storage facility, and various diversified operations. Federal funding sources are also providing for a modernization program for the general cargo piers.

The McDuffie Terminal is located approximately two miles south of the Mobile River tunnels. The 550-acre facility includes three berths with two ship loaders and two vessel discharge cranes, two barge unloaders, one barge loader, two rail car dumps, six stacker reclaimers, two double wing stackers, and a rail load out facility. The facility, surrounded by rail loop tracks, includes a series of connecting conveyors providing tremendous flexibility. The terminal has the advantage of water depths of up to 45 feet.

The Authority owns and operates its own switching railroad, which services the Authority's facilities and other local industries near the port. The railroad owns and provides services on approximately 75 miles of railroad track.

The Authority also has operations farther south in the Theodore industrial complex, which includes Middle Bay Port, with a 600-foot two-sided pier and the Marine Liquid Bulk Terminal. The Marine Liquid Bulk Terminal contains a 1,100-foot pier, equipped for efficient discharge of bulk liquid products, with nearby industrial land available for development. The Liquid Bulk Terminal enjoys water depths of up to 40 feet and is equipped with fire suppression equipment.

APM Terminals Mobile provides containerized cargo shippers with access to global networks covering a multitude of trade routes to and from the Port of Mobile. APM Terminals, an independent division within the A.P. Moller-Maersk Group, operates and manages APM Terminals Mobile. The Alabama State Port Authority and APM Terminals jointly invested an initial \$350 million to construct APM Terminals Mobile, the Port of Mobile's state-of-the-art container terminal. APM Terminals Mobile opened in 2008 served by 2,000 feet of berth with up to 45 feet of water depth, and two post-Panamax and two super post-Panamax ship-to-shore gantry cranes. During fiscal year 2020, the Authority completed a nearly \$47 million expansion that elongated the berth to 2,400 feet to simultaneously accommodate two post-Panamax vessels, as well as increased the size of the operating yard to an annual throughput capacity of 650,000 Twenty-foot Equivalent Units (TEU). Since 2018, the Port of Mobile has been the fastest-growing container terminal in the United States with a growth rate of 61.2% over the five-year period. As such, the



Authority and APM Terminals agreed to further enlargement of the facility, to be delivered in phases at an additional investment by the parties of \$104 million and includes land improvements and two new ship-to-shore super post-panamax cranes. The expansion is currently under construction and will bring annual throughput capacity to over one million TEU by the third quarter of 2026, and over 1.8 million TEU when the fifth expansion is undertaken.

The Authority invested \$50 million in an intermodal container transfer facility that opened in 2016, also operated by APM Terminals Mobile. The Canadian National Railroad is currently providing service to Jackson, MS, Memphis, TN, Chicago, IL, and Canada from this near dock, container rail facility. In fiscal 2022, CSX initiated an intermodal service from Mobile to Chicago and the greater Midwest. From the ICTF in Mobile, containers can reach Chicago in three days. A critical project, funded through federal budget appropriations and grants, includes constructing, by 2025, a fly-over bridge between the container terminal and the ICTF, making the ICTF an on-dock facility, and enabling the development of an adjacent logistics facility. This facility provides access to five Class I and four short-line railroads.

The Pinto Island Terminal is the Alabama State Port Authority's deep-water import steel slab terminal that began operations in February 2010. This facility is capable of handling in excess of five million tons of semi-finished steel slabs per year. The 12.5-acre terminal consists of 1,050 feet of deep-water dock dredged to a depth of up to 45 feet, as well as a semi-automated barge loading system positioned between the ship berth and the shoreline. The terminal is equipped with three wide-span gantry cranes, each having an outreach of 150 feet, and back reach of 165 feet. The cranes can unload steel from ships to barges, or to the terminal storage yard consisting of 150,000 metric tons of storage capacity. The cranes and the terminal's heavy lift machines utilize electro-permanent magnetic lifting beams to move steel slabs weighing up to 40 metric tons each. The steel slabs arrive by vessel, destined for the AM/NS Calvert steel facility located upriver from the Authority in North Mobile County, Alabama. Beginning in fiscal year 2019, the Pinto Island Terminal unloaded steel slabs from ships to a nearby free-trade zone, and in fiscal year 2020, loaded its first vessel of steel slabs, demonstrating its ability to load steel slabs for export. In fiscal 2022, the Authority ordered two gantry buckets for the Pinto Island cranes to build redundancy and capacity. This is in response to the expected reduction in demand for import slabs by AM/NS Calvert beginning in fiscal year 2023 due to the commissioning of an electric arc furnace at its facility.

Governance

The Governor of the State of Alabama appoints eight members to the Board of Directors of the Authority, subject to confirmation by the Senate of the State of Alabama, for staggered five-year



terms. Per statute, the Governor must appoint two board members from each of three regions, including the Central Region, Northern Region, and Southern Region, plus two At-Large (anywhere in the state) members. In addition, one ex-officio member, either the Mayor of the City of Mobile or the President of the Mobile County Commission, on a one-year rotating basis, serves as the ninth member of the Board. The Board of Directors appoints the Director of the Authority. The Director serves as the chief executive officer of the Authority and as such is responsible for managing the affairs of the Authority.

As an agency of the State, the Authority is not a component unit of any county or city within the State of Alabama since none of these exercise oversight responsibilities over the Authority. Such oversight responsibility means the existence of financial interdependency, the significant ability to influence operations and the accountability for fiscal years. This structure allows the Authority to take a much-needed long-term business outlook for investments, planning, and strategic direction setting.

LOCAL ECONOMY AND OUTLOOK

Mobile County, the location of the principal operations of the Authority, has a diversified economic base including manufacturing, retail and service segments. The current top ten manufacturers by number of employees are Austal, AM/NS Calvert, Airbus U.S. Manufacturing Facility, VT MAE, Outokumpu Stainless, Evonik Corporation, SSAB Americas, Kimberly-Clark Corporation, Continental Aerospace Technologies, and UOP Honeywell, LLC.

The Mobile area has experienced significant economic growth and diversification over the past several years, and there were several exciting announcements during the year.

- **Evonik** announced plans to build a new plant on its current site to produce methyl mercaptan, which is used to manufacture its MetAmino (DL-methionine) product, used in livestock farming to feed animals in a healthy and sustainable manner. The site currently receives raw materials from third-party suppliers to produce methionine. Scheduled to come online in the second half of 2024, the new plant will strengthen the Mobile site and set it apart as a global, best-in-class hub for reliable and cost-optimized supply of methionine to markets in the Americas.
- **The Authority** exercised its option on 272 acres in Montgomery, Alabama on which to build and operate an inland ICTF. The project will extend intermodal rail service from the Authority's ICTF in Mobile in support of Alabama regional growth in manufacturing, retail, distribution, and agribusiness sectors, providing shippers cost-competitive transportation services to and from one



of the nation's fastest growth containerized cargo gateways. When constructed, the ICTF at Montgomery will be served by CSX Transportation Intermodal (CSXT), establishing regularly scheduled CSXT intermodal rail service in the State of Alabama, and providing a foundation to expand intermodal services further inland to support customers' supply chains. The rail link between the Montgomery ICTF and the container intermodal assets at the seaport provides critical intermodal access to public and private investments inside Alabama. One such investment is the shovel ready South Alabama Mega Site where CSX is investing \$6 million into rail spur infrastructure to accommodate large scale, advanced manufacturers. At Montgomery, economic development officials recently announced Amazon's 650,000 square foot inbound cross dock distribution center and Hyundai Motor Manufacturing Alabama's recently completed expansion to support the addition of its fourth and fifth models, the Tucson and Santa Cruz. The project is aimed at serving these new investments as well as other regional shippers.

- **DC Safety**, a first-aid kit manufacturer for the automotive market, is relocating its manufacturing operations from upstate New York to Mobile. The company will be the first tenant of the South Alabama Logistics Park, a 1,300-acre master-planned industrial park home to warehousing, logistics and light manufacturing operations.

- **Averitt Express** is moving from its nearby existing facility to a new operation at the South Alabama Logistics Park, allowing for retention of existing employees, and creation of jobs due to this investment to support anticipated growth.

- **Austal USA** cut the ribbon on its new, state-of-the-art steel manufacturing facility in April. With the \$100 million investment, Austal constructed a new 117,000-square-foot manufacturing facility, a 60,000-square-foot stock yard, and a 19,500-square-foot paint facility. The addition of steel shipbuilding capability complements the company's well-established aluminum shipbuilding expertise. Two months later, Austal announced that it had been awarded a \$3.3 billion multi-ship contract by the U.S. Coast Guard for its offshore patrol cutter program.

- **Novelis Inc.**, the leading sustainable aluminum solutions provider and world leader in aluminum rolling and recycling, announced in May its decision to build a fully integrated, greenfield low-carbon recycling and rolling plant in Baldwin County. Their \$2.5 billion investment over three years at the 3,000-acre South Alabama Mega Site in Bay Minette, will support strong demand for aluminum beverage packaging and automotive solutions. The company expects to begin commissioning in mid-2025, creating approximately 1,000 high-paying, advanced careers in modern manufacturing. The plant will be the first fully integrated aluminum mill built in the United States in 40 years. Located 32 miles from the Port of Mobile, the facility will be powered with renewable energy, use recycled water, and operate as a zero-waste facility.



- **Airbus Americas** announced expansion plans at their current facility at the Mobile Aeroplex at Brookley, adding a third Final Assembly Line to support increased production of Airbus' A320 family of single-aisle passenger aircraft. An estimated 1,000 new jobs will be created with this expansion.
- **Canfor Southern Pine** announced plans to develop a new state-of-the-art sawmill for manufacturing and processing wood products in Axis. The new sawmill will be replacing the company's existing facility in Mobile. The new facility is expected to produce 250-million board feet per year, resulting in approximately \$85 million annually brought into the community through local expenditures.
- **Great Southern Wood** is expanding the existing Great Southern Wood Treatment facility in Mobile County. The project is estimated to cost approximately \$13.7 million and create at least 12 new jobs paying a weighted, average wage of \$23.94 per hour.

Overall unemployment for Mobile County ended the 2022 calendar year at 2.7%. The State of Alabama ended the 2021 calendar year at 2.6%, while the national unemployment rate ended the year at 3.5%.

The Authority is also critical to the economic growth of the region's economy. The Authority's capital improvement and diversification policies have resulted in significant capacity increases, which place the Authority in a position to accommodate additional cargo volumes. Increased volumes through the Authority affect the region's economy in a positive manner.

FINANCIAL POLICIES AND LONG-TERM FINANCIAL PLANNING

Accounting Policies

The accounting policies of the Authority and this report conform to accounting principles generally accepted in the United States of America for local governmental units as prescribed by the Governmental Accounting Standards Board (GASB), including the reporting model referred to as GASB Statement No. 34. Note 1 to the financial statements includes a summary of significant accounting policies.

Financial Statement Responsibility

The integrity and objectivity of the data in these financial statements and supplemental schedules, including estimates and judgments relating to matters not concluded by year-end, and the Annual Comprehensive Financial Report are the responsibility of the Chief Financial Officer. Therefore,



the Chief Financial Officer maintains, at reasonable cost, a system of internal accounting controls, to give reasonable assurance that the Authority's assets remain protected and financial transactions documented properly.

The Financial Services Division, under the direction of the Comptroller, maintains the general accounting records of the Authority. The planning and conducting of the financial operations of the Authority are in a responsible and progressive manner. The Department of Examiners of Public Accounts of the State of Alabama periodically audits these records. The independent accounting firm of Warren Averett, LLC, performs independent audits of the Authority's annual financial statements. As necessary, Warren Averett, LLC audits the Authority's compliance with the requirements described in the Uniform Guidance (Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards) that are applicable to each of the Authority's major federal programs.

Independent Accountants

The financial statements as of September 30, 2022 and 2021, and for the years then ended have been audited by Warren Averett, LLC, independent accountants, as stated in their report appearing herein.

Internal Accounting Control

In developing and evaluating the Authority's accounting system, and affecting the adequacy of internal accounting controls, are the Authority's Board, management, and other personnel, and are designed to provide reasonable assurance regarding the achievement of objectives in the following categories: (a) reliability of financial reporting; (b) effectiveness and efficiency of operations; and (c) compliance with applicable laws and regulations.

The Authority's internal control structure consists of five interrelated components, which are:

1. Control environment: Management philosophy, style, and values set the tone of the Authority as a well-controlled organization, influencing the control consciousness of our people. It is the foundation for all other components of internal control providing discipline and structure.
2. Risk assessment: The Authority identifies and analyzes relevant risks to achieve its objectives, forming a basis for determining how to manage the risk.
3. Control activities: These are comprised of the Authority's policies and procedures that help ensure execution of management directives. These activities include approvals/authorization, verification, reconciliations and segregation of duties.



4. Information and communication: This component is the identification, capture, and exchange of management information reports and analysis of external information.

5. Monitoring: This is the process of assessing the quality of internal control performance over time, and includes supervisor/managerial reviews, internal/external audits, and Board oversight.

Internal control, no matter how well designed and operated, can provide only reasonable assurance to management and the Board regarding achievement of the Authority's control objectives. Limitations inherent to internal control affect the likelihood of achievement of these control objectives. These include the realities that human judgement in decision-making can be faulty and that breakdowns in internal control can occur because of such human failures as simple error or mistake. Additionally, the collusion of two or more people, or management override of internal control, can circumvent controls. The cost of the Authority's internal control can be another limiting factor, as it should not exceed the expected benefits derived.

We believe the Authority's internal accounting controls, with independent internal audit functions performed by the State of Alabama Department of Examiners of Public Accounts, adequately safeguard the Authority's assets, and provide reasonable assurance of the proper recording of financial transactions.

Budgets

The Authority staff prepares an annual operating budget based upon projected revenues and expenses for the subsequent fiscal year. Based upon projected cash flows from the operating budget and other expected funding sources, the staff also prepares a capital budget. Management submits the budgets to the Board of Directors for approval.

Following the adoption of the budgets by the Board of Directors, management monitors the budgets on a monthly, quarterly, and annual basis. Budget variances are included in the monthly financial reports to the Board of Directors.

Management submits major new projects not included in the adopted budgets to the Board of Directors for approval. New minor projects do not require Board of Director approval provided the overall capital plan remains within budget.

Capital Planning

The Authority has maintained an aggressive capital improvement program, initially consolidated into a master development plan in 2001, and updated at appropriate intervals. Planning includes phased program expenditures, as necessary, to accommodate business growth and



requirements. Private sector participation, grant funding, state participation, and federal appropriations comprise critical elements of the capital plan. The capital plan currently includes projects totaling more than \$1 billion over the next six years should funding be secured.

The Alabama State Port Authority and the U.S. Army Corps of Engineers executed the Mobile Harbor Preconstruction, Engineering, and Design Agreement during fiscal year 2020, as well as entered into the Project Partnership Agreement. Construction on the modifications began in fiscal year 2021. The Project Partnership Agreement allowed the project to move into the contracting and construction phases. The State of Alabama is financing the local share of the project and utilizing fuel tax revenue, generated as part of the Rebuild Alabama Infrastructure Plan, to pay for revenue bonds issued through a special transportation financing authority. The Federal Government allocated \$274.3 million in the Fiscal Year 2020 Work Plan, providing the resources for the full federal share of the approximately \$365.7 million project cost.

On March 2, 2022, the U.S. Department of Transportation awarded \$100 million to the Alabama State Port Authority (ASPA) and the Mobile Airport Authority (MAA) through the USDOT Demonstration Program Grant to facilitate capital infrastructure at the Port of Mobile and the Mobile Downtown Airport (BFM). The intention of the competitive grant, authorized under the Consolidated Appropriations Act, is to increase the efficiency of freight movements by air, rail, highway, and water. The Authority will receive \$38 million to leverage freight movement efficiencies. The Authority will invest in an inter-terminal connector bridge at the container intermodal complex to connect the marine terminal with the ICTF terminals and adjacent logistics park. The Authority will also invest in site development and civil infrastructure in preparation for the construction of a distribution center.

Later that month, as part of the fiscal 2022 spending bills, the Authority was awarded \$200 million in federal appropriations. \$132.7 million has been designated for improvements at the Port of Mobile, including for the design and construction of docks, wharves, and piers, as well as for land acquisition and site development. \$67.3 million of funding was granted for freight and intermodal rail infrastructure improvements at the Port of Mobile and the Montgomery ICTF in an initiative to connect inland Alabama industry as far north as Birmingham to container service from Mobile.

In December 2022, the Authority was once again the recipient of forward-looking Federal investment with another \$200 million in directed spending grants. These fiscal 2023 funds will be used to provide rail infrastructure improvements, construct an inland ICTF in north Alabama, and to provide resources for the fifth phase of expansion at the Choctaw Point Container Terminal.



Debt Management

All of the outstanding bonds of the Authority are special, limited obligations of the Authority, payable solely out of and secured by a pledge of and lien on (i) Docks Facilities Revenues and (ii) any income from the investment thereof. The outstanding bonds are senior lien bonds with a parity lien with each of the other series.

On August 26, 2020, the Authority issued the \$46,986,000 Docks Facilities Revenue Bond Series 2020 to refund part of Short-Term Docks Facilities Revenue Bond Series 2018 and used \$3,014,000 of investment funds remaining from Series 2018 proceeds to refund the remaining amount due on the Series 2018. The Authority issued the Short-Term Docks Facilities Revenue Bond Series 2018 to finance the expansion of the container handling capacity of the operations at the APM Terminals Mobile along with the dock extension and other land improvements thereon. The Docks Facilities Revenue Refunding Bonds Series 2017 (ACD) account for the additional bonds outstanding at the end of fiscal year 2022.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Master Plan

The Authority's 2001 Master Development Plan conceived a logistics facility consisting of three interconnected and interrelated elements: a marine container terminal, an intermodal container-transfer facility (ICTF) and a logistics park utilizing parcels of adjacent land. Since that time, the Authority has made significant progress in realizing its vision to be a leading, regional logistics facility.

The first element of the logistics facility, the container terminal, located just to the north of the McDuffie Terminal, became operational in its first phase in October 2008. This facility was constructed utilizing funds from the Authority, the State of Alabama, the U.S. Department of Transportation, and the private sector partner, Mobile Container Terminal, LLC. In August 2014, the Authority purchased two significant industrial properties adjacent to the container terminal complex. The properties provide strategic expansion capabilities for the container terminal and the logistics park.

The Phase II expansion of the container terminal reached completion in fiscal year 2017, with APM Terminals, the operator of the container terminal, adding two Super-Post Panamax cranes and, along with the Authority, expanding the container facility by approximately 20 acres. The additional cranes and yard space significantly increased the terminal's capacity. The Phase III expansion of the container terminal concluded during fiscal year 2020. This further expansion



resulted in additional 20-acres of container storage area with a 400-foot extension of the dock itself.

During fiscal 2022, APM Terminals and the Authority agreed to add 30.3 acres to the existing 134-acre facility in a phased project that will bring the facility's annual throughput capacity to one million TEU. These improvements mark the fourth time the Authority and APMT have expanded the container terminal since its opening in October 2008. The new \$104 million Phase IV expansion program adds a new sheet pile wall on the north side of the terminal to facilitate the filling of approximately 13 acres of man-made water-bottoms, creating new land. The project will also develop another 17.3 acres adjacent to the water-bottoms providing a combined yard of 30.3 acres. The first 17.3 acres are expected to be completed in the third quarter of 2024, and the remaining 13 acres are expected to be completed in the third quarter of 2026. The Authority and APM Terminals will partner in the delivery of the project with APM Terminals committed to install two new ship-to-shore super post-panamax cranes with investment totaling \$30 million. Currently, the container terminal is equipped to simultaneously dock two 14,000 TEU vessels, serviced by four gantry cranes, two super post-panamax and two post-panamax. The Authority will undertake \$74 million in land improvements. Densification of the entire facilities or Phase V will take place in subsequent years.

The ICTF is the second element of the facility, with funding provided by multiple sources including the Authority, the U.S. Department of Transportation, and private sector sources. During 2012, the Authority received a \$12 million U.S. Department of Transportation grant through their Transportation Investment Generating Economic Recovery (TIGER) grant program to construct Phase I of the intermodal rail facility. The Authority funded the non-federal portion to complete this phase, put into operation in June 2016. As container volumes continue to climb, the Port Authority is moving forward on infrastructure investments to add capacity and efficiencies for shippers utilizing the gateway. In March 2022, the U.S. Department of Transportation granted the Authority and the Mobile Airport Authority a combined \$100 million to enhance the Port of Mobile's multimodal transportation hub to better serve commerce. Specifically, Authority's \$38 million portion of the award will construct two projects aimed at increasing capacity for intermodal rail and multimodal freight movements at the Port of Mobile. Planned investment includes a new inter-terminal bridge connecting the marine terminal with the intermodal rail facility and the adjacent logistics park. Funds will also provide for site development work at the adjacent logistics park.

Construction of the logistics park, the third element, began during fiscal 2020 when MTC Logistics, a company headquartered in Baltimore, began erecting steel for their estimated \$61 million refrigerated cargo facility and International Distribution Center, which opened in October 2021. A



private entity has been competitively selected for negotiating the development of the remaining 100 acres of the logistics park.

McDuffie Coal Terminal Improvements

The Authority is undertaking a series of projects to optimize the McDuffie Coal Terminal as a coal export facility. The terminal is the third largest coal terminal in the United States, primarily serving metallurgical coal. Alabama's metallurgical coal is a high-grade, low-sulfur coal recognized worldwide for its specific chemical makeup and is essential for steel production supporting the automotive industry. Constructed in the 1970s, McDuffie was built to import thermal coal for energy production. At present, these operating systems have exceeded their lifespan by 20-25 years and require constant maintenance to adapt and serve export coal requirements. Frequent malfunctions and breakdowns create severely reduced performance rates and major inefficiencies, causing disruption to supply chains that are critical not only to automotive manufacturing but also to heavy industrial and infrastructure construction.

As thermal coal continues to be replaced with environmentally friendly natural gas for energy production, McDuffie has adapted to an import/export facility. Import coal will phase out completely by the end of 2023, at which point McDuffie will need to transition to an export-only facility. Once this happens, the Port expects an additional 8-9 million tons of metallurgical coal to be moved through the terminal annually. The terminal's current coal handling system needs multiple upgrades to permanently switch from an import/export terminal to export-only. In addition to the age of the equipment and directional change, thermal and metallurgical coal consistencies are very different. While thermal coal is a rocky product, metallurgical coal is a fine, powdery material. McDuffie's conveyors and transfer towers must be upgraded to reduce product loss and allow for more efficient handling of metallurgical coal.

During fiscal year 2022, the Authority completed the replacement of the of a rotary railcar dump system at the McDuffie Coal Terminal, and completed the engineering and design, and began construction of a new central parts and equipment warehouse for the terminal. To meet the requirements to permanently become an export-only facility, and to increase the throughput, the Authority plans to spend upward of \$100 million on upgrading conveyor systems and transfer towers, increasing conveyor belt speeds, and purchasing new equipment to replace aged equipment which includes three new stacker reclaimers, a barge haul system, and a barge unloader.

Terminal Railway Improvements

In order to provide for the growth of the intermodal and export coal businesses, the Authority has defined certain Terminal Railway projects as critical to success. These center on additional



interchange yard space, track expansion, improvements to existing tracks and facilities, as well as upgrades to information systems. In fiscal year 2022, the Authority purchased heavy equipment for the maintenance of way team that improved productivity and minimized manual operations, improving the safety of the crew as well. This equipment included a rail-mounted tie crane, rail-mounted tie inserter, hi-rail dump truck, and hi-rail welder truck, as well as a grapple truck and a spike puller. The efficiencies gained by the maintenance of way team will allow them to do more of the work to raise the rail beds, as well as other work that had previously been assigned to contracted crews. Also, during the fiscal year, work began to rebuild the diesel shop, and a new locomotive was ordered for delivery in fiscal year 2023.

Automobile Terminal

The Authority signed an agreement with AutoMOBILE International Terminal to operate a new automobile logistics facility on the site of the former Bulk Materials Handling Plant. The 60-acre, \$60 million dollar investment of the roll-on/roll-off AutoMOBILE Terminal concluded in June 2021. Handover of the property to the operator of the terminal occurred at that time. The Authority applied and received support for this initiative through the RESTORE Act, established in connection with the Deepwater Horizon oil spill, and the U.S. Department of Transportation TIGER grant programs. The concessionaire, AutoMOBILE International Terminal, made a sizeable investment in the automobile-related facilities, while the Authority was responsible for infrastructure improvements. The first vehicles were delivered to the facility in December 2022.

Channel Improvement

During fiscal year 2020, the Authority secured both state and federal funding for the project to widen and deepen the Mobile Harbor ship channel. The Alabama State Port Authority and the U.S. Army Corps of Engineers executed the Mobile Harbor Preconstruction, Engineering, and Design Agreement as well as entered into the Project Partnership Agreement. The channel widening and deepening project, which began in June 2021 with completion expected by the first quarter of 2025, continued to progress on time and on budget through fiscal year 2022.

Legislative initiatives

The Authority maintains a very active presence in both the state and federal legislative arenas. A significant part of the legislative initiative is to identify and pursue funding that will benefit the Authority, the port community, and the State of Alabama. The Authority continues to work with congressional and other partners on realizing industry support for the full use of the Harbor Maintenance Tax proceeds.



CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) issues its Certificate of Achievement for Excellence in Financial Reporting to those governmental entities that publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements.

We believe our current report conforms to the Certificate of Achievement Program requirement; therefore, we are submitting it to the GFOA to determine its eligibility for certification.

ACKNOWLEDGEMENTS

The preparation of this report would be impossible without the tireless efforts of the members of the Financial Services Division staff. We would like to thank the officials and staff members from the other divisions of the Authority who also contributed to this effort.

John C. Driscoll

A handwritten signature in blue ink, appearing to read 'J. Driscoll'.

Director & CEO

Linda K. Paaymans

A handwritten signature in blue ink, appearing to read 'Linda K. Paaymans'.

Secretary-Treasurer,
Chief Financial Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Alabama State Port Authority

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

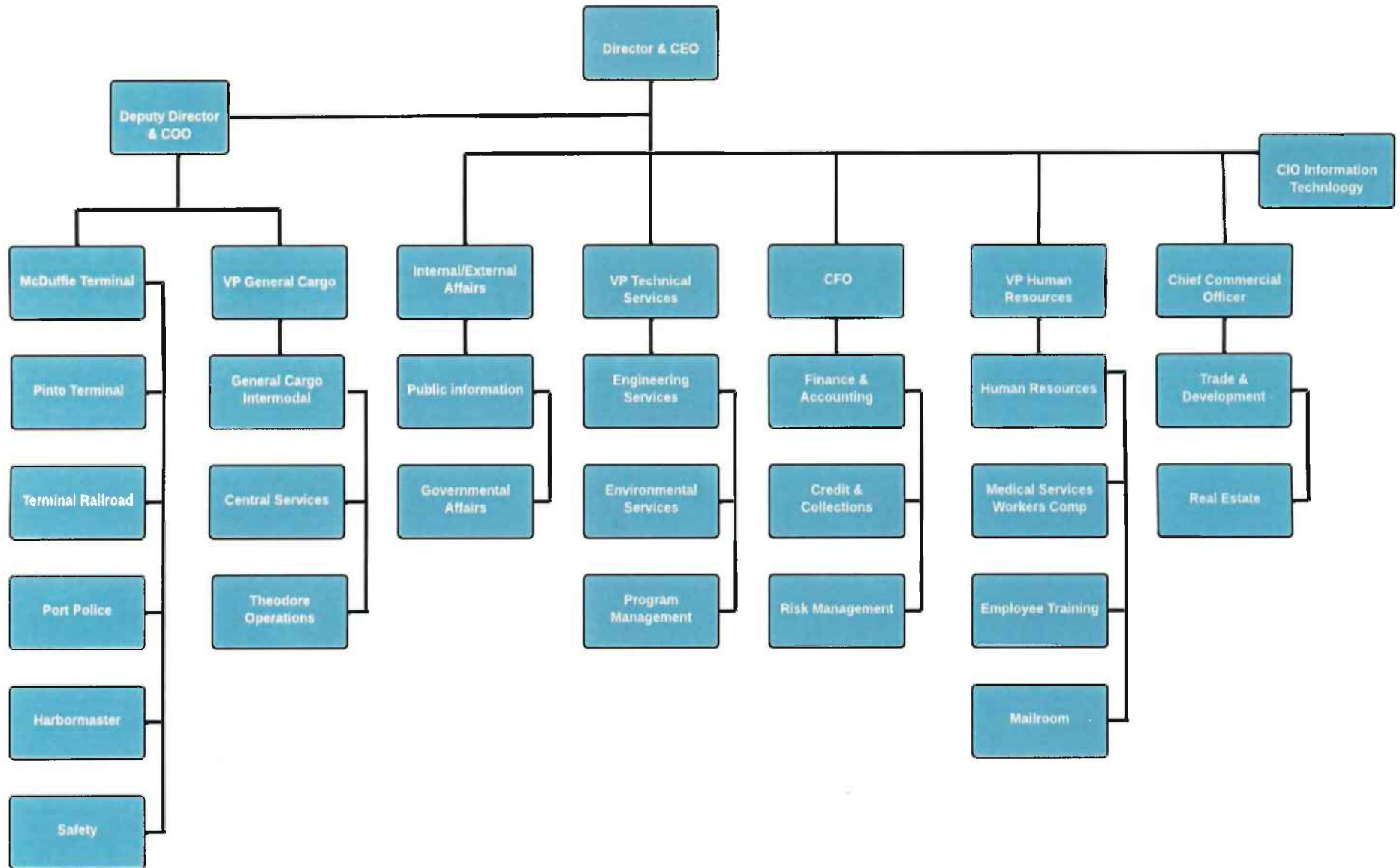
Christopher P. Morill

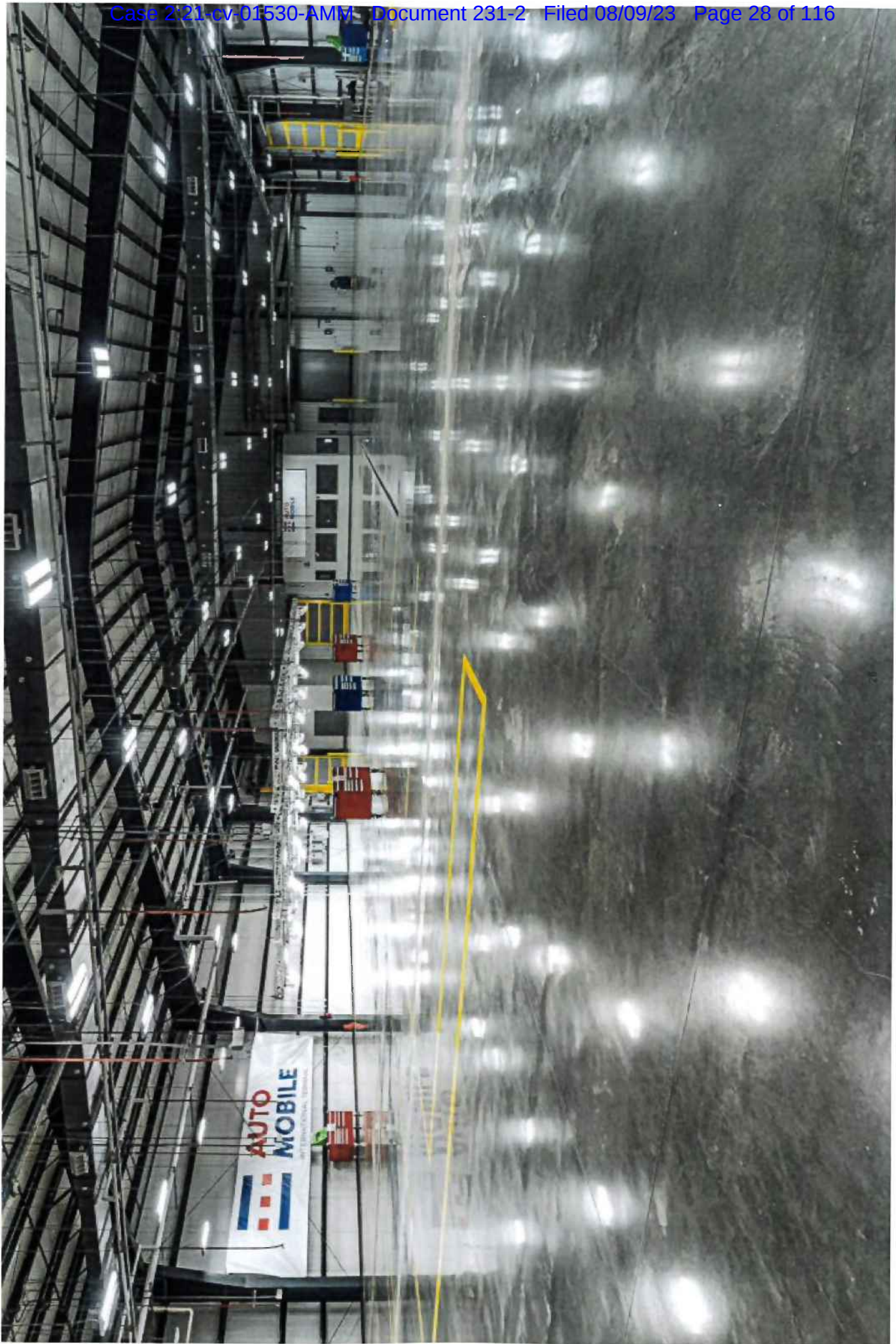
Executive Director/CEO

ALABAMA STATE PORT AUTHORITY

ORGANIZATIONAL CHART

As of September 30, 2022







FINANCIAL SECTION

ALABAMA STATE PORT AUTHORITY

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

SEPTEMBER 30, 2022 AND 2021

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Alabama State Port Authority

Opinion

We have audited the accompanying financial statements of the Alabama State Port Authority, an agency of the State of Alabama, as of and for the years ended September 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Alabama State Port Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Alabama State Port Authority (Authority) as of September 30, 2022 and 2021, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Alabama State Port Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is

higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, 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 amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension, and OPEB information on pages 4 – 15 and 68–77, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2023, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Warren Averett, LLC

Mobile, Alabama

March 23, 2023

**ALABAMA STATE PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2022 AND 2021**

The discussion and analysis of the financial performance of the Alabama State Port Authority (Authority) provides an overview of the entity's financial activities for the fiscal years ended September 30, 2022 and 2021. Please read this summary in conjunction with the Authority's financial statements and the accompanying notes that follow this section, which are essential in identifying the changes to the financial condition that occurred during the most recent fiscal year.

Operating Highlights

- Alabama's seaport modernization program continued construction to deliver a deeper and wider Mobile Ship Channel and lower harbor turning basin improvements.
- The Authority set multiple records for containerized cargo volume.
- APM Terminals and the Authority agreed to a fourth expansion of the container terminal at the Port of Mobile.
- The Authority was awarded \$238 million in federal funds for multimodal investments, improvements to existing infrastructure, land acquisition and site development.
- The Authority rebranded, positioning the Port of Mobile for future growth.
- The Authority announced plans to build an inland intermodal transfer facility at Montgomery, Alabama.
- The Port of Mobile's economic impact tripled since the last study published in 2019.

Alabama's seaport modernization program began construction in May 2021 to deliver a deeper and wider Mobile Ship Channel and improvements to the turning basin in the lower harbor. This key project will take the Mobile Harbor to 50-foot draft by early 2025. The Mobile Ship Channel deepening and widening is under phased construction with the entrance channel completed earlier this year. The 50-foot draft federal channel will allow neo-panamax sized vessels up to 14,000 Twenty-foot Equivalent Units (TEU) to load to capacity. The U.S. Army Corps of Engineers (USACE) and the State of Alabama have fully funded the \$366 million harbor modernization program.

Containerized cargo volumes continued to show significant growth during fiscal 2022 with a 10% increase over fiscal 2021. The rapid growth through the container terminal has been fueled by reliable terminal operations, capacity, and service offered by the Authority and its operator partner, APM Terminals (APMT). With an average truck turn time of 51 minutes for a dual move, shippers are actively shifting their supply chains to leverage logistics solutions provided by the Authority and APMT as they work to meet consumer demands. In addition to record-breaking container numbers, intermodal rail moves were up 121% over 2021.

**ALABAMA STATE PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2022 AND 2021**

During fiscal 2022, the Authority and APMT agreed to add container capacity at the Port of Mobile. Under the agreement, the Authority and APMT will add 30.3 acres to the existing 134-acre facility bringing the facility's annual throughput capacity to one million TEUs. These improvements mark the fourth time the Authority and APMT have expanded the container terminal since its opening in October 2008. The new \$104 million Phase 4 expansion program adds a new sheet pile wall on the north side of the terminal to facilitate the filling of approximately 13 acres of man-made water-bottoms, creating new land. The project will also develop another 17.3 acres adjacent to the water-bottoms providing a combined yard of 30.3 acres. The first 17.3 acres are expected to be completed in the third quarter of 2024, and the remaining 13 acres are expected to be completed in the third quarter of 2026. The Authority and APMT, will partner in the delivery of the project with APMT committed to install two new ship-to-shore super post-panamax cranes with investment totaling \$30 million. Currently, the container terminal is equipped to simultaneously dock two 14,000 TEU vessels, serviced by four gantry cranes, two super post-panamax and two post-panamax. The Authority will undertake \$74 million in land improvements.

The Authority and the Mobile Airport Authority were jointly awarded \$100 million from the U.S. Department of Transportation multimodal demonstration program. Funds from this program are intended to increase efficiency of freight movements by air, rail, highway, and water. The Authority will utilize the \$38 million it was awarded under this grant to construct an interterminal connector between the marine terminal and the nearby ICTF and logistics park. This project will be completed by early 2025. Funding will also be invested in site improvements at the adjacent logistics park. This will help expand and optimize the growing container terminal and help the Authority provide cost effective, reliable, and efficient freight and intermodal cargo service.

As part of the FY2022 Omnibus Appropriations Act, the Authority was awarded \$200 million, of which \$132.7 million will be utilized for improvements that include the design and construction of docks, wharves, and piers, as well as for land acquisition and site development. The remaining \$67.3 million will fund the construction of an inland intermodal container transfer facility (ICTF) in Montgomery, Alabama by the Port Authority and CSX Transportation (CSXT). This project provides regional intermodal shippers rapid transit to and from the Port of Mobile and is expected to take 28-36 months to complete. The project also funds certain rail improvements at the Port of Mobile for intermodal and freight rail infrastructure improvements. The facility will serve the region's manufacturing, distribution centers and other businesses utilizing containerized cargo. When completed, the ICTF will be serviced by CSXT Intermodal and reestablishes regularly scheduled rail service at the Port of Mobile and provides a foundation to expand intermodal services further inland. Intermodal rail investment is important to the port's growth, but it will also add much needed capacity and fluidity to the transportation network relieving overly congested east and west coast gateways. The Authority will also contribute capital toward the project, with CSXT taking advantage of the Growing Alabama Tax Credit Program. When completed the project will generate more than 2,600 direct and indirect jobs, \$340 million in business revenues and over \$14.2 million in state and local taxes.

**ALABAMA STATE PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2022 AND 2021**

The Authority unveiled its new website and a harmonious family of new brandmarks aimed at highlighting the capabilities and connectivity at one of the nation's largest deep-water seaports. The new website – www.ALPorts.com – utilizes imagery reflective of the port's infrastructure investment and provides in a streamlined format information important to the port's customers, service providers, stakeholders, and the public at large. The brandmark's streamlined "M" design illustrates the modernization of the port. The family of brand colors are representative of what the Authority provides to employees, customers, and stakeholders. Blue represents trust and responsibility, red represents energy and passion, and green represents reliability and sustainability.

The unveiled family of brand iconography reflects the Authority's dual mission. Nationally, and around the world, the Authority at the Port of Mobile is recognized for its cargo diversity, efficiency, business-friendly service, and connectivity. The full-service public seaport terminals support import and export containerized, breakbulk, bulk, RO/RO, and over-dimensional cargo movements across major global trade lanes. Additionally, the Authority has statutory authority over Alabama's navigable waterways, river, and deep-water ports. In this context, the Authority's mission is to develop transportation solutions to support first, Alabama's, and then the nation's, shippers to foster economic development and generate jobs.

Results of the 2021 Economic Impact Study were published during fiscal 2022 and showed that the Authority provided \$85 billion in value to the State of Alabama over calendar year 2021. The study was conducted by Martin Associates, a leading economic research and consulting firm specializing in economic studies for ports worldwide. Martin Associates analyzed the direct, indirect, and induced economic impacts of the Authority's operations and the related private-sector port businesses for the 2021 calendar year. The report showed increased growth compared to 2019 in nearly every business line. The highest growth was in the container cargo, lumber, and liquid bulk sectors. Compared to the last study completed in 2019, there was a 217% increase in overall economic impact, 94% increase in jobs and 225% increase in tax revenues to the State and local governments. The Authority is the fastest-growing container terminal in the United States over the past five years, with 54.9% volume growth since 2017.

During fiscal 2022, several administrative changes and additions were made to help support the Authority's growth. Patrick Seals was hired as the Chief Information Officer and brings extensive knowledge on building IT roadmaps, implementing core ERP systems, leading change through high-impact technology initiatives, and creating top-tier IT cultures. Also, with the recent retirement of Judith Adams, Vice President (VP) of Internal and External Affairs, the external affairs team was expanded with three critical hires: Maggie Oliver, VP of Communications and Federal Affairs, serving as the primary spokesperson while leading communications strategy and federal affairs; Catherine Reaves, VP of Policy and State Affairs leading state affairs and driving development of public policy to support the Authority's commercial goals; Molly Tillman, Director of Public Affairs, managing external engagement to support government relations, communications, and commercial activities. These changes help foster the Authority's commitment to provide efficient and competitive options for customers. Building strength as part of organizational realignment, Melissa Jordan joined the Authority as VP of Finance, providing support to the Chief Financial Officer at a time of tremendous growth and continuity for the future.

**ALABAMA STATE PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2022 AND 2021**

Financial Highlights

- The Authority's revenues increased to \$164,513,160 in fiscal 2022 as compared to \$155,915,487 in fiscal 2021, and increased from \$139,822,169 in fiscal 2020.
- The Authority's assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources (net position) at September 30, 2022, 2021, and 2020, by \$391,075,200, \$376,439,475, and \$337,888,078, respectively.
- The Authority's total net position increased \$14,635,725 in fiscal 2022 as compared to an increase of \$38,551,397 in fiscal 2021, and an increase of \$24,653,238 in fiscal 2020.
- Total bonded debt of the Authority decreased to \$297,189,229 as of September 30, 2022, as compared to \$312,126,000 and \$325,186,000 as of September 30, 2021 and 2020, respectively.

Overview of the Financial Statements

Governmental entities adhere to accounting and financial reporting rules and regulations promulgated by the Governmental Accounting Standards Board (GASB). The Authority established a reporting model mandated by GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The Authority follows enterprise fund accounting and reporting requirements, including the accrual basis of accounting and applications of GASB pronouncements, thus the basic financial statements of the Authority include the following financial elements:

The **statements of net position** provide the reader with information about the assets of the Authority as well as outstanding liabilities. The difference between assets, deferred outflows, liabilities, and deferred inflows is reported as net position. The presentation of net position provides additional details, which may assist the reader in understanding the unrestricted resources of the Authority as compared to those that are restricted. Changes over time in net position may indicate an improving or deteriorating financial condition.

The **statements of revenues, expenses, and changes in net position** reflect the revenues and expenses, both operating and nonoperating, of the current and previous fiscal years. The net of revenues less expenses, when combined with other nonoperating items such as investment income, interest expense, and capital grants and contributions, represents the net increase or decrease in the Authority's net position for the fiscal year. A review of these statements provides an indication of the financial health of the Authority.

The **statements of cash flows** present those items that affect the Authority's cash and cash equivalents during the fiscal year. A reconciliation of the cash provided by operating activities to the Authority's operating income, as reflected on the statements of revenues, expenses, and changes in net position, is also included.

The notes to the financial statements provide additional information that may not be readily apparent from the financial statements.

ALABAMA STATE PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2022 AND 2021

Analysis of Financial Statements

This discussion of the Authority's financial statements highlights major changes in the Authority's assets, deferred outflows, liabilities, and deferred inflows for fiscal 2022 and fiscal 2021, as well as changes in revenues and expenses as reflected in the accompanying financial statements.

	<u>2022</u>	<u>2021*</u>	<u>2020</u>
Assets			
Current and other assets	\$ 374,257,362	\$ 377,306,295	\$ 137,304,900
Capital assets, net	641,931,318	632,766,175	621,425,390
Total assets	<u>1,016,188,680</u>	<u>1,010,072,470</u>	<u>758,730,290</u>
Deferred outflows of resources	<u>28,709,199</u>	<u>24,811,503</u>	<u>28,923,740</u>
Liabilities			
Long-term debt outstanding, net	294,205,714	308,849,451	324,616,527
Net pension liability	21,345,801	21,451,914	20,099,684
Net OPEB liability	13,243,637	13,623,335	29,406,243
Other liabilities	56,540,215	49,858,363	46,861,263
Total liabilities	<u>385,335,367</u>	<u>393,783,063</u>	<u>420,983,717</u>
Deferred inflows of resources	<u>268,487,312</u>	<u>264,661,435</u>	<u>28,782,235</u>
Net position			
Net investment in capital assets	344,088,343	319,951,453	295,756,279
Restricted expendable:			
Debt service	27,059,875	31,198,328	29,165,784
Capital projects	-	682,096	681,924
Unrestricted	19,926,982	24,607,598	12,284,091
Total net position	<u>\$ 391,075,200</u>	<u>\$ 376,439,475</u>	<u>\$ 337,888,078</u>

*As revised. See Note 1 to the financial statements.

**ALABAMA STATE PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2022 AND 2021**

The Authority's Net Position

Changes in net position over time is one measurement of the Authority's financial condition. The Authority's increase in net position for fiscal 2022 was \$14,635,725. This represents a reduction of \$23,915,672 from fiscal 2021 results. Despite lower volumes of metallurgical coal (5%), operating revenues increased from fiscal 2021 due to a change in the customer mix with newer contracts with higher handling rates taking the place of legacy contracts, increased shipments of pulp, paper, and forest products (25%) offsetting decreased tonnages of iron and steel products (16%), and dramatic increases in intermodal traffic and improved rail ferry service at the Terminal Railway. The Authority continued to receive funding, as it has since 2016, as a designated energy port under the Water Resources Reform and Development Act (WRRDA Act). These funds are used, as designated approved activities under the WRRDA Act, for maintenance dredging, dredged materials management, and environmental remediation related to dredging berths and Federal navigation channels. In fiscal 2022, the Authority received and recognized \$4,950,000 of revenue, offsetting costs incurred associated with approved dredging activities.

The Authority's increase in net position for fiscal 2021 was \$38,551,397. This represents an improvement of \$13,898,159 from fiscal 2020 results. Operating revenues increased from fiscal 2020 due to a change in the customer mix with newer contracts with higher handling rates taking the place of legacy contracts, despite slightly lower volumes of metallurgical coal (2%), strength in general cargo, and improved utilization of commercial real estate. Total tonnages of iron and steel products increased (14%), and forest products increased (4%). The Authority continued to receive funding as a designated energy port. In fiscal 2021, \$4,950,000 of revenue from this funding source was recognized, which offset costs incurred associated with approved dredging activities.

Of the Authority's \$391,075,200 in net position as of September 30, 2022, \$344,088,343 represents its investment in capital assets (including intangible assets), less any outstanding debt used to acquire or construct these assets. In addition, \$27,059,875 of the Authority's net position represents resources subject to external bond restrictions related to the use of these funds for debt service. The remaining \$19,926,982 consists of items not considered to be investment in capital assets, net or restricted net position.

**ALABAMA STATE PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2022 AND 2021**

Statements of Revenues, Expenses, and Changes in Net Position

The following table presents a condensed comparative summary of the Authority's revenues, expenses, and changes in net position for the fiscal years ended September 30, 2022, 2021, and 2020:

	<u>2022</u>	<u>2021*</u>	<u>2020</u>
Operating revenues	\$ 164,513,160	\$ 155,915,487	\$ 139,822,169
Operating expenses	142,635,896	121,657,614	130,910,647
Operating income	21,877,264	34,257,873	8,911,522
Net nonoperating expenses	(14,403,156)	(13,632,233)	(8,160,720)
Income before capital grants and contributions	7,474,108	20,625,640	750,802
Capital grants and contributions	7,161,617	17,925,757	23,902,436
Increase in net position	14,635,725	38,551,397	24,653,238
Net position, beginning of year	376,439,475	337,888,078	313,234,840
Net position, end of year	<u>\$ 391,075,200</u>	<u>\$ 376,439,475</u>	<u>\$ 337,888,078</u>

*As revised. See Note 1 to the financial statements.

Fiscal 2022 operating revenues increased 6% as compared to 2021, from \$155.9 million to \$164.5 million, resulting largely from a change in the customer mix with newer contracts with higher handling rates taking the place of legacy contracts, increased demand for pulp, paper, and forest products, new rail ferries that brought continuity of service, record container traffic, and greater utilization of the ICTF. Revenue at the McDuffie Coal Terminal increased by \$4.6 million (7%), due to a more favorable customer mix. The Terminal Railway revenues were \$2.6 million (12%) more than fiscal 2021, a result of increases in intermodal switching, general switching, storage, rail ferry usage, and railcar repairs, which were partially offset by decreased metallurgical coal volume and charges for handling hazardous materials. General Cargo/Intermodal revenues increased by \$1.0 million (3%) due to increased shipments of pulp, paper, and forest products somewhat offset by decreased tonnages of iron and steel products. The Marine Liquid Bulk Terminal increased by \$0.5 million (13%) related to the increase of customer shipments through the facility. The Real Estate division decreased by \$1.3 million (6%) due largely to no allocation of energy port funds, which decreased revenues by \$1.4 million in fiscal 2022. The Other operating revenue category increased by \$1.2 million (19%) due to fees associated with third-party usage of the Authority's dredge-material management areas, increased vessel and harbor master activity, improved terminal utilization at Mobile Middle Bay Port, and a slight increase in steel-related revenue at the Axis Inland Dock.

The Authority received approximately \$7.2 million in grant revenue to partially fund the Upper Mobile Bay Beneficial Use Wetland Creation Site Project, to repair roofs, cameras, and bulkheads after Hurricanes Sally and Zeta, and to repower a locomotive with diesel emissions reduction technology.

**ALABAMA STATE PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2022 AND 2021**

Fiscal 2021 operating revenues increased 12% as compared to 2020, from \$139.8 million to \$155.9 million, resulting largely from a change in the customer mix with newer contracts with higher handling rates taking the place of legacy contracts, increased demand for steel products, lumber, and improved utilization. Revenue at the McDuffie Coal Terminal increased by \$2.5 million (4%), due to a more favorable customer mix. With increased revenues from iron and steel products, and an increased allocation of energy port funds, which totaled \$2.4 million in fiscal 2021 compared with \$1.4 million in fiscal 2022, General Cargo/Intermodal revenues increased by \$3.0 million (9%). The Terminal Railway revenues were \$0.2 million (1%) more than fiscal 2020, a result of increases in general switching, storage, rail ferry usage, and hazardous material surcharges, which were partially offset by decreased metallurgical coal volume and capital assessments. The Real Estate division increased by \$9.1 million (86%) due largely to the retroactive implementation of GASB Statement No. 87, Leases, which resulted in a \$4.3 million increase in revenue. Additional factors were improved utilization of commercial real estate, an improved grain season, more cement shipments, a larger proportional share of the Authority's energy port funds, and record utilization of the container terminal and the ICTF. The Marine Liquid Bulk Terminal increased by \$0.4 million (12%) related to the rise of customer shipments through the facility. The Other operating revenue category increased by \$0.7 million (14%) due largely to fees associated with third-party usage of the Authority's dredge-material management areas, and a slight increase in steel-related revenue at the Axis Inland Dock. In fiscal 2021, the Authority received approximately \$17.9 million in grant revenue to partially fund the construction at the brownfield site of the automobile roll-on/roll-off facility and the Upper Mobile Bay Beneficial Use Wetland Creation Site Project.

The next table lists operating revenues by business segment for each fiscal year ended September 30:

	<u>2022</u>	<u>2021*</u>	<u>2020</u>
Operating revenues			
McDuffie Coal Terminal	\$ 70,081,202	\$ 65,486,584	\$ 62,937,763
General Cargo/Intermodal	39,288,129	38,275,968	35,245,780
Terminal Railway	25,110,927	22,514,468	22,269,758
Real Estate	18,531,517	19,802,856	10,655,648
Marine Liquid Bulk Terminal	4,265,861	3,761,245	3,368,812
Other	7,235,524	6,074,366	5,344,408
Total operating revenues	<u>\$ 164,513,160</u>	<u>\$ 155,915,487</u>	<u>\$ 139,822,169</u>

*As revised. See Note 1 to the financial statements.

Fiscal 2022 operating expenses increased as compared to fiscal 2021, from \$121.7 million to \$142.6 million. Expenses associated with the operation and maintenance of facilities increased by approximately \$19.2 million, with the majority (\$13.5 million) associated with the increased cost of dredging at the Authority's berths and activities at dredge material management sites. Inflationary pressures were evident in all expense categories. The \$19.2 million increase in Operation and maintenance of facilities, driven by dredging, was completed by \$2.8 million in increased personnel expense due to newly effective collective bargaining agreements, \$1.9 million in maintenance materials and services at the McDuffie Coal Terminal, \$0.6 million in increased insurance premiums related to the hardened market following a flurry of natural disasters, and higher costs for equipment rental (\$0.5 million), utilities (\$0.4 million), and operating supplies (\$0.4 million) at the McDuffie Coal Terminal.

**ALABAMA STATE PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2022 AND 2021**

General and administrative expenses increased by \$2.7 million during fiscal 2022, driven by \$0.8 million in personnel expenses due to normal increases, labor market pressures, and the addition of positions for succession planning. The remaining \$1.5 million is split among efforts related to rebranding, commercial development, litigation before the Surface Transportation Board, safety and environmental activities, facilities maintenance, information technology improvements, and the resumption of travel post-COVID.

Fiscal 2021 operating expenses decreased as compared to fiscal 2020, from \$130.9 million to \$121.7 million. Expenses associated with the operation and maintenance of facilities decreased by approximately \$9.1 million, with the majority (\$9.3 million) associated with the McDuffie Coal Terminal. A reduction in coal volume at the McDuffie Coal Terminal (4%) drove reductions in variable costs (\$3.5 million) and maintenance costs (\$5.4 million). The expected discontinuation of importation of thermal coal also allowed for reduced customary maintenance on specific equipment. Additional reductions include lower allocations for other postemployment benefits (OPEB) (\$2.1 million), and lower maintenance at the Inland Docks division (\$0.5 million), where allision repairs were incurred during fiscal 2020. Partially offsetting these cost reductions were higher dredging costs (\$1.7 million), a result of higher siltation rates, as well as higher transportation costs for hauling dredge material to management sites.

Operating expenses were higher at the General Cargo/Intermodal division (\$1.1 million) largely due to increases for dredging (\$2.0 million) and damages caused by Hurricanes Sally and Zeta (\$0.8 million) that fall outside of insurance limits, which were partially offset by decreases in maintenance expense (\$1.1 million), and allocated OPEB charges (\$0.6 million). As a result of increased overall volume (1%), the Terminal Railway incurred higher expenses during fiscal 2021 as compared with fiscal 2020 (\$0.8 million). Railcar switching activity increased noticeably in grain cars (133%) and at the ICTF (241%), while coal switching (5%) and general switching (7%) decreased slightly. The majority of the expense increase was in maintenance, with a small increase in personnel. Expense at the Real Estate division was higher (\$0.2 million) due to increased dredging expense (\$1.0 million) and higher contract engineering and outside services (\$0.2 million), that was partially offset by reductions in the fiscal year adjustment of the environmental reserve (\$1.0 million).

General and administrative expenses decreased by \$2.5 million during fiscal 2021, driven by a large decrease in allocated OPEB charges (\$1.4 million); constrained personnel expenses due to the tight labor market causing difficulties in filling open positions from normal attrition (\$0.5 million); continued travel prohibition due to surges in the coronavirus limiting customer, employee, and board of director activities (\$0.3 million); and a onetime expense in fiscal 2020 to furnish a film about the Port of Mobile to be shown at the National Maritime Museum of the Gulf of Mexico (\$0.1 million).

	<u>2022</u>	<u>2021*</u>	<u>2020</u>
Operating expenses			
Operation and maintenance of facilities	\$ 89,416,660	\$ 70,186,443	\$ 79,276,076
Depreciation and amortization	35,717,419	36,693,973	32,931,355
General and administrative	17,501,817	14,777,198	17,284,309
Impairment loss on capital assets	-	-	1,418,907
Total operating expenses	<u>\$ 142,635,896</u>	<u>\$ 121,657,614</u>	<u>\$ 130,910,647</u>

*As revised. See Note 1 to the financial statements.

**ALABAMA STATE PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2022 AND 2021**

	2022	2021*	2020
Nonoperating income (expenses)			
Investment income	\$ 171,171	\$ 52,402	\$ 543,848
Change in fair value of interest rate swap	251,940	171,445	590,117
Interest expense	(13,216,074)	(13,961,367)	(14,504,951)
Interest rate swap expense	368	(423,113)	(738,460)
Non-capital port development contributions	15,550,000	16,500,000	6,600,000
Non-capital port development expenses	(15,550,000)	(16,500,000)	(6,600,000)
Gain (loss) on disposal of capital assets	(2,936,592)	693,370	6,530,936
Insurance recoveries	603,722	1,393,625	-
Other, net	722,309	(1,558,595)	(582,210)
Net nonoperating expenses	<u>\$ (14,403,156)</u>	<u>\$ (13,632,233)</u>	<u>\$ (8,160,720)</u>

*As revised. See Note 1 to the financial statements.

Net nonoperating expenses increased to \$14.4 million in fiscal 2022 compared to \$13.6 million in fiscal 2021. Investment income increased \$0.1 million in fiscal 2022 as compared to fiscal 2021 due to rising interest rates and higher cash balances. Interest expense decreased by \$0.7 million due to the maturation of the Docks Facilities Revenue Refunding Bond Series 2008A and lower interest on the Docks Facilities Revenue Refunding Bond Series 2017. The interest rate swap expired with the maturation of the Series 2008A bond. Non-capital port development contributions and expenses represent payments made on behalf of the Authority by the State to the USACE for the Non-Federal Share of the seaport modernization program. The funding for the Non-Federal Share of the construction costs of the Project, as well as related dredging of berths for the McDuffie Coal Terminal and the Mobile Container Terminal to match the channel depth, is provided by the State out of proceeds of bonds issued by the State Highway Finance Corporation and secured by revenues from certain taxes levied by the State. Loss on disposal of assets of \$2.9 million includes a \$3.5 million loss associated with the replacement of a railcar dump with a more efficient and reliable model, and a \$0.6 million gain associated with the accretion of a Hurricane Katrina-related contra-asset that will reach finality in fiscal 2023. The Authority also received \$0.6 million of insurance reimbursements for damages from Hurricane Sally.

Net nonoperating expenses increased to \$13.6 million in fiscal 2021 compared to \$8.2 million in fiscal 2020. Investment income decreased \$0.5 million in fiscal 2021 as compared to fiscal 2020 due to the historically low interest rates affecting earnings on debt service funds and investments. Interest expense decreased by \$0.5 million due to lower balance of debt and continued downward-trending LIBOR rates to which the Docks Facilities Revenue Refunding Bond Series 2008A is indexed. Also affecting interest expense was refunding the Short-Term Facilities Refunding Bond Series 2018 (Series 2018 Bonds) in late fiscal 2020, reducing the interest rate of 2.38% to 1.91% with Docks Facilities Revenue Bond Series 2020. Gain on disposal of assets of \$0.7 million includes a \$0.6 million gain associated with the accretion of a Hurricane Katrina-related contra-asset that will reach finality in fiscal 2023, and a \$0.1 million gain on the sale of miscellaneous items including an option on a piece of property adjacent to some previously sold property for industrial development. The Authority also received \$1.4 million of insurance reimbursements for damages to roofs and security cameras from Hurricane Sally. During fiscal 2021, the Authority incurred an expense of \$1.8 million related to the seaport modernization project that is reflected in Other, net. This expense was partially offset by the sale of a railroad maintenance tax credit to a short-line railroad and sales of scrap materials (\$0.2 million).

**ALABAMA STATE PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2022 AND 2021**

Statements of Cash Flows

The following is a summary of the major sources and uses of cash and cash equivalents for the past three years. Cash equivalents are considered liquid investments generally with an original maturity of three months or less:

	<u>2022</u>	<u>2021*</u>	<u>2020</u>
Cash flows provided by operating activities	\$ 35,399,614	\$ 43,272,104	\$ 28,694,892
Cash flows used in noncapital financing activities	-	-	-
Cash flows used in capital and related financing activities	(1,478,031)	(33,494,668)	(56,468,753)
Cash flows provided by (used in) investing activities	12,601,719	(1,980,313)	16,491,422
Net increase (decrease) in cash and cash equivalents	46,523,302	7,797,123	(11,282,439)
Cash and cash equivalents			
Beginning of year	65,581,341	57,784,218	69,066,657
End of year	<u>\$ 112,104,643</u>	<u>\$ 65,581,341</u>	<u>\$ 57,784,218</u>

*As revised. See Note 1 to the financial statements.

During fiscal 2022, the Authority expended approximately \$43.7 million on capital projects and assets. The Authority completed several capital projects during fiscal 2022, including replacement of a rotary railcar dump system at the McDuffie Coal Terminal, repairs/renovations of reception areas at the Authority's headquarters, and trolley rail upgrades for cranes at Pinto Island. Projects to replace roofs and a bulkhead on the main docks were also completed. The Authority also purchased property in Montgomery, Alabama, for the inland container ICTF and property adjacent to other land held by the Authority in Mobile. Assets purchased included computer equipment, vehicles, maintenance, and shop equipment.

Progress made on projects during the year included the locomotive repowering project utilizing eco-friendly technology, initial steps for implementing Geographic Information system technology for the Authority, and commencement of Phase 4 of the Choctaw Point container terminal.

During fiscal 2021, the Authority expended approximately \$43.2 million on capital projects and assets. The Authority completed a number of capital projects during fiscal 2021, including the automobile roll-on/roll-off facility, refitting a barge unloader at the McDuffie Coal Terminal, and additional expansion of the dredge-material containment sites. The Terminal Railway purchased equipment, including a number of rail switches, required by maintenance-of-way personnel to continue to keep the rails in good operating order, and had another locomotive repowered with diesel emission-reducing technology.

The Authority has constructed significant projects in the past three years with completed projects totaling approximately \$151.3 million. The Authority currently has several active projects with estimated costs to complete of approximately \$45.2 million. For detailed information on capital asset activity, see Note 5 to the financial statements.

**ALABAMA STATE PORT AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
SEPTEMBER 30, 2022 AND 2021**

Long-Term Debt Activities

During fiscal 2020, the Authority issued the \$46,986,000 Docks Facilities Revenue Bond Series 2020 (Series 2020), at a fixed rate of 1.91% per annum, with interest payable on the first day of each month, commencing October 1, 2020. Annual principal payments are due beginning October 1, 2021, through maturity on October 1, 2040. The Authority used proceeds from Series 2020 to refund part of the Short-Term Docks Facilities Revenue Bond Series 2018 (Series 2018) and used \$3,014,000 of investment funds remaining from Series 2018 proceeds to provide long-term funding to expand the container handling capacity of its operations at the Choctaw Point Container Terminal, including approximately 400' by 200' dock extension, and paving, drainage, and lighting for an addition of approximately 20 acres to the container storage area.

During fiscal 2017, the Authority issued the Docks Facilities Revenue Refunding Bonds Series 2017 for the purpose of refunding the outstanding Docks Facilities Revenue Bonds Series 2006A, Series 2006B, Series 2006D, and Series 2010. Additionally, the new bonds funded the cost of a surety bond in lieu of the required deposit to the debt service reserve fund, paid the premium for a policy of municipal bond insurance with respect to the insured Series 2017 Bonds, and provided for the issuance costs for the Series 2017 Bonds.

With respect to the Docks Facilities Revenue Refunding Bonds Series 2017, approximately \$11.8 million and \$9.1 million of principal related to this series is scheduled to be due in fiscal 2023 and 2024, respectively. Principal payments of approximately \$2.0 million are scheduled to be due in both fiscal 2023 and 2024 for Docks Facilities Revenue Bond Series 2020. Of these scheduled payments, the Authority expects to pay these amounts from cash generated by operations, with the debt service reserve funds and surety bonds providing additional security. While not pledged to secure payment of the bonds, the Authority has first call on certain severance tax revenues of the State related to coal, oil, and gas.

For further discussion of the Authority's long-term debt, see Note 7 to the financial statements.

Cautionary Note Regarding Forward-Looking Statements

Certain information provided by the Authority, including written or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than the statements of historical fact, which address future activities, events, or developments that the Authority expects or anticipates will or may occur, contain forward-looking information.

In reviewing such information, it should be kept in mind that actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and is derived using various assumptions. The Authority does not update forward-looking information contained in this report or elsewhere to reflect actual results, changes in assumptions, or changes in other factors.

Requests for Information

This financial report is designed and intended to provide a general overview of the Authority's financial position and results of operations. Questions concerning any of the information provided in this report, or requests for additional financial information, may be addressed to the Chief Financial Officer, Alabama State Port Authority, P.O. Box 1588, Mobile, Alabama 36633.

**ALABAMA STATE PORT AUTHORITY
STATEMENTS OF NET POSITION
SEPTEMBER 30, 2022 AND 2021**

ASSETS	2022	2021*
CURRENT ASSETS		
Cash and cash equivalents	\$ 112,104,643	\$ 65,581,341
Short-term investments, restricted	19,780,175	21,184,441
Trade accounts receivable, net of allowance for doubtful accounts of \$298,752 and \$823,912 as of September 30, 2022 and 2021, respectively	19,176,196	13,432,582
Capital grants receivable	2,066,654	6,127,437
Accrued interest receivable	926,945	858,887
Current portion of lease receivable	6,678,985	8,346,878
Inventories	3,830,532	3,597,725
Prepaid expenses and other assets	2,801,759	13,472,344
Total current assets	<u>167,365,889</u>	<u>132,601,635</u>
NONCURRENT ASSETS		
Lease receivable, net of current portion	194,305,919	225,335,264
Investments, restricted	7,279,700	10,695,982
Right-to-use lease assets, net	144,914	384,001
Capital assets, net	641,931,318	632,766,175
Net pension asset	-	1,279,874
Other assets, net	5,160,940	7,009,539
Total noncurrent assets	<u>848,822,791</u>	<u>877,470,835</u>
TOTAL ASSETS	<u><u>\$1,016,188,680</u></u>	<u><u>\$1,010,072,470</u></u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension	\$ 7,429,681	\$ 3,319,777
Other postemployment benefits	10,230,228	9,180,716
Unamortized debt refunding	11,049,290	12,311,010
Total deferred outflows of resources	<u><u>\$ 28,709,199</u></u>	<u><u>\$ 24,811,503</u></u>

*As revised. See Note 1 to the financial statements.

ALABAMA STATE PORT AUTHORITY
STATEMENTS OF NET POSITION – CONTINUED
SEPTEMBER 30, 2022 AND 2021

LIABILITIES AND NET POSITION		
	<u>2022</u>	<u>2021*</u>
CURRENT LIABILITIES		
Accounts and contracts payable	\$ 12,779,570	\$ 12,704,060
Accrued liabilities:		
Salaries and wages	2,917,298	2,962,826
Vacation and sick leave	2,963,847	2,786,434
Environmental liability	159,520	167,693
Current maturities of long-term debt	13,813,431	14,936,771
Accrued interest payable	5,967,046	6,247,776
Derivative liability	-	251,940
Current portion of lease liabilities	62,765	323,204
Other	1,452,333	1,279,024
Total current liabilities	<u>40,115,810</u>	<u>41,659,728</u>
NONCURRENT LIABILITIES		
Vacation and sick leave	1,975,898	1,857,622
Unearned revenues	9,992,618	227,128
Environmental liability	3,507,706	4,457,503
Unpaid claims	869,753	1,602,873
Net pension liability	21,345,801	21,451,914
Net other postemployment benefits liability	13,243,637	13,623,335
Lease liabilities, net of current portion	78,430	53,509
Long-term debt, net of premiums (net) and current maturities	294,205,714	308,849,451
Total noncurrent liabilities	<u>345,219,557</u>	<u>352,123,335</u>
TOTAL LIABILITIES	<u>\$ 385,335,367</u>	<u>\$ 393,783,063</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	\$ 3,655,569	\$ 637,499
Leases	236,490,944	230,281,413
Other postemployment benefits	28,340,799	33,742,523
Total deferred inflows of resources	<u>\$ 268,487,312</u>	<u>\$ 264,661,435</u>
NET POSITION		
Net investment in capital assets	\$ 344,088,343	\$ 319,951,453
Restricted expendable:		
Debt service	27,059,875	31,198,328
Capital projects	-	682,096
Unrestricted	19,926,982	24,607,598
Total net position	<u>\$ 391,075,200</u>	<u>\$ 376,439,475</u>

*As revised. See Note 1 to the financial statements.

ALABAMA STATE PORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021*</u>
OPERATING REVENUES		
McDuffie Coal Terminal	\$ 70,081,202	\$ 65,486,584
General Cargo/Intermodal	39,288,129	38,275,968
Terminal Railway	25,110,927	22,514,468
Real Estate	18,531,517	19,802,856
Marine Liquid Bulk Terminal	4,265,861	3,761,245
Other	7,235,524	6,074,366
Total operating revenues	<u>164,513,160</u>	<u>155,915,487</u>
OPERATING EXPENSES AND LOSSES		
Operation and maintenance of facilities	89,416,660	70,186,443
Depreciation and amortization	35,717,419	36,693,973
General and administrative	17,501,817	14,777,198
Total operating expenses and losses	<u>142,635,896</u>	<u>121,657,614</u>
OPERATING INCOME	<u>21,877,264</u>	<u>34,257,873</u>
NONOPERATING INCOME (EXPENSES)		
Investment income	171,171	52,402
Change in fair value of interest rate swap	251,940	171,445
Interest expense	(13,216,074)	(13,961,367)
Interest rate swap income (expense)	368	(423,113)
Non-capital port development contributions	15,550,000	16,500,000
Non-capital port development expense	(15,550,000)	(16,500,000)
(Loss) Gain on disposal of capital assets	(2,936,592)	693,370
Insurance recoveries	603,722	1,393,625
Other, net	722,309	(1,558,595)
Total nonoperating expenses	<u>(14,403,156)</u>	<u>(13,632,233)</u>
Income before capital grants and contributions	7,474,108	20,625,640
Capital grants and contributions	7,161,617	17,925,757
Increase in net position	<u>14,635,725</u>	<u>38,551,397</u>
NET POSITION		
Beginning of year, as restated	<u>376,439,475</u>	<u>337,888,078</u>
End of year	<u>\$ 391,075,200</u>	<u>\$ 376,439,475</u>

*As revised. See Note 1 to the financial statements.

ALABAMA STATE PORT AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021*</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 149,446,212	\$ 139,407,075
Cash payments to suppliers for goods and services	(68,338,724)	(52,945,201)
Cash payments to employees for services	(45,707,874)	(43,189,770)
Net cash provided by operating activities	<u>35,399,614</u>	<u>43,272,104</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(43,741,818)	(43,235,875)
Principal receipts on leases	51,871,065	8,640,875
Interest receipts on leases	6,056,470	5,544,896
Principal paid on bonds	(14,936,771)	(13,060,000)
Interest paid on bonds and swap	(12,942,859)	(13,670,366)
Principal paid on leases	(332,549)	(238,464)
Proceeds from capital grants	11,222,400	20,889,236
Other proceeds	722,309	241,405
Insurance proceeds	603,722	1,393,625
Net cash used in capital and related financing activities	<u>(1,478,031)</u>	<u>(33,494,668)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(6,488,396)	(2,034,022)
Sale of investments	11,360,693	-
Interest received on investments	119,422	53,709
Return of collateral from interest rate swap	7,610,000	-
Net cash provided by (used in) investing activities	<u>12,601,719</u>	<u>(1,980,313)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>46,523,302</u>	<u>7,797,123</u>
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>65,581,341</u>	<u>57,784,218</u>
End of year	<u>\$ 112,104,643</u>	<u>\$ 65,581,341</u>

*As revised. See Note 1 to the financial statements.

**ALABAMA STATE PORT AUTHORITY
STATEMENTS OF CASH FLOWS – CONTINUED
FOR THE YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

	2022	2021*
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 21,877,264	\$ 34,257,873
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	35,717,419	36,693,973
Bad debt expense	97,085	220,001
Leasing activity:		
Lease income	(19,088,825)	(18,696,476)
Lease payments	332,549	238,464
Changes in assets and liabilities:		
Trade accounts receivable	(5,840,699)	2,082,773
Inventories	(232,807)	179,745
Prepaid expenses and other assets	3,052,085	3,564,126
Other assets, net	(3,113,193)	(11,082,272)
Net pension asset and deferred outflows	(2,830,030)	(2,157,583)
Net pension liability and deferred inflows	2,911,957	788,762
Other postemployment benefits liability and deferred inflows and outflows	(6,830,934)	(6,202,369)
Accounts and contracts payable	841,373	5,175,770
Accrued liabilities, unearned revenues, and other liabilities	8,506,370	(1,790,683)
Net cash provided by operating activities	\$ 35,399,614	\$ 43,272,104

*As revised. See Note 1 to the financial statements.

Noncash Items

Construction in progress additions of \$2,578,555 and \$3,342,418 were included in accounts and contracts payable as of September 30, 2022 and 2021, respectively.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Alabama State Port Authority (Authority) is an agency of the State of Alabama (State) created to engage in promoting, developing, constructing, maintaining, and operating harbors, seaports, and riverports within the State.

The Authority operates a coal handling and storage facility, general cargo/intermodal facilities which include the Pinto Island Steel Terminal, a switching railway, and a liquid bulk terminal, primarily in Mobile, Alabama. The primary commodities handled and stored are wood, paper products, liquid chemicals, steel and other metals, and coal. The Authority also owns land and facilities that it leases to others.

The Governor of the State appoints eight members of the Board of Directors of the Authority (Board), subject to confirmation by the Alabama Senate. The Governor designates one of the confirmed members of the Board as the Board's Chairperson. In addition, one ex-officio member serves as the ninth member of the Board. The ex-officio member annually rotates between the Mayor of the City of Mobile and the President of the Mobile County Commission. The Board appoints the Director of the Authority. The Director is the chief executive officer responsible for managing the affairs of the Authority. The Alabama State Legislature has the authority to create and enact laws and statutes that govern the affairs of the Authority.

The Authority is not a legally separate entity from the State and, for financial reporting purposes, is considered to be part of the State. Additionally, the Authority is largely independent of the control of the State Comptroller, State Auditor, and State Treasurer, but lacks the corporate powers to make them legally separate and is, therefore, part of the primary government. The Authority is considered an agency of the primary government of the State and is presented as a business-type activity in the basic financial statements of the State. The financial statements of the Authority include all operations and activities of the Authority.

Cumulative Effect of Recently Implemented Pronouncement

The Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases* (GASB 87), which is effective for reporting periods beginning after December 15, 2019 (subsequently extended 18 months by GASB No. 95). The Authority adopted this guidance during fiscal 2022 and retrospectively applied it to the financial statements and disclosures for fiscal 2021. GASB 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of each contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 also expands lease disclosures related to the timing, significance, and purpose of a government's leasing arrangements.

ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The effects of the changes from the implementation of GASB 87 on the Authority's financial statements as of September 30, 2021, and for the year then ended are as follows:

	<u>Originally Stated</u>	<u>Adjustments</u>	<u>Revised</u>
Condensed Statement of Net Position			
Current assets	\$ 123,387,369	\$ 9,214,266	\$ 132,601,635
Noncurrent assets	651,751,571	225,719,264	877,470,835
Total assets	<u>775,138,940</u>	<u>234,933,530</u>	<u>1,010,072,470</u>
Deferred outflows of resources	<u>24,811,503</u>	-	<u>24,811,503</u>
Current liabilities	41,336,418	323,310	41,659,728
Noncurrent liabilities	<u>352,069,826</u>	<u>53,509</u>	<u>352,123,335</u>
Total liabilities	<u>393,406,244</u>	<u>376,819</u>	<u>393,783,063</u>
Deferred inflows of resources	<u>34,380,022</u>	<u>230,281,413</u>	<u>264,661,435</u>
Net position			
Net investment in capital assets	319,944,165	7,288	319,951,453
Restricted expendable	31,880,424	-	31,880,424
Unrestricted	<u>20,339,588</u>	<u>4,268,010</u>	<u>24,607,598</u>
Total net position	<u>\$ 372,164,177</u>	<u>\$ 4,275,298</u>	<u>\$ 376,439,475</u>
Condensed Statement of Revenues, Expenses, and Changes in Net Position			
Operating revenues	\$ 151,655,871	\$ 4,259,616	\$ 155,915,487
Operating expenses	<u>121,677,526</u>	<u>(19,912)</u>	<u>121,657,614</u>
Operating income	29,978,345	4,279,528	34,257,873
Net nonoperating expenses	<u>(13,628,003)</u>	<u>(4,230)</u>	<u>(13,632,233)</u>
Income before capital grants and contributions	16,350,342	4,275,298	20,625,640
Capital grants and contributions	<u>17,925,757</u>	-	<u>17,925,757</u>
Increase in net position	34,276,099	4,275,298	38,551,397
Net position, beginning of year	<u>337,888,078</u>	-	<u>337,888,078</u>
Net position, end of year	<u>\$ 372,164,177</u>	<u>\$ 4,275,298</u>	<u>\$ 376,439,475</u>

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Implementation of Accounting Standards

In October 2021, the GASB issued Statement No. 98, *Annual Comprehensive Financial Report*, which established the term Annual Comprehensive Financial Report and its acronym, ACFR, to be used in reporting for state and local governments. The Authority adopted this guidance during fiscal 2022. There was no impact to the Authority's financial position or results of operations as a result of the implementation.

Basis of Accounting

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. For financial reporting purposes, the Authority is considered a special-purpose government engaged only in business-type activities as defined by GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the financial statements of the Authority have been prepared in accordance with GAAP using the economic measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

Net Position

The Authority presents net position in the following three categories according to external restrictions or availability of assets for satisfaction of Authority obligations:

- **Net investment in capital assets:** Capital assets and right-to-use lease assets, net of accumulated depreciation and amortization and reduced by outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets, and retainage payable on construction contracts. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets, or the related debt are included in this component of net position.
- **Restricted:** The Authority classifies net position resulting from transactions with purpose restrictions as restricted net position until the specific resources are used for the required purpose or for as long as the provider requires the resources to remain intact.
 - **Nonexpendable** – Net position subject to externally imposed stipulations that they be maintained permanently by the Authority. There is no such net position as of September 30, 2022 or 2021.
 - **Expendable** – Net position whose use by the Authority is subject to externally imposed stipulations that can be fulfilled by actions of the Authority pursuant to those stipulations or that expire by the passage of time.
- **Unrestricted:** Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position. Unrestricted net position may be designated for specific purposes by action of management or the Board.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fair Value Application and Measurement

Fair value is applied to assets and liabilities that the Authority holds primarily for the purpose of income or profit and that have a present service capacity based solely on their ability to generate cash or to be sold to generate cash. The Authority categorizes its fair value measurements within the value hierarchy established by GAAP. The hierarchy is based upon valuation inputs used to measure the fair value of the respective asset or liability. Level 1 inputs include quoted prices in active markets for identical assets; Level 2 inputs include observable inputs other than quoted prices included in Level 1 inputs; Level 3 inputs include unobservable inputs.

Cash and Cash Equivalents

The Authority considers all liquid debt instruments (including restricted assets), with a maturity of three months or less when purchased, to be cash equivalents.

Investments

Investments are recorded at their fair value except for investments in debt securities with maturities of less than one year at the date of purchase, which are recorded at cost. Investment income, including unrealized and realized gains and losses on investments, is presented as nonoperating income (expenses) in the accompanying statements of revenues, expenses, and changes in net position. The Authority has a policy in place that outlines permitted investments that meet the requirements of the Authority. The primary objective of the investment program is to maximize the return on investments while minimizing potential risks associated with the investment. The investment terms are intended to be established in conjunction with funding requirements based upon cash flow projections.

Accounts Receivable

Accounts receivable arise in the ordinary course of business. The Authority recognizes an allowance for doubtful accounts based on historical experience, coupled with a review of the current status of existing receivables. This allowance is deducted from the accounts receivable balance to properly reflect the net realizable value. The Authority writes off accounts receivable when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Bad debt expense was \$97,085 and \$220,001 for the years ended September 30, 2022 and 2021, respectively, and is included in operating revenues.

Inventories

Inventories consist of maintenance materials and operating supplies and are stated at the lower of cost or market, determined on an average cost method.

Revenues and Expenses

Operating activities, as reported on the statements of revenues, expenses, and changes in net position, are defined as activities that generally result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nearly all of the Authority's revenues and expenses are from exchange transactions. Total operating revenues are reported net of discounts and allowances, including those related to uncollectible accounts. Grants for capital activities are not considered operating or nonoperating activities but are presented after nonoperating activities on the accompanying statements of revenues, expenses, and changes in net position.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenues and Expenses – Continued

In fiscal 2022 and 2021, the Authority, designated as an Energy Port under the Water Resources Reform and Development Act of 2014, received funds totaling \$4,950,000 in each year from the U.S. Army Corps of Engineers (USACE) for use in dredging and other approved activities. Amounts earned during the year are included in operating revenues on the statements of revenues, expenses, and changes in net position, and are not considered as federal expenditures for purposes of the Uniform Guidance. These resources are received from the Harbor Maintenance Tax Fund, which is funded through charges applied to the value of cargo being loaded or unloaded from a vessel, exclusive of export cargo, and is assessed on imported cargo, domestic cargo, and the transport of passengers moving through U.S. ports. The owner of the cargo is responsible for paying the tax.

Leases

As lessor, the Authority records a lease receivable at the commencement of the lease, which is measured at the present value of the minimum lease payments expected to be received during the remaining lease term. Payments are discounted using the interest rate implicit in the lease or, when the lease does not have an implicit rate, using the Authority's Incremental Borrowing Rate (IBR), which is estimated based on current borrowing rates for entities with bond ratings comparable to the Authority's bond rating. Minimum payments used for measuring the lease include fixed payments and variable payments that are fixed in substance, such as volume-based payments when the lease contains minimum volume commitments. Variable payments that depend on an index or a rate (such as the Consumer Price Index) are initially measured using the index or rate as of the commencement of the lease term. Variable payments based on future performance of the lessee or usage of the underlying asset (such as payments based on throughput in excess of minimum volume commitments or in the absence of minimum volume commitments) are recognized as inflows in the period to which those payments relate. Renewal options are included in measurement of the lease when it is reasonably certain that the options will be exercised. The Authority also records deferred inflows of resources at the commencement of the lease, which is recognized as lease revenue on a straight-line basis over the lease term.

As lessee, the Authority records a lease liability and a right-to-use lease asset at the commencement of the lease term. The lease liability is measured at the present value of the lease payments expected to be made during the lease term. The right-to-use lease asset is an intangible asset that represents the Authority's right to use the leased property during the lease term and is recorded at the initial measurement of the lease liability, adjusted for any lease payments made to the lessor, and any lease incentives received from the lessor, at or before commencement of the lease, and initial direct costs that are ancillary charges necessary to place the leased asset into service.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Capital Assets

Capital assets constructed or acquired by purchase, and general infrastructure assets are stated at historical cost. The cost of additions includes direct labor and materials, and allocable general and administrative expenses. Certain assets have been financed under lease contracts and the amortization of such assets is charged to operations. Donated capital assets are stated at their acquisition value on the date donated. The Authority's capitalization threshold is a minimum of \$500 and one-year life.

Ordinary maintenance, repairs, and minor renewals and betterments are expensed as incurred. Major renewals and betterments are treated as capital additions. Upon retirement of capital assets, the cost and related accumulated depreciation are eliminated from the accounts and any gain or loss is included in nonoperating income (expenses) in the accompanying statements of revenues, expenses, and changes in net position.

Depreciation is computed using the straight-line method over the estimated useful lives of assets, ranging from 5–40 years for wharves, piers, and containerized yards; 25–40 years for railroad tracks and crossings; 5–40 years for buildings and structures, and improvements other than buildings; 4–40 years for machinery and equipment; and 5–20 years for furniture and fixtures. Depreciation expense related to equipment originally acquired under capital leases is computed on a straight-line basis over the shorter of the useful life of the equipment or the lease term, as appropriate.

Costs incurred to acquire the perpetual right to use certain railroad tracks not owned by the Authority are amortized on a straight-line basis over a forty-year period.

Impairment of Long-Lived Assets

The recoverability of assets is reviewed when events or changes in circumstances occur that indicate that the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on the ability to recover the carrying value of the asset from the future cash flows of the related asset. If the cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between the estimated fair value and the carrying value. No such losses were incurred for the years ended September 30, 2022 and 2021.

Costs of Engineering Services and Dredging

Costs of engineering services incurred for the purpose of determining the feasibility of contemplated projects are recorded within construction work in progress. If a project is constructed, the costs are capitalized as part of the cost of the facility. If the plans for a project are abandoned, such costs are expensed in the period of abandonment. Costs associated with periodic dredging of waterways are recorded in construction work in progress, transferred to unamortized dredging costs at the time of completion, and amortized on a straight-line basis over periods of six months to ten years based on historical siltation rates. Such costs are included in other assets, net on the accompanying statements of net position. Dredging costs that are deemed annual maintenance costs with a future benefit period of less than one year are expensed in the period incurred.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Outflows of Resources

Deferred outflows of resources include unamortized debt refunding, which is amortized as a component of interest expense over the shorter of the remaining life of the old debt or the life of the new debt; and deferred outflows related to pension and other postemployment benefits (OPEB), which are amortized as a component of pension and OPEB expense in future years. Deferred outflows related to pension and OPEB represent:

- Differences between expected and actual experience
- Changes in the proportionate share of the multiple-employer plans
- Differences between projected and actual earnings on pension and OPEB investments
- Changes in assumptions
- Amounts resulting from timing differences of contributions made subsequent to the measurement dates, but as of the date of the basic financial statements

Deferred Inflows of Resources

Deferred inflows related to pension and OPEB represent differences between expected and actual experience, changes in the proportionate share of the multiple-employer plans, differences between projected and actual earnings on pension and OPEB investments, and changes in assumptions. Deferred inflows related to leases represent amounts that will be recognized as lease revenue on a straight-line basis over the remaining term of the lease.

Discounts/Premiums on Long-Term Debt

Discounts/premiums on long-term debt are amortized as a component of interest expense over the term of the related debt obligations using the straight-line method, which approximates the effective interest method.

Vacation and Sick Leave

Employees earn vacation at rates of five to thirty-one days per year, depending on their length of employment, and may accumulate up to a maximum of 60 days, depending on their employee classification. Upon termination, employees are paid for any unused accumulated vacation. Employees earn sick leave at a rate of up to 13 days per year, depending on employee classification. Employees accumulate up to a maximum of 150 days of sick leave depending upon the employee classification. One-half of unused accumulated sick leave is paid to certain employees upon retirement. The vacation and sick leave liability, with terminal cash benefits payable, is accrued at its accumulated value. The liability for compensated absences increased in fiscal 2022 by approximately \$296,000 and decreased in fiscal 2021 by approximately \$812,000.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Accrued sick leave	\$ 839,335	\$ 94,001	\$ 86,755	\$ 846,581	\$ 507,949
Accrued vacation leave	3,804,721	830,420	541,977	4,093,164	2,455,898
	<u>\$ 4,644,056</u>	<u>\$ 924,421</u>	<u>\$ 628,732</u>	<u>\$ 4,939,745</u>	<u>\$ 2,963,847</u>

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Unearned Revenues

Unearned revenues represent payments received in advance for services or non-exchange contributions, with revenues recognized as earned over the term of the related agreement.

Risk Management

The Authority is exposed to various risks of loss relating to tort litigation; theft of, damage to, and destruction of property; errors and omissions; and natural disasters. The Authority carries either commercial insurance, or coverage provided through The State Insurance Fund of Alabama (a self-insurance fund coupled with excess commercial coverage). The State Insurance Fund of Alabama has a coverage deductible of \$5,000. The commercial inland marine coverage for equipment has a deductible ranging from \$500,000 to \$1,750,000 for any one occurrence and depends upon the classification of the asset and the type of risk coverage applicable.

The Authority is also exposed to the risk of loss resulting from general, professional, fiduciary, law enforcement, and cyber liability for which it carries commercial insurance having deductibles ranging from \$- to \$250,000. The Authority is self-insured to the extent of the amounts deductible from loss coverage amounts. The Authority also provides for losses in excess of its primary coverages for general liability, general employer liability, maritime employer liability, and auto liability by carrying excess/umbrella liability insurance coverage up to \$100 million.

The Authority is partially self-insured with respect to workers' compensation claims. Each claim for a loss in excess of the established self-insured retention of \$750,000 or \$1,000,000, depending on the classification code of the affected employee, is covered up to the \$25 million policy limit. An accrual for uninsured claims due within one year is included in other accrued liabilities, and the long-term portion is shown as unpaid claims in the accompanying statements of net position. Claims that have been incurred but have not been reported, as well as a case development factor for known claims, have been accrued as unpaid claims. During fiscal 2022, fiscal 2021, and fiscal 2020, the Authority had no settlements that exceeded insurance coverage limits.

The Authority enters into contractual obligations in the ordinary course of business, including management agreements, purchase agreements, and leases for premises and equipment. Management does not anticipate that the ultimate liability arising, if any, related to these obligations will have a material adverse effect on the Authority's financial statements.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Concentration of Credit Risk

The Authority provides services and facilities usage for companies located throughout the world. The Authority periodically performs credit evaluations of its customers, and generally operates under international laws, which may provide for a maritime lien on vessels in the event of default on credit terms, along with domestic laws which allow warehousemen's liens on cargo in these situations. The Authority maintains reserves for potential credit losses.

Revenues from the Authority's top ten customers for the years ended September 30, 2022 and 2021, were approximately 61% and 66% of total operating revenues, respectively.

Use of Estimates

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, deferred inflows, and the disclosure of contingencies at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

The estimates susceptible to significant changes include those used in determining the allowance for doubtful accounts, reserves for workers' compensation claims and litigation claims, pension and OPEB obligations, and the liability for environmental remediation. Although some variability is inherent in these estimates, management believes that the amounts provided are adequate and reasonable.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The Authority maintains sweep accounts with financial institutions in which the account balances are held in short-term investments/repurchase agreements on a nightly basis and returned to the accounts the following business day. Repurchase agreements of approximately \$891,000 and \$895,000 are included in cash and cash equivalents as of September 30, 2022 and 2021, respectively.

The Board approves, by resolution, all banks or other financial institutions utilized as depositories for Authority funds. Prior to approval, each proposed depository must provide evidence of its designation by the Alabama State Treasurer as a qualified public depository (QPD) under the Security of Alabama Funds Enhancement Act (SAFE). From time to time, the Board may request that the depository provide evidence of its continuing designation as a QPD. Under the mandatory SAFE program, each QPD is required to hold collateral for all of its public depositories on a pooled basis in a custody account established for the State Treasurer as SAFE administrator. In the unlikely event a public entity should suffer a deposit loss due to QPD insolvency or default, a claim form would be filed with the State Treasurer who would use the SAFE pool collateral or other means to reimburse the loss. Given the nature of the State requirement, deposits held in QPD institutions are not subject to categorization by use.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS – CONTINUED

As of September 30, 2022 and 2021, \$111,213,345 and \$64,686,578, respectively, of cash and cash equivalents represents deposits qualified under the SAFE program. All remaining cash and cash equivalents are amounts that are insured or registered, or securities held by the Authority or its agent in the Authority's name.

Deposits can be exposed to various risk factors including custodial credit risk and foreign currency risk. Deposits can be exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: a) uncollateralized, b) collateralized with securities held by the pledging financial institution or c) collateralized with securities held by the pledging financial institution's trust department but not in the depositor-government's name. Given that a majority of the Authority's cash deposits qualify under the SAFE program, the Authority's exposure to custodial credit risk is minimal. Since the Authority does not have any deposits impacted by foreign currencies, there is no associated foreign currency risk.

Investments

The Authority's investment policy permits investments in:

- U.S. Government and Agency securities
- Certificates of deposit
- Money market accounts
- Mutual funds
- Repurchase agreements

The value of the Authority's investments can be exposed to credit risk, interest rate risk, foreign currency risk, and custodial credit risk. The Authority has taken the following steps to mitigate these risks:

- Custodial risk is mitigated as investments are insured and held by the Authority or the Authority's agent in the Authority's name.
- Concentration risk is mitigated as the Authority's investments are in money market funds.
- Interest rate risk is mitigated since the Authority has no fixed income securities other than repurchase agreements collateralized in the Authority's name.
- Foreign currency risk is nonexistent as no investments are held in foreign currencies.

As of September 30, 2022 and 2021, investments of \$27,059,875 and \$31,880,423, respectively, were held in money market funds with no maturity dates. As the investments are held in money market funds, there are no unrealized gains or losses associated with these investments.

Investments are restricted as to use for debt service obligations and for use in capital projects. Investments restricted for debt service were \$27,059,875 and \$31,198,328 as of September 30, 2022 and 2021, respectively. Investments restricted for capital projects were \$- and \$682,096 as of September 30, 2022 and 2021, respectively.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

3. FAIR VALUE MEASUREMENTS

The Authority follows the guidance in GASB Statement No. 72, *Fair Value Measurement and Application*, as it relates to fair value measurements and disclosures. This guidance provides a framework for measuring fair value and a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Authority has the ability to access.
- Level 2: Inputs to the valuation methodology include directly or indirectly observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, loss severities, credit risks, and default rates); or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Inputs to the valuation methodology are unobservable, supported by little or no market activity, and are significant to the fair value of the assets or liabilities.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

3. FAIR VALUE MEASUREMENTS – CONTINUED

Items Measured at Fair Value on a Recurring Basis

As of September 30, 2022 and 2021, the Authority had the following assets and liabilities measured at fair value on a recurring basis:

	As of September 30, 2022		
	Fair Value	Level 1	Level 2
Assets:			
Investments	\$ 27,059,875	\$ 27,059,875	\$ -
As of September 30, 2021			
	Fair Value	Level 1	Level 2
Assets:			
Investments	\$ 31,880,423	\$ 31,880,423	\$ -
Liabilities:			
Derivative liability	\$ 251,940	\$ -	\$ 251,940

Items Measured at Fair Value on a Nonrecurring Basis

Certain assets are measured at fair value on a nonrecurring basis. These adjustments to fair value usually result from write-downs of individual assets due to impairment. There were no assets measured at fair value on a nonrecurring basis as of September 30, 2022 and 2021.

4. LEASES

The Authority has entered into various leasing agreements as the lessor for the use of land and buildings for initial terms ranging from one to thirty years. The agreements generally contain options for the lessee to extend the term for additional periods ranging from one to ten years, which are included in the measurement of the lease receivable when it is reasonably certain that the options will be exercised. Payment terms in the agreements include fixed revenue components, variable revenue based on the Consumer Price Index (CPI), and/or revenues dependent on the lessee's throughput volumes. Variable lease revenue not included in the measurement of the lease receivable totaled \$7,619,137 and \$6,450,584 for fiscal 2022 and fiscal 2021, respectively. Some agreements contain minimum volume commitments that are considered fixed in substance and are therefore included in the measurement of the lease receivable.

The majority of the lease receivable is comprised of concessionaire agreements that are protected by confidentiality agreements. Under the concessionaire agreements, lessees operate facilities on the Authority's property for lease terms longer than those of other lease arrangements, and payment terms include clauses related to the lessee's annual throughput volumes. The other lease arrangements represent relatively shorter lease terms with fixed or variable revenue components.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

4. LEASES – CONTINUED

Lease receivables and related revenues are summarized as follows for fiscal 2022:

	<u>Lease Receivable</u>	<u>Lease Revenue</u>	<u>Lease Interest Revenue</u>
Concessionaire agreements	\$ 185,346,171	\$ 19,950,261	\$ 5,713,577
Other lease agreements	15,638,733	2,733,497	410,952
	<u>\$ 200,984,904</u>	<u>\$ 22,683,758</u>	<u>\$ 6,124,529</u>

Lease receivables and related revenues are summarized as follows for fiscal 2021 (as revised):

	<u>Lease Receivable</u>	<u>Lease Revenue</u>	<u>Lease Interest Revenue</u>
Concessionaire agreements	\$ 217,969,411	\$ 18,893,656	\$ 5,983,143
Other lease agreements	15,712,731	1,742,700	420,640
	<u>\$ 233,682,142</u>	<u>\$ 20,636,356</u>	<u>\$ 6,403,783</u>

Minimum future lease receipts are as follows:

	<u>Principal Receipts</u>	<u>Interest Receipts</u>	<u>Total Receipts</u>
2023	\$ 6,678,985	\$ 6,384,526	\$ 13,063,511
2024	5,715,462	5,980,712	11,696,174
2025	5,527,051	5,751,335	11,278,386
2026	5,716,676	5,611,549	11,328,225
2027	6,098,185	5,479,765	11,577,950
2028-2032	29,109,360	24,832,201	53,941,561
2033-2037	24,291,837	20,930,170	45,222,007
2038-2042	28,540,620	16,779,741	45,320,361
2043-2047	24,570,328	12,363,144	36,933,472
2048-2052	28,686,019	8,131,878	36,817,897
2053-2057	28,181,904	3,535,726	31,717,630
2058-2059	7,868,477	164,284	8,032,761
	<u>\$ 200,984,904</u>	<u>\$ 115,945,031</u>	<u>\$ 316,929,935</u>

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

4. LEASES – CONTINUED

The Authority is a lessee for noncancellable leases of warehouse space and equipment with lease terms ranging from one to five years. As of September 30, 2022 and 2021, the Authority recognized a lease liability of \$141,196 and \$376,713 respectively. For fiscal 2022, the Authority reported lease expense of \$411,366 and interest expense of \$3,080 related to lease payments made. For fiscal 2021, Authority reported lease expense of \$320,987 and interest expense of \$4,230 related to lease payments made.

Right-to-use lease assets and related activity for the year ended September 30, 2022, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Leased building and equipment	\$ 615,178	\$ 97,030	\$ (432,153)	\$ 280,055
Less accumulated amortization	(231,177)	(336,117)	432,153	(135,141)
Right-to-use assets, net	<u>\$ 384,001</u>	<u>\$ (239,087)</u>	<u>\$ -</u>	<u>\$ 144,914</u>

Right-to-use lease assets and related activity for the year ended September 30, 2021, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Leased building and equipment	\$ 432,154	\$ 183,024	\$ -	\$ 615,178
Less accumulated amortization	-	(231,177)	-	(231,177)
Right-to-use assets, net	<u>\$ 432,154</u>	<u>\$ (48,153)</u>	<u>\$ -</u>	<u>\$ 384,001</u>

Minimum future lease expenditures are as follows:

	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2023	\$ 62,765	\$ 2,135	\$ 64,900
2024	28,484	1,561	30,045
2025	19,600	1,040	20,640
2026	20,103	537	20,640
2027	10,244	76	10,320
	<u>\$ 141,196</u>	<u>\$ 5,349</u>	<u>\$ 146,545</u>

ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

5. CAPITAL ASSETS

The following table is a summary of the activity of various components of capital assets for the year ended September 30, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land in use	\$ 35,098,032	\$ 3,354,546	\$ -	\$ 38,452,578
Land for future development	41,675,314	-	-	41,675,314
Intangible asset, easement	10,000	-	-	10,000
Construction work in progress *	24,378,591	66,752,415	(65,198,400)	25,932,606
Total capital assets not being depreciated	<u>101,161,937</u>	<u>70,106,961</u>	<u>(65,198,400)</u>	<u>106,070,498</u>
Capital assets being depreciated:				
Wharves, piers, and containerized yards	291,049,006	7,221,100	-	298,270,106
Railroad tracks and crossings	64,268,352	579,809	-	64,848,161
Railroad track usage rights	3,266,015	-	-	3,266,015
Buildings and structures	116,236,658	5,262,918	184,483	121,684,059
Improvements other than buildings	291,819,847	657,670	-	292,477,517
Machinery and equipment	373,323,431	23,351,185	(8,509,909)	388,164,707
Furniture and fixtures	29,270,873	831,701	(48,927)	30,053,647
Total capital assets being depreciated	<u>1,169,234,182</u>	<u>37,904,383</u>	<u>(8,374,353)</u>	<u>1,198,764,212</u>
Less accumulated depreciation:				
Wharves, piers, and containerized yards	136,226,495	6,845,871	-	143,072,366
Railroad tracks and crossings	35,639,554	1,871,318	-	37,510,872
Railroad track usage rights	3,260,565	370	-	3,260,935
Buildings and structures	83,390,848	2,155,837	-	85,546,685
Improvements other than buildings	126,426,537	9,238,695	-	135,665,232
Machinery and equipment	230,622,013	9,477,243	(5,350,144)	234,749,112
Furniture and fixtures	22,063,932	1,083,185	(48,927)	23,098,190
Total accumulated depreciation	<u>637,629,944</u>	<u>30,672,519</u>	<u>(5,399,071)</u>	<u>662,903,392</u>
Total capital assets being depreciated, net	<u>531,604,238</u>	<u>7,231,864</u>	<u>(2,975,282)</u>	<u>535,860,820</u>
Capital assets, net	<u>\$ 632,766,175</u>	<u>\$ 77,338,825</u>	<u>\$ (68,173,682)</u>	<u>\$ 641,931,318</u>

*For fiscal 2022, retirements/transfers of \$65,198,400 from construction work in progress includes \$37,904,383 of assets capitalized and placed in service, with the remaining amounts transferred to unamortized dredging costs or expensed.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

5. CAPITAL ASSETS – CONTINUED

The following table is a summary of the activity of various components of capital assets for the year ended September 30, 2021:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Transfers</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land in use	\$ 35,098,032	\$ -	\$ -	\$ 35,098,032
Land for future development	41,675,314	-	-	41,675,314
Intangible asset, easement	10,000	-	-	10,000
Construction work in progress *	39,807,992	63,117,033	(78,546,434)	24,378,591
Total capital assets not being depreciated	<u>116,591,338</u>	<u>63,117,033</u>	<u>(78,546,434)</u>	<u>101,161,937</u>
Capital assets being depreciated:				
Wharves, piers, and containerized yards	284,414,661	6,634,345	-	291,049,006
Railroad tracks and crossings	61,677,957	2,590,395	-	64,268,352
Railroad track usage rights	3,266,015	-	-	3,266,015
Buildings and structures	116,018,384	33,791	184,483	116,236,658
Improvements other than buildings	252,364,550	39,455,297	-	291,819,847
Machinery and equipment	365,864,808	7,265,810	192,813	373,323,431
Furniture and fixtures	28,912,754	678,704	(320,585)	29,270,873
Total capital assets being depreciated	<u>1,112,519,129</u>	<u>56,658,342</u>	<u>56,711</u>	<u>1,169,234,182</u>
Less accumulated depreciation:				
Wharves, piers, and containerized yards	129,123,157	7,103,338	-	136,226,495
Railroad tracks and crossings	33,823,694	1,815,860	-	35,639,554
Railroad track usage rights	3,260,195	370	-	3,260,565
Buildings and structures	81,245,351	2,150,823	(5,326)	83,390,848
Improvements other than buildings	118,462,516	7,964,021	-	126,426,537
Machinery and equipment	220,968,410	9,816,251	(162,648)	230,622,013
Furniture and fixtures	20,801,754	1,611,183	(349,005)	22,063,932
Total accumulated depreciation	<u>607,685,077</u>	<u>30,461,846</u>	<u>(516,979)</u>	<u>637,629,944</u>
Total capital assets being depreciated, net	<u>504,834,052</u>	<u>26,196,496</u>	<u>573,690</u>	<u>531,604,238</u>
Capital assets, net	<u>\$ 621,425,390</u>	<u>\$ 89,313,529</u>	<u>\$ (77,972,744)</u>	<u>\$ 632,766,175</u>

*For fiscal 2021, retirements/transfers of \$78,546,434 from construction work in progress, includes \$56,658,342 of assets that were capitalized and placed in service, with the remaining amounts transferred to unamortized dredging costs or expensed.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

5. CAPITAL ASSETS – CONTINUED

Construction work in progress comprises construction and development costs during the construction period and is valued at cost. Depreciation is not recorded until construction is substantially complete and the assets are ready for productive use. Transfers out of construction work in progress that are not capitalized are reclassified to unamortized dredging costs or to expense accounts, allowing for retirements and transfers from this category to be incrementally greater than additions to capital assets.

As of September 30, 2022, construction work in progress includes:

- \$5.1 million for transport and installation of a stacker reclaimer at the McDuffie Coal Terminal
- \$5.1 million for projects jointly undertaken with the USACE at Gaillard Island, within and surrounding Mobile Harbor
- \$2.6 million associated with the Phase 4 Expansion at the Choctaw Point Container Terminal
- \$2.6 million for upgrading existing equipment at the terminals
- \$2.0 million related to upgrades to piers, wharves, and bulkheads
- \$1.8 million related to dredging projects
- \$1.6 million related to upgrading existing Terminal Railway equipment
- \$1.3 million related to drainage upgrades at the McDuffie Coal Terminal
- \$1.2 million associated with various building upgrades
- \$0.7 million related to the construction of the Montgomery, Alabama, Inland Intermodal Container Transfer Facility
- \$0.7 million related to expenditures associated with land development
- \$0.7 million associated with environmental activities
- \$0.5 million related to information technology upgrades

Estimated future commitments for capital expenditures related to construction work in progress for active projects as of September 30, 2022, is approximately \$59.1 million. Funds from cash, operating revenues, grants, and partnerships will satisfy these commitments.

Depreciation expense for the years ended September 30, 2022 and 2021, was approximately \$30,877,000 and \$30,462,000, respectively. An intangible asset, railroad track usage rights, net is also included in capital assets and is fully amortized as of September 30, 2022 and 2021.

6. OTHER ASSETS, NET

The following is a summary of other assets, net as of September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Unamortized dredging costs	\$ 3,292,839	\$ 5,019,190
Prepaid bond insurance	1,868,101	1,990,349
Other assets, net	<u>\$ 5,160,940</u>	<u>\$ 7,009,539</u>

ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

6. OTHER ASSETS, NET – CONTINUED

Amortization expense related to dredging costs for the years ended September 30, 2022 and 2021, was approximately \$4,840,000 and \$6,001,000, respectively. Amortization expense related to bond insurance premiums was approximately \$122,000 for both years ended September 30, 2022 and 2021, and is included in interest expense on the statements of revenues, expenses, and changes in net position.

7. LONG-TERM DEBT

The following table provides a summary of the long-term debt for the year ended September 30, 2022:

	Beginning Balance	Issuances	Payments/ Refundings	Ending Balance	Due Within One Year
Bonds payable from direct borrowings:					
Docks Facilities Revenue Refunding Bond Series 2008A, originally issued for \$61,300,000, variable rate (indexed to LIBOR)	\$ 8,040,000	\$ -	\$ 8,040,000	\$ -	\$ -
Docks Facilities Revenue Bond Series 2020, originally issued for \$46,986,000, 1.91% due annually through fiscal 2041	46,986,000	-	1,951,771	45,034,229	1,988,431
Bonds payable:					
Docks Facilities Revenue Refunding Bonds Series 2017A, originally issued for \$123,770,000, 5.00% due periodically through fiscal 2036	121,995,000	-	-	121,995,000	-
Docks Facilities Revenue Refunding Bonds Series 2017C, originally issued for \$6,130,000, 5.00% due October 1, 2036	6,130,000	-	-	6,130,000	-
Docks Facilities Revenue Refunding Bonds Series 2017D, originally issued for \$132,990,000, 1.35% to 4.72% due annually through fiscal 2041	128,975,000	-	4,945,000	124,030,000	11,825,000
	<u>312,126,000</u>	<u>\$ -</u>	<u>\$ 14,936,771</u>	<u>297,189,229</u>	<u>\$ 13,813,431</u>
Plus: Unamortized premium, net	11,660,222			10,829,916	
Less: Current maturities	<u>(14,936,771)</u>			<u>(13,813,431)</u>	
Long-term debt, net	<u>\$ 308,849,451</u>			<u>\$ 294,205,714</u>	

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

7. LONG-TERM DEBT – CONTINUED

The following table provides a summary of the long-term debt for the year ended September 30, 2021:

	<u>Beginning Balance</u>	<u>Issuances</u>	<u>Payments/ Refundings</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Bonds payable from direct borrowings:					
Docks Facilities Revenue Refunding Bond Series 2008A, originally issued for \$61,300,000, variable rate (indexed to LIBOR) due annually through fiscal 2022	\$ 15,700,000	\$ -	\$ 7,660,000	\$ 8,040,000	\$ 8,040,000
Docks Facilities Revenue Bond Series 2020, originally issued for \$46,986,000, 1.91% due annually through fiscal 2041	46,986,000	-	-	46,986,000	1,951,771
Bonds payable:					
Docks Facilities Revenue Refunding Bonds Series 2017A, originally issued for \$123,770,000, 5.00% due periodically through fiscal 2036	121,995,000	-	-	121,995,000	-
Docks Facilities Revenue Refunding Bonds Series 2017B, originally issued for \$12,100,000, 5.00% due annually October 1, 2018, through fiscal 2021	4,280,000	-	4,280,000	-	-
Docks Facilities Revenue Refunding Bonds Series 2017C, originally issued for \$6,130,000, 5.00% due October 1, 2036	6,130,000	-	-	6,130,000	-
Docks Facilities Revenue Refunding Bonds Series 2017D, originally issued for \$132,990,000, 1.35% to 4.72% due annually through fiscal 2041	130,095,000	-	1,120,000	128,975,000	4,945,000
	<u>325,186,000</u>	<u>\$ -</u>	<u>\$ 13,060,000</u>	<u>312,126,000</u>	<u>\$ 14,936,771</u>
Plus: Unamortized premium, net	12,490,527			11,660,222	
Less: Current maturities	<u>(13,060,000)</u>			<u>(14,936,771)</u>	
Long-term debt, net	<u>\$ 324,616,527</u>			<u>\$ 308,849,451</u>	

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

7. LONG-TERM DEBT – CONTINUED

All gross revenues of the Authority collateralize the outstanding balances of the Docks Facilities Revenue Refunding Bonds Series 2008A (Series 2008A), Docks Facilities Revenue Refunding Bonds Series 2017 A-D (Series 2017), and the Docks Facilities Revenue Bond Series 2020 (Series 2020). Gross revenues are generated from services provided, including all special handling and processing charges, tariffs, surcharges, and for the use of docks facilities, and other fees and payments made under any lease. Docks facilities are defined as docks and all types of related facilities, including elevators, compressors, conveyors, warehouses, water and rail terminals, coal handling and storage facilities, steel handling facilities, grain elevator facilities, wharves, piles, quays, loading and unloading facilities, and other related structures, facilities, equipment, property, and property improvements owned or under the management of the Authority.

On August 26, 2020, the Authority issued a \$46,986,000 Docks Facilities Revenue Bond Series 2020 (Series 2020), at a fixed rate of 1.91% per annum, with interest payable on the first day of each month. Annual principal payments are due through maturity on October 1, 2040. Proceeds from Series 2020 were used to provide long term funding to expand the container handling capacity of its operations at the Choctaw Point Container Terminal, including an approximately 400' by 200' dock extension, and paving, drainage, and lighting for an addition of approximately 20 acres to the container storage area. Series 2020 was issued as a fully amortized, 20-year tenor bond with level annual debt service of \$2,848,585.

The Docks Facilities Revenue Refunding Bond Series 2017 and Series 2020 require the Authority to adhere to several general and restrictive financial covenants. The financial covenants in the agreements require the Authority to meet minimum debt service coverage ratios with the most restrictive being a ratio of 100% coverage of revenues and investment income to operating expenses and annual debt service (as defined). The Authority is in compliance with all debt covenants as of September 30, 2022.

Amortization of deferred outflows of resources resulting from debt refunding and unamortized premiums on long-term debt was \$431,414 and \$931,239 for the years ended September 30, 2022 and 2021, respectively, and is included in interest expense in the statements of revenue, expense, and changes in net position.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

7. LONG-TERM DEBT – CONTINUED

The Series 2020 Bond results from a direct borrowing. Future minimum maturities on the bond payable from a direct borrowing as of September 30, 2022, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,988,431	\$ 825,296	\$ 2,813,727
2024	2,026,410	787,367	2,813,777
2025	2,064,575	746,590	2,811,165
2026	2,105,061	707,135	2,812,196
2027	2,144,755	666,232	2,810,987
2028-2032	11,354,082	2,690,212	14,044,294
2033-2037	12,480,439	1,543,153	14,023,592
2038-2041	10,870,477	333,446	11,203,923
	<u>\$ 45,034,230</u>	<u>\$ 8,299,431</u>	<u>\$ 53,333,661</u>

Future minimum maturities on bonds payable as of September 30, 2022, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 11,825,000	\$ 11,622,581	\$ 23,447,581
2024	9,140,000	11,246,188	20,386,188
2025	9,565,000	10,820,329	20,385,329
2026	10,015,000	10,369,699	20,384,699
2027	10,495,000	9,892,759	20,387,759
2028-2032	56,955,000	41,722,623	98,677,623
2033-2037	69,130,000	25,849,987	94,979,987
2038-2041	75,030,000	6,884,440	81,914,440
	<u>\$ 252,155,000</u>	<u>\$ 128,408,606</u>	<u>\$ 380,563,606</u>

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

8. RESTRICTED EXPENDABLE NET POSITION

Restricted expendable net position, which represents cash and investments held by trustees under various bond and interest rate swap agreements, consists of the following as of September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Debt service:		
Docks Facilities Renewal and Replacement Fund	\$ 7,241,364	\$ 6,692,984
Docks Facilities Revenue Bonds, Series 2017A Debt Service Fund	3,054,907	3,049,931
Docks Facilities Revenue Bonds, Series 2017C Debt Service Fund	153,276	153,253
Docks Facilities Revenue Bonds, Series 2017D Debt Service Fund	14,543,466	7,701,540
Interest Rate Swap, Debt Service Fund	-	214,393
Docks Facilities Revenue Refunding Bond, Series 2008A Debt Service Fund	-	8,047,086
Docks Facilities Revenue Refunding Bond, Series 2008A Reserve Fund	-	3,313,607
Docks Facilities Revenue Bond, Series 2020 Debt Service Fund	2,066,862	2,025,534
Capital projects:		
Short-Term Docks Facilities Revenue Bond, Series 2018 Construction Fund	-	682,096
Total restricted expendable	<u>\$ 27,059,875</u>	<u>\$ 31,880,424</u>

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

9. RETIREMENT PLANS

The Authority contributes to five retirement plans, four of which cover substantially all its employees:

Alabama State Port Authority Hourly Paid Workers Defined Contribution Plan (Hourly DC Plan), Employees' Retirement System of Alabama (ERS), Hourly Paid Alabama State Port Authority Workers Retirement Plan (Hourly DB Plan), and Terminal Railway Alabama State Port Authority Workers Supplemental Retirement Plan (Railway Plan). The plans had the following balances as of and for the years ended September 30:

2022	ERS	Hourly DB Plan	Railway Plan	Total
Pension assets	\$ 37,013,935	\$ 19,124,065	\$ 1,208,704	\$ 57,346,704
Pension liabilities	54,942,624	21,944,917	1,804,964	78,692,505
Net pension liability	\$ 17,928,689	\$ 2,820,852	\$ 596,260	\$ 21,345,801
Deferred outflows	\$ 3,507,594	\$ 3,578,049	\$ 344,038	\$ 7,429,681
Deferred inflows	\$ 3,513,948	\$ -	\$ 141,621	\$ 3,655,569
Pension (benefit) expense	\$ 1,227,018	\$ 1,909,549	\$ 90,267	\$ 3,226,834
2021	ERS	Hourly DB Plan	Railway Plan	Total
Pension assets	\$ 33,795,980	\$ 21,723,794	\$ 1,373,015	\$ 56,892,789
Pension liabilities	54,841,510	20,443,920	1,779,399	77,064,829
Net pension liability	\$ 21,045,530	\$ -	\$ 406,384	\$ 21,451,914
Net pension asset	\$ -	\$ (1,279,874)	\$ -	\$ (1,279,874)
Deferred outflows	\$ 3,157,735	\$ 83,231	\$ 78,811	\$ 3,319,777
Deferred inflows	\$ 285,826	\$ 242,070	\$ 109,603	\$ 637,499
Pension expense	\$ 1,375,218	\$ 278,208	\$ 44,635	\$ 1,698,061

Alabama State Port Authority Hourly Paid Workers Defined Contribution Plan (Hourly DC Plan)

Plan Description

Hourly paid workers of the Authority participate in a defined contribution plan that requires all hourly employees, other than employees of the Terminal Railway, to contribute a minimum of 2% of wages toward their retirement. Vesting in the employer's portion of the defined contribution plan is five years. Employees enrolled solely in the defined contribution plan, and those that have frozen their participation in the Hourly DB Plan, receive a basic employer contribution of 6% of wages, and a 50% match on the first 6% of employee contributions. Employees that remain in the Hourly DB Plan as their primary retirement vehicle do not receive a basic employer contribution to the Hourly DC Plan, however they do receive a match of 25% on the first 6% of employee contributions and continue to accrue the benefits of the Hourly DB Plan. Newly hired employees are automatically enrolled in the Hourly DC Plan as their sole Authority-provided retirement plan. The Authority's contributions to the Hourly DC Plan for the years ended September 30, 2022 and 2021, were approximately \$1,144,000 and \$1,041,000, respectively.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

9. RETIREMENT PLANS – CONTINUED

Employees' Retirement System of Alabama (ERS)

Plan Description

Salaried employees of the Authority subject to the classified system of the State participate in the Employees' Retirement System of Alabama (ERS), a tiered, agent multiple-employer, public employee defined benefit retirement plan. The ERS was established as of October 1, 1945, under the provisions of Act 515 of the State Legislature of 1945. The Authority's participation in the ERS is a cost-sharing arrangement with no separate actuarial information available for the Authority alone. The ERS is a component unit of the State for financial reporting purposes. Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report available at www.rsa-al.gov.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the ERS, and additions to/deductions from ERS's fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

Benefits Provided

The ERS provides retirement allowances and other specified benefits for state employees, state police, and employees of cities, counties, towns, and quasi-public organizations on an elective basis. The Board of Control is responsible for the general administration and operation of the ERS. The ERS provides retirement benefits as well as death and disability benefits as established by State Law. The retirement benefit provisions are established by Title 36, Chapter 27 of Alabama State Law and must be amended by statute. Benefits for ERS members vest after ten years of credited service.

Effective October 1, 2012, the Alabama Legislature changed the structure to a tiered plan. State employees hired before January 1, 2013, are classified as ERS Tier 1 members. These employees are eligible to retire after 25 years of creditable service regardless of age, or at age 60 with 10 years of creditable service. State employees hired after January 1, 2013, who do not have prior service are classified as ERS Tier 2 members. These employees may retire at age 62 with at least 10 years of creditable service. State employees who retire are entitled to an annual retirement benefit, payable monthly for life. ERS provides one year of additional retirement service credit for each five (5) years of employment to those eligible as a full-time firefighter, correctional officer, or law enforcement officer, provided that the member remits to the ERS an additional 1% of his or her current annual earnable compensation or the previous year's annual earnable compensation, whichever is higher.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

9. RETIREMENT PLANS – CONTINUED

Employees' Retirement System of Alabama (ERS) – Continued

Benefits Provided – Continued

This allows for these employees to retire after 20 years of service. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 1 members of ERS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service. Tier 2 members of ERS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service.

A pre-retirement death benefit is offered in which the account is credited with ERS employer contributions and investment income on such funds. The pre-retirement death benefit (in the form of group term life insurance) is paid in addition to the return of member contributions upon the death of an active ERS member who has completed at least one year of active membership in the system and whose date of death was within ninety days of such member's last date of actual service. However, a surviving spouse beneficiary may elect a survivor allowance in lieu of this benefit. The pre-retirement death benefit is equal to the annual earnable compensation of the member as reported to the ERS for the preceding year ending September 30.

When a member withdraws from service through resignation, the member's accumulated contributions and a portion of accumulated interest credited to the account may be returned to the member.

Contributions

Title 36, Chapter 27 of the Alabama State Law established the contribution requirements and may only be amended by State statute. The law provides that the Board of Control engage an actuary to prepare an annual valuation of the assets and liabilities of the various reserves.

The actuary has computed, as of the date of the latest available actuarial valuation, the estimated present value of benefits payable to retired members, beneficiaries, and active members. The actuarial valuations are prepared using the entry age normal method. The present value of the expected benefits payable on account of the active members is added to the present value of the expected future payments to retired members and beneficiaries to obtain the present value of all expected benefits payable from ERS on account of the present group of members and beneficiaries.

ERS funding policies provide for employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are sufficient to accumulate assets to pay benefits when due. The employer contributions required to support the benefits are determined following a level funding approach, and consist of a normal contribution, an accrued liability contribution, and a portion to finance administrative costs.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

9. RETIREMENT PLANS – CONTINUED

Employees' Retirement System of Alabama (ERS) – Continued

Contributions – Continued

The accrued liability contribution is expected to liquidate the accrued liability within the ERS funding period of 30 years.

The employee required contribution rate to ERS for Tier 1 covered members, with the exception of law enforcement officers, is 7.50% of earnable compensation. The employee required contribution rate to ERS for Tier 1 certified law enforcement officers is 8.50% of earnable compensation. The employer required contribution rate to ERS for all employees in Tier 1 was 14.83% for fiscal 2022 and 14.64% for fiscal 2021. Tier 2 covered members, with the exception of law enforcement officers, contribute 6.00% of earnable compensation. The employee required contribution rate to ERS for Tier 2 certified law enforcement officers is 7.00% of earnable compensation. The employer required contribution rate to ERS for all employees in Tier 2 was 14.44% in 2022 and 14.24% in 2021. The Authority's total contribution requirement and contributions made for fiscal 2022 and 2021 were approximately \$2,178,000 and \$2,129,000, respectively, which consisted of approximately \$1,465,000 and \$1,420,000 from the Authority and \$713,000 and \$709,000 from employees, respectively.

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to ERS

As of September 30, 2022, the Authority reported a liability of \$17,928,689 for its proportionate share of the net ERS liability. The net ERS liability was measured as of September 30, 2021, and the total ERS liability used to calculate the net ERS liability was determined by an actuarial valuation as of September 30, 2020. The Authority's proportion of the net ERS liability was based on a projection of the Authority's long-term share of contributions to the ERS plan relative to the projected contributions of all participating entities, actuarially determined. At the September 30, 2021 measurement date, the Authority's proportion was 0.641% which was a decrease from 0.677%, its proportion measured as of the September 30, 2020 measurement date.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

9. RETIREMENT PLANS – CONTINUED

Employees' Retirement System of Alabama (ERS) – Continued

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to ERS – Continued

Due to the one year difference in measurement date and fiscal year end, the Authority recognized ERS expense of \$1,420,151 and \$1,550,045, for the years ended September 30, 2022 and 2021, respectively. As of September 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to ERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 729,319	\$ -
Changes in assumptions	1,312,679	-
Net difference between projected and actual earnings on pension plan investments	-	2,672,188
Changes in proportion and differences between Authority contributions and proportionate share of contributions	-	841,760
Authority contributions subsequent to the measurement date	1,465,596	-
	<u>\$ 3,507,594</u>	<u>\$ 3,513,948</u>

Deferred outflows of resources of \$1,465,596, which will be recognized as a reduction of the net pension liability during the year ending September 30, 2023, result from Authority contributions made subsequent to the measurement date of September 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS will be recognized in pension expense as follows:

Year ended September 30:	
2023	\$ (19,484)
2024	12,938
2025	(564,152)
2026	(901,252)
	<u>\$ (1,471,950)</u>

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

9. RETIREMENT PLANS – CONTINUED

Employees' Retirement System of Alabama (ERS) – Continued

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Utilizing the discount rate of 7.45%, the following presents the Authority's proportionate share of the net pension liability. The information presented also shows the Authority's proportionate share of the net pension liability calculated using a discount rate that is one percentage point lower and one percentage point higher than the current rate as of the September 30, 2021, measurement date:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Authority's proportionate share of the net pension liability	\$ 23,678,444	\$ 17,928,689	\$ 13,044,307

Hourly Paid Alabama State Port Authority Workers Retirement Plan (Hourly DB Plan)

Plan Description

All of the Authority's hourly employees, other than employees of the Terminal Railway, that were employed prior to January 1, 2011, who were at least 21 years of age and had completed one year of service, were eligible to participate in the Hourly DB Plan, a single employer, noncontributory defined benefit pension plan. This benefit is based solely on years of service and does not have a wage component. The Authority was authorized to establish and fund this Hourly DB Plan by action of the State Legislature. The assets of the plan are administered by the Retirement Systems of Alabama while the Authority administers the payment of benefits. The Hourly DB Plan issues stand-alone financial statements, a copy of which may be obtained by submitting a written request to the Chief Financial Officer of the Authority. The plan was closed to new participants in fiscal 2011 in favor of the Hourly DC Plan previously described. Employees had the choice of continuing to participate in the Hourly DB Plan and receiving a reduced match of their mandated and eligible elective contributions to the Hourly DC Plan or freezing their participation in the Hourly DB Plan and receiving the enhanced matching of their contributions in the Hourly DC Plan. Those employees who were not vested as of January 1, 2011, had the additional option of transferring the fair value of their accumulated benefit in the Hourly DB Plan into the Hourly DC Plan, such sums not being subject to employer matching. These plan selections were irrevocable.

Summary of Significant Accounting Policies

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Hourly DB Plan, and additions to/deductions from the Hourly DB Plan's fiduciary net position have been determined on the same basis as they are reported by the Hourly DB Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

9. RETIREMENT PLANS – CONTINUED

Hourly Paid Alabama State Port Authority Workers Retirement Plan (Hourly DB Plan) – Continued

Benefits Provided

Participants of the Hourly DB Plan becoming eligible for Social Security and having completed at least 10 years of service are currently entitled to benefits of \$306 to \$1,558 a month, up to 35 years of service, as well as those of any age with thirty consecutive years of service. Participants receive an additional \$42 per month for each year of service in excess of 36 years. For active participants, the plan benefits are indexed according to the CPI-U, capped at 3.00% in any year. Active participants who become disabled after completion of 5 years of service, and who are eligible for Social Security benefits, receive disability benefits which are calculated under the same methods used for normal service retirement benefits. If a participant with at least 10 years of service leaves before his/her normal retirement date, he/she will be entitled to a monthly benefit deferred to the date at which he/she becomes eligible for Social Security, determined in accordance with the normal service retirement benefits.

Employees Covered by Benefit Terms

The following employees were covered by the benefit terms as of September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Inactive employees or beneficiaries currently receiving benefits	165	164
Inactive employees entitled to but not receiving benefits	31	29
Active employees	<u>49</u>	<u>59</u>
	<u>245</u>	<u>252</u>

Contributions

The Authority's funding policy is to contribute an actuarially determined amount equivalent to the "Normal Cost," utilizing the level percent of inflation (2.50%) amortization method, plus an amortization factor that is designed to remove the beginning unfunded liability over a 40-year period and other actuarial gains and losses over a 15-year period from the year of the gain or loss. Plan amendments are amortized over a 30-year period.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

9. RETIREMENT PLANS – CONTINUED

Hourly Paid Alabama State Port Authority Workers Retirement Plan (Hourly DB Plan) – Continued

Contributions – Continued

The annual required contribution for the current year was determined as part of the January 1, 2022, actuarial valuation using the entry age normal percent of pay method. The actuarial assumptions include a 4.75% investment rate of return, with a 2.50% inflation rate inherent in this assumption and with administrative expenses paid outside of the plan. The assumptions do not include post-retirement benefit increases. The plan does not include projected salary increases as the benefit is based solely on years of service. As of the January 1, 2021, measurement date, the plan had obtained fully funded status, resulting in a reset of all previous amortization bases to \$0 with the overfunded amount amortized over 30 years; however, as of the January 1, 2022, measurement date, the funded status was less than 100% and a layered amortization approach for actuarial gains and losses was once again established. The actuarial value of assets was determined using techniques that normalize the effects of short-term volatility in the fair value of investments with actuarial gains or losses being amortized over 15 years from the year of gain or loss on a closed basis.

Contributions were \$1,545,711 and \$1,502,523, equaling 10.40% and 10.95% of payroll of covered participants for the years ended September 30, 2022 and 2021, respectively.

Net Pension Liability (Asset)

The Authority's net pension liability (asset) was measured as of September 30, 2022 and 2021, and the total pension liability (asset) used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2022 and 2021, rolled forward to September 30 using generally accepted actuarial principles.

The total pension liability in the September 30, 2022 and 2021, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Rates	
	2022	2021
Inflation	2.50%	2.75%
Discount rate	4.75%	5.25%
Investment rate of return	4.75%	5.25%

Healthy mortality rates for the year ended September 30, 2022, for the Hourly Plan were based on the PUB-2010 General Healthy Retiree – Below Median Income Mortality Table (sex distinct) with a 2-year set forward adjustment. Disabled mortality rates were based on the PUB-2010 General Disabled Retiree – Below Median Income Mortality Table (sex distinct) with a 7-year set forward adjustment for males and a 3-year set forward adjustment for females.

ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

9. RETIREMENT PLANS – CONTINUED

Hourly Paid Alabama State Port Authority Workers Retirement Plan (Hourly DB Plan) – Continued

Net Pension Liability (Asset) – Continued

The following illustrates the target allocation and best estimates of arithmetic real rates of return for each major asset class for the year ended September 30, 2022:

	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Investment Type:		
Short-Term Securities (cash equivalents)	7.50%	-0.45%
U.S. Government / Agency (cash equivalents)	27.50%	-0.45%
Corporate Bonds	34.00%	1.01%
Large-, Mid-, and Small-Cap Equities	17.00%	4.33%
Mortgage-Backed Securities	14.00%	3.54%
	<u>100.00%</u>	

As of September 30, 2022 and 2021, the only investments in the Hourly DB Plan's fiduciary net position that represented a concentration of 5.00% or more in any organization, were those in U.S. Government and Agency securities.

The long-term expected rate of return on the Hourly DB Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) was developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The discount rate used to measure the total pension liability was the long-term rate of return of 4.75% and 5.25% and a municipal bond rate (based on the 20-year Bond Buyer GO Index) of 4.02% and 2.26% as of September 30, 2022 and 2021, respectively. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the current contribution rate, and the contributions will be made based on the current funding policy for future years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

9. RETIREMENT PLANS – CONTINUED

Hourly Paid Alabama State Port Authority Workers Retirement Plan (Hourly DB Plan) – Continued

	Total Pension Liability (A)	Pension Fiduciary Net Position (B)	Net Pension (Asset) Liability (A) - (B)
Balances as of October 1, 2021	\$ 20,443,920	\$ 21,723,794	\$ (1,279,874)
Service cost	107,417	-	107,417
Interest cost	1,038,889	-	1,038,889
Changes for experience	7,187	-	7,187
Changes in assumptions	1,893,215	-	1,893,215
Contributions – employer	-	1,545,711	(1,545,711)
Benefit payments	(1,545,711)	(1,545,711)	-
Net investment income	-	(2,599,729)	2,599,729
Net changes	<u>1,500,997</u>	<u>(2,599,729)</u>	<u>4,100,726</u>
Balances as of September 30, 2022	<u>\$ 21,944,917</u>	<u>\$ 19,124,065</u>	<u>\$ 2,820,852</u>

	Total Pension Liability (A)	Pension Fiduciary Net Position (B)	Net Pension Asset (A) - (B)
Balances as of October 1, 2020	\$ 20,615,767	\$ 20,806,649	\$ (190,882)
Service cost	132,274	-	132,274
Interest cost	1,050,335	-	1,050,335
Changes for experience	148,067	-	148,067
Changes in assumptions	-	-	-
Contributions – employer	-	1,502,523	(1,502,523)
Benefit payments	(1,502,523)	(1,502,523)	-
Net investment income	-	917,145	(917,145)
Net changes	<u>(171,847)</u>	<u>917,145</u>	<u>(1,088,992)</u>
Balances as of September 30, 2021	<u>\$ 20,443,920</u>	<u>\$ 21,723,794</u>	<u>\$ (1,279,874)</u>

The change in assumptions reflected in the change in net pension liability (asset) for the year ended September 30, 2022, was due to changes to the discount rate, inflation and benefit indexing assumptions, and the mortality assumption effective January 1, 2022.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

9. RETIREMENT PLANS – CONTINUED

Hourly Paid Alabama State Port Authority Workers Retirement Plan (Hourly DB Plan) – Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following information presents the net pension liability calculated using the discount rate of 4.75% as well as net pension liability using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of September 30, 2022:

	<u>1% Decrease (3.75%)</u>	<u>Current Discount Rate (4.75%)</u>	<u>1% Increase (5.75%)</u>
Net pension liability	\$ 5,033,595	\$ 2,820,852	\$ 929,340

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Hourly DB Plan

For the years ended September 30, 2022 and 2021, the plan recognized pension expense of \$1,909,549 and \$278,208, respectively. As of September 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ 2,795,531	\$ -
Changes in assumptions	779,559	-
Differences between expected and actual experience	2,959	-
	<u>\$ 3,578,049</u>	<u>\$ -</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Hourly DB Plan will be recognized in pension expense as follows:

Year ended September 30:	
2023	\$ 1,367,375
2024	679,544
2025	783,086
2026	748,044
	<u>\$ 3,578,049</u>

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

9. RETIREMENT PLANS – CONTINUED

Terminal Railway Alabama State Port Authority Workers Supplemental Retirement Plan (Railway Plan)

Plan Description

All of the Authority's Terminal Railway employees who work at least one day per month, for at least seven months, participate in the Railway Plan, a single employer, non-contributory defined benefit pension plan. The Authority was authorized to establish and fund this Railway Plan by action of the State Legislature. The assets of the plan are administered by the Retirement Systems of Alabama while the Authority administers the payment of benefits. The Railway Plan issues stand-alone financial statements, a copy of which may be obtained by submitting a written request to the Chief Financial Officer of the Authority.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Railway Plan, and additions to/deductions from the Railway Plan's fiduciary net position have been determined on the same basis as they are reported by the Railway Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefits Provided

Employees attaining the age of 62 and completion of 10 consecutive years of service or age 60 and completion of 30 consecutive years of service are entitled to benefits of \$7 to \$210 a month, depending upon length of service. Active employees who become disabled after completion of 10 years of service and are eligible for disability benefits under the Railroad Retirement Act receive disability benefits that are calculated under the same methods used for normal service retirement benefits. If an employee leaves before meeting one of the above retirement criteria, he/she is not entitled to benefits under this plan.

Employees Covered by Benefit Terms

As of September 30, 2022 and 2021, the following employees were covered by the benefit terms:

	<u>2022</u>	<u>2021</u>
Inactive employees or beneficiaries currently receiving benefits	67	76
Active employees	98	98
	<u>165</u>	<u>174</u>

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

9. RETIREMENT PLANS – CONTINUED

Terminal Railway Alabama State Port Authority Workers Supplemental Retirement Plan (Railway Plan) – Continued

Contributions

The Authority's funding policy is to contribute an actuarially determined amount equivalent to the "Normal Cost", utilizing the level percent of inflation (2.50%) amortization method, plus an amortization factor that is designed to remove the beginning unfunded liability over a 40-year period and other actuarial gains and losses over a 15-year period from the year of the gain or loss. Plan amendments are amortized over a 30-year period.

The annual required contribution for the current year was determined as part of the January 1, 2022 actuarial valuation using the entry age normal percent of pay method. The actuarial assumptions include a 4.75% investment rate of return, with a 2.50% inflation rate inherent in this assumption and with administrative expenses paid outside of the plan. The assumptions do not include post-retirement benefit increases. The plan does not include projected salary increases as the benefit is based solely on years of service. The original unfunded actuarial accrued liability is being amortized over a 40-year period on a closed basis with a remaining amortization period of 3 years. The actuarial value of assets was determined using techniques that normalize the effects of short-term volatility in the fair value of investments with actuarial gains or losses being amortized over 15 years from the year of gain or loss on a closed basis.

Contributions were \$133,600 and \$144,209, equaling 1.58% and 1.79% of payroll of covered participants for the years ended September 30, 2022 and 2021, respectively.

Net Pension Liability

The Authority's net pension liability was measured as of September 30, 2022 and 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022 and 2021, rolled forward to September 30 using generally accepted actuarial principles.

The total pension liability in the September 30, 2022 and 2021, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Rates	
	2022	2021
Inflation	2.50%	2.75%
Discount rate	4.75%	5.25%
Investment rate of return	4.75%	5.25%

Healthy mortality rates for the year ended September 30, 2022, for the Railway Plan were based on the PUB-2010 General Healthy Retiree – Below Median Income Mortality Table (sex distinct) with a 2-year set forward adjustment. Disabled mortality rates were based on the PUB-2010 General Disabled Retiree – Below Median Income Mortality Table (sex distinct) with a 7-year set forward adjustment for males and a 3-year set forward adjustment for females.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

9. RETIREMENT PLANS – CONTINUED

Terminal Railway Alabama State Port Authority Workers Supplemental Retirement Plan (Railway Plan) – Continued

Net Pension Liability – Continued

The following illustrates the target allocation and best estimates of arithmetic real rates of return for each major asset class for the year ended September 30, 2022:

Investment Type:	Target Allocation	Long-Term Expected Real Rate of Return
Short-Term Securities (cash equivalents)	7.50%	-0.45%
U.S. Government / Agency (cash equivalents)	27.50%	-0.45%
Corporate Bonds	34.00%	1.01%
Large-, Mid-, and Small-Cap Equities	17.00%	4.33%
Mortgage-Backed Securities	14.00%	3.54%
	<u>100.00%</u>	

As of September 30, 2022 and 2021, the only investments in the Railway Plan's fiduciary net position that represented a concentration of 5.00% or more in any organization, were those in U.S. Government and Agency securities.

The long-term expected rate of return on the Railway Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expenses and inflation) was developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The discount rate used to measure the total pension liability was the long-term rate of return of 4.75% and 5.25% and a municipal bond rate (based on the 20-year Bond Buyer GO Index) of 4.02% and 2.26% as of September 30, 2022 and 2021, respectively. The projection of cash flows used to determine the discount rate assumed that contributions will be made at the current contribution rate, and the contributions will be made based on the current funding policy for future years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

9. RETIREMENT PLANS – CONTINUED

Terminal Railway Alabama State Port Authority Workers Supplemental Retirement Plan (Railway Plan) – Continued

	Total Pension Liability (A)	Pension Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances as of October 1, 2021	\$ 1,779,399	\$ 1,373,015	\$ 406,384
Service cost	22,943	-	22,943
Interest cost	91,161	-	91,161
Changes for experience	(93,489)	-	(93,489)
Changes in assumptions	138,550	-	138,550
Contributions – employer	-	133,600	(133,600)
Benefit payments	(133,600)	(133,600)	-
Net investment income	-	(164,311)	164,311
Net changes	25,565	(164,311)	189,876
Balances as of September 30, 2022	\$ 1,804,964	\$ 1,208,704	\$ 596,260
	Total Pension Liability (A)	Pension Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances as of October 1, 2020	\$ 1,823,412	\$ 1,315,049	\$ 508,363
Service cost	22,939	-	22,939
Interest cost	93,196	-	93,196
Changes for experience	(15,939)	-	(15,939)
Changes in assumptions	-	-	-
Contributions – employer	(144,209)	144,209	(288,418)
Benefit payments	-	(144,209)	144,209
Net investment income	-	57,966	(57,966)
Net changes	(44,013)	57,966	(101,979)
Balances as of September 30, 2021	\$ 1,779,399	\$ 1,373,015	\$ 406,384

The change in assumptions reflected in the change in net pension (asset) liability for the year ended September 30, 2022, was due to changes to the discount rate, inflation and benefit indexing assumptions, and the mortality assumption effective January 1, 2022.

ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021

9. RETIREMENT PLANS – CONTINUED

Terminal Railway Alabama State Port Authority Workers Supplemental Retirement Plan (Railway Plan) – Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following information presents the net pension liability calculated using the discount rate of 4.75% as well as net pension liability using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of September 30, 2022:

	1% Decrease (3.75%)	Current Discount Rate (4.75%)	1% Increase (5.75%)
Net pension liability	\$ 790,046	\$ 596,260	\$ 432,011

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Railway Plan

For the years ended September 30, 2022 and 2021, the plan recognized pension expense of \$90,267 and \$44,635, respectively. As of September 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to the plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 176,661	\$ -
Changes in assumptions	144,546	36,154
Differences between expected and actual experience	22,831	105,467
	<u>\$ 344,038</u>	<u>\$ 141,621</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to the Railway Plan will be recognized in pension expense as follows:

Year ended September 30:

2023	\$ 40,636
2024	51,366
2025	52,607
2026	53,712
2027	4,096
	<u>\$ 202,417</u>

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

10. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The State Employees' Insurance Board (SEIB) is responsible for the establishment of the State of Alabama Employees' Health Insurance Plan (SEHIP) and its general administration and operation, including the determination of participant premiums. The SEIB is a body incorporated for the purpose of management of health insurance benefits and operates the SEHIP providing health care benefits to all participating State and State agency employees. For the purposes of reporting under GASB Statement No. 75, the SEHIP is assumed to be a cost-sharing-employer defined benefit other postemployment benefit (OPEB) plan. The contributions and benefit payments related to retirees are processed through the SEIB's plans along with activity related to active employees.

The State Employees' Insurance Fund (SEIF) was established in 1965 to provide health insurance benefits for employees and retired employees of the State and certain state agencies. Effective October 1, 1988, administration responsibility for SEIF was transferred from the Retirement Systems of Alabama to separate staff employed by the Board. All assets of the SEIF are held in trust for payment of health insurance benefits, and both active and retiree health benefits are paid through the SEIF. The contributions (both employer and plan member) and benefit payments related to retirees that are processed through the SEIF are segregated from the SEIF and reported as part of the Alabama Retired State Employees' Health Care Trust (SEIF – Retired Trust).

The financial statements of the SEIB provide reporting for SEIF and SEIF – Retired Trust, and the SEIB's audited financial statements are publicly available on the SEIB's website at www.alseib.org.

Summary of Significant Accounting Policies

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, fiduciary net position, and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the SEIB. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

Benefits Provided

The SEIB serves as the Plan Administrator for the SEHIP and is primarily responsible for the control and supervision of the SEHIP. The SEIB is also responsible for designing benefits and setting premiums. Benefits include basic medical coverage for up to 365 days of care during each hospital confinement, outpatient care, physician's benefits, radiation therapy, and major medical benefits with no lifetime maximum. This coverage remains the primary insurer for medical coverage until the retiree is entitled to Medicare, at which time health and prescription benefits are modified. A group dental contract provides basic dental maintenance coverage with a maximum benefit amount of \$1,500 during each year for each eligible participant who elects coverage. Limited vision and cancer policies are also available to eligible participants who elect coverage. Retiree medical eligibility is attained when an employee of the Authority, other than employees of the Terminal Railway, retires after reaching at least ten years of creditable service with SEHIP.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Contributions

Code of Alabama 1975, Section 36-29-19.7 provides that the SEIB shall set forth the employer contribution to the health insurance premium for each retiree class. For retirees who retired prior to October 1, 2005, the State pays 100% of the premium for a retiree who is over 65 and eligible for Medicare. The SEIB determines annually the required contributions from agencies and retirees to adequately fund retiree health costs.

Retiree contributions vary based on type of contract, dependent coverage, Medicare eligibility and election, wellness participation, spousal surcharge, and tobacco usage. A sliding scale premium is applied to all employees retiring after September 30, 2005, based on their years of service. The premium for retiree coverage is broken down into the employer share and the retiree share. Under the sliding scale, the retiree is still responsible for the retiree share, however, the employer share will increase or decrease based upon a retiree's years of service. For those employees retiring with 25 years of service, the employer would pay 100% of the employer share of the premium. For each year less than 25, the employer share is reduced by 2.00% and the retiree share is increased accordingly. For each year over 25, the employer share is increased by 2.00% and the retiree share reduced accordingly. For members retiring on or after January 1, 2012, the 2.00% reduction in the employer share of the premium for each year of service less than 25 was increased to 4.00%. In addition, a 1% reduction in the employer share of the premium is added for each year of age less than the Medicare entitlement age. This additional age premium component is removed upon attaining Medicare entitlement. Furthermore, monthly retiree contributions are subject to discounts for wellness, non-tobacco use and spousal surcharge waiver and are as follows: Wellness (pre-Medicare only), \$25 retiree, \$25 spouse; non-tobacco use, \$60 retiree and spouse; spousal surcharge of \$50 if a spouse is covered but is eligible for other insurance coverage.

The contribution requirements of the plan members and state agencies are established and may be amended by the SEIB. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the SEIB. For both plan years ended September 30, 2021 and 2020, state agencies were required to contribute to the SEIF a blended rate of \$930 per month per active employee. These blended rates provide for the employer's portion of active and retired employee premiums. Additionally, the SEIB determined additional contributions totaling \$1,200,000 per year would be allocated among employers beginning in 2021. For the years ended September 30, 2022 and 2021, the Authority contributed \$885,705 and \$917,111, respectively, to the SEIF.

Net OPEB Liability

The Authority's net OPEB liability was measured as of September 30, 2021, and the total OPEB liability was determined by an actuarial valuation as of September 30, 2020. The Authority's proportion of the net OPEB liability was based on the Authority's contributions made to the plan during the fiscal year ended September 30, 2021, relative to total contributions made by all participating entities. At the September 30, 2021, measurement date, the Authority's proportion was 1.55% which was an increase from 1.37%, its proportion measured as of the September 30, 2020, measurement date.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Net OPEB Liability – Continued

The components of the net OPEB liability as of and for the years ended September 30, 2022 and 2021, were as follows:

	<u>2022</u>	<u>2021</u>
Total OPEB liability	\$ 17,101,304	\$ 16,445,627
OPEB Fiduciary net position	<u>3,857,667</u>	<u>2,822,292</u>
Net OPEB liability	<u>\$ 13,243,637</u>	<u>\$ 13,623,335</u>
OPEB benefit	\$ (5,945,229)	\$ (5,285,258)

Actuarial Assumptions and Other Inputs

The following are the actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	6.00%-3.25% for State Employees, including 2.75% wage inflation
Long-term investment rate of return	7.25% compounded annually, net of investment expense, including inflation
Municipal Bond Index Rate at Measurement date	2.29%
Municipal Bond Index Rate at Prior Measurement Date	2.25%
Year Fiduciary Net Position is projected to be depleted	N/A
Single Equivalent Interest Rate at Measurement Date	7.25%
Single Equivalent Interest Rate at Prior Measurement Date	7.50%
Healthcare cost trend rate	
Pre-Medicare Eligible	6.50%
Medicare Eligible	**
Ultimate trend rate	
Pre-Medicare Eligible	4.50% in 2028
Medicare Eligible	4.50% in 2025
Dental Trend Rate	4.50%

The rates of mortality are based on the Pub-2010 Public Mortality Plans Mortality Tables adjusted generationally based on scale MP-2020.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Actuarial Assumptions and Other Inputs – Continued

The long-term expected rate of return on the plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) was developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. The following illustrates the target allocation and best estimates of geometric real rates of return for each major asset class for the measurement date of September 30, 2021:

Investment Type:	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	28.20%	4.40%
U.S. Domestic Stocks	55.20%	8.70%
International Developed Market Stocks	10.80%	9.80%
Cash	5.80%	1.50%
	<u>100.00%</u>	

Determination of the Single Equivalent Interest Rate (SEIR), or discount rate, used to measure the total OPEB liability requires projection of the Fiduciary Net Position (FNP) into the future for as long as there are anticipated benefits payable under the plan's provisions applicable to the members and beneficiaries of the Plan at the Measurement Date. If the FNP is not projected to be depleted at any point in the future, the long term expected rate of return on plan investments may be used as the SEIR. If the FNP is projected to be depleted, the SEIR is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by discounting all projected benefit payments through the date of depletion by the long-term expected rate of return (7.25% and 7.50% at the September 30, 2021 and 2020, measurement dates, respectively), and the present value determined by discounting those benefits after the date of depletion by the Municipal Bond Index Rate (2.29% and 2.25% at the September 30, 2021 and 2020, measurement dates, respectively). The Municipal Bond Index Rate, if necessary, is the average of the Bond Buyer General Obligation 20-year Municipal Bond Index, the Fidelity General Obligation AA 20-year Municipal Bond Index, and the S&P High Grade 20-year Municipal Bond Index.

At the September 30, 2021 and 2020, measurement dates, the FNP was not projected to be depleted at any point in the future; therefore, the long-term expected rate of return of 7.25% and 7.50%, respectively, was used as the SEIR.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

Actuarial Assumptions and Other Inputs – Continued

In 2020, rates of withdrawal, retirement, disability, and mortality were adjusted to more closely reflect actual experience. In 2020, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through a Medicare Advantage Plan (MAPD) that offers prescription drug coverage. In 2019, assumed rates of tobacco use, spouse participation and the payment of the spousal surcharge were adjusted to more closely reflect actual and anticipated experience. Beginning in plan year 2021, the MAPD plan premium rates exclude the Affordable Care Act (ACA) Health Insurer Fee which was repealed on December 20, 2019. There were no other plan changes or changes in actuarial assumptions made since the prior measurement date.

The decremental assumptions and methods used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2020, submitted to and adopted by the SEIB on September 14, 2021. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2020, valuation were also based on this actuarial experience study.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following information presents the net OPEB liability calculated using the discount rate of 7.25% as well as net OPEB liability using a discount rate that is one percentage point lower or one percentage point higher than the current rate as of the September 30, 2021, measurement date:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Net OPEB liability	\$ 15,401,255	\$ 13,243,637	\$ 11,440,183

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following information presents the net OPEB liability calculated using current healthcare cost trend rates, as well as net OPEB liability using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rates as of the September 30, 2021 measurement date:

	1% Decrease (5.50% decreasing to 3.50% for pre-Medicare; Known decreasing to 3.50% for Medicare eligible)	Current Healthcare Cost Trend Rates (6.50% decreasing to 4.50% for pre-Medicare; Known decreasing to 4.50% for Medicare eligible)	1% Increase (7.50% decreasing to 5.50% for pre-Medicare; Known decreasing to 5.50% for Medicare eligible)
Net OPEB liability	\$ 10,551,518	\$ 13,243,637	\$ 16,516,369

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

10. OTHER POSTEMPLOYMENT BENEFITS – CONTINUED

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

As of September 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 12,640,397
Changes in assumptions	1,076,463	8,712,754
Net difference between projected and actual earnings on OPEB plan investments	-	291,161
Changes in proportion and differences between Authority contributions and proportionate share of contributions	8,268,060	6,696,487
Authority contributions subsequent to the measurement date	885,705	-
	<u>\$ 10,230,228</u>	<u>\$ 28,340,799</u>

Deferred outflows of resources of \$885,705 result from Authority contributions subsequent to the measurement date of September 30, 2021, and will be recognized as a reduction of the net OPEB liability in the year ended September 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended September 30:

2023	\$ (6,517,912)
2024	(6,647,495)
2025	(5,109,926)
2026	(1,025,202)
2027	304,259
	<u>\$ (18,996,276)</u>

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

11. UNPAID CLAIMS LIABILITIES

The Authority is partially self-insured with respect to workers' compensation claims. An accrual for uninsured claims due within one year is included in other accrued liabilities in the statements of net position. The liability for estimated claims that have been incurred but have not been reported, as well as a cash development factor for known claims, has been accrued as unpaid claims in the statements of net position. The following represents changes in those aggregate liabilities for the Authority during the years ended September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Reported claims payable and estimated claims incurred but not reported at beginning of year	\$ 1,785,776	\$ 1,998,159
Provisions for claims	(658,372)	10,575
Payments	<u>(97,448)</u>	<u>(222,958)</u>
Reported claims payable and estimated claims incurred but not reported at end of year	1,029,956	1,785,776
Less: current liabilities	<u>160,203</u>	<u>182,903</u>
Reported long-term claims payable at end of year	<u>\$ 869,753</u>	<u>\$ 1,602,873</u>

12. COMMITMENTS AND CONTINGENCIES

In December 1976, the Authority purchased a parcel of land on which there was, at the time of purchase, an operating creosoting facility. Creosoting operations had existed on the property since or about 1901 and continued until or about 1986.

In December 1985, the Authority entered into a Consent Agreement and Final Order with the U.S. Environmental Protection Agency (EPA), agreeing to submit to the EPA a closure plan for the property and then implement the closure plan and meet all requirements of the post-closure permit application. The Authority, under the guidance of the Alabama Department of Environmental Management (ADEM), developed a corrective measures plan, and remediation work was completed in 2006. The plan required soil coverage (to ensure no physical contact with the contaminated soil), drainage, ongoing monitoring, and other environmental site work, which is expected to continue until defined metrics are achieved.

The EPA retains jurisdiction to bring an enforcement action against the Authority should the EPA find that handling, storage, treatment, transportation, or disposal of hazardous or solid waste at the facility presents an imminent and substantial endangerment to human health or the environment. The EPA also retains jurisdiction to approve and monitor the clean-up procedures and closure at the site.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

12. COMMITMENTS AND CONTINGENCIES – CONTINUED

The Authority is a defendant in various litigation and environmental disputes in the normal course of business. Management is of the opinion that the ultimate resolution of such claims will not materially affect the Authority's financial position or results of operations.

13. INTEREST RATE SWAP

In December 2002, the Authority entered into a swaption contract in order to monetize potential debt service savings on the Authority's callable Docks Facilities Revenue Bonds Series 1996. The swaption gave the counterparty the option to enter into a variable-to-fixed interest rate swap at a specified future date.

The counterparty exercised its option under the swaption agreement, and the interest rate swap commenced on October 1, 2006, and expired on October 1, 2021, with the Authority paying a fixed interest rate (5.38%) and the Authority receiving a variable interest rate (67% of the one-month LIBOR). Upon exercising of the option by the counterparty, the Authority issued variable-rate refunding bonds in an amount sufficient to refund the fixed rate Docks Facilities Revenue Bonds Series 1996. The swap agreement is based on an amortizing notional amount, which was \$7,970,000 as of September 2021. As of September 30, 2021, the interest rate swap had a negative fair value of \$251,940 and was recorded in the accompanying financial statements in accordance with GASB Statement No. 53 as an investment derivative instrument.

The Authority was required to post collateral deposits in fiscal 2009 and 2010 due to the negative position of the interest rate swap. The balance of the collateral was approximately \$7.6 million as of September 30, 2021. The interest rate swap is valued using Level 2 inputs calculated using an industry accepted option-pricing model that uses market interest rates and a volatility assumption on the valuation date. The interest rate and volatility data are used to calculate the present value of the potential future cash flows of the interest rate swap. The swap agreement expired in October 2021, and the collateral balance of approximately \$7.6 million was returned to the Authority.

14. RELATED PARTY TRANSACTIONS

During the years ended September 30, 2022 and 2021, the Authority had no revenues from customers having principals who are members of the Authority's Board of Directors.

15. RECLASSIFICATIONS

Certain reclassifications have been made to the previously reported financial statements and accompanying notes to make the prior year comparable to those of the current year. Such reclassifications had no effect on previously reported operations or net position.

**ALABAMA STATE PORT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 AND 2021**

16. ISSUANCE OF NEW ACCOUNTING STANDARDS

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, in March 2020. This statement is effective for periods beginning after June 15, 2022. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This statement requires PPPs that meet the definition of a lease to apply the guidance in Statement No. 87 if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets, and the PPP does not meet the definition of an SCA. Additionally, this statement provides guidance for accounting and financial reporting for availability payment arrangements (APA). This statement requires a government that is engaged in an APA that contains multiple components to recognize each component as a separate arrangement. The Authority is currently evaluating the financial statement impact of the adoption of this statement.

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, in May 2020. This statement is effective for periods beginning after June 15, 2022. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability, and provides capitalization criteria for outlays, other than subscription payments. The Authority is currently evaluating the financial statement impact of the adoption of this statement.

The GASB issued Statement No. 99, *Omnibus 2022*, in April 2022. The statement aims to address inconsistencies in numerous GASB Statements and is effective over multiple periods ranging from the statement issuance date and years beginning after June 15, 2023. The Authority is currently evaluating the financial statement impact of the adoption of this statement.

The GASB issued Statement No. 100, *Accounting Changes and Error Correction*, in June 2022. The requirements of this statement are effective for fiscal years beginning after June 15, 2023. The statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

The GASB issued Statement No. 101, *Compensated Absences*, in June 2022. This statement is effective for fiscal years beginning after December 15, 2023, and requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. The statement also amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability. The Authority is currently evaluating the financial statement impact of the adoption of this statement.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

ALABAMA STATE PORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS (HOURLY DB PLAN)
LAST NINE FISCAL YEARS ENDED SEPTEMBER 30

	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY									
Service cost	\$ 107,417	\$ 132,274	\$ 133,730	\$ 138,460	\$ 143,789	\$ 157,083	\$ 174,718	\$ 174,718	\$ 183,862
Interest cost	1,038,889	1,050,335	1,104,298	1,128,442	1,237,387	1,258,862	1,281,263	1,259,169	1,244,139
Differences between expected and actual experience	7,187	148,067	(297,055)	(261,081)	(332,921)	34,124	(189,550)	(488,741)	-
Changes in assumptions	1,893,215	-	449,566	(36,917)	(684,685)	446,893	(309,826)	479,904	-
Benefit payments	(1,545,711)	(1,502,523)	(1,419,364)	(1,387,398)	(1,334,290)	(1,354,487)	(1,271,369)	(1,192,838)	(1,162,597)
Net change in total pension liability	1,500,997	(171,847)	(28,825)	(418,494)	(970,720)	542,475	(314,764)	232,212	265,404
Total pension liability – beginning	20,443,920	20,615,767	20,644,592	21,063,086	22,033,806	21,491,331	21,806,095	21,573,883	21,308,479
Total pension liability – ending (A)	21,944,917	20,443,920	20,615,767	20,644,592	21,063,086	22,033,806	21,491,331	21,806,095	21,573,883
PENSION FIDUCIARY NET POSITION									
Contributions – employer	1,545,711	1,502,523	1,419,364	1,387,398	1,334,290	1,354,487	1,271,369	1,192,838	1,174,083
Net investment (loss) income	(2,599,729)	917,145	1,575,424	1,451,331	369,013	601,428	1,094,074	396,515	420,789
Benefit payments	(1,545,711)	(1,502,523)	(1,419,364)	(1,387,398)	(1,334,290)	(1,354,487)	(1,271,369)	(1,192,838)	(1,162,597)
Net change in pension fiduciary net position	(2,599,729)	917,145	1,575,424	1,451,331	369,013	601,428	1,094,074	396,515	432,275
Pension fiduciary net position – beginning	21,723,794	20,806,649	19,231,225	17,779,894	17,410,881	16,809,453	15,715,379	15,318,864	14,886,589
Pension fiduciary net position – ending (B)	19,124,065	21,723,794	20,806,649	19,231,225	17,779,894	17,410,881	16,809,453	15,715,379	15,318,864
NET PENSION (ASSET) LIABILITY (A) - (B)	\$ 2,820,852	\$ (1,279,874)	\$ (190,882)	\$ 1,413,367	\$ 3,283,192	\$ 4,622,925	\$ 4,681,878	\$ 6,090,716	\$ 6,255,019
FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	87.15%	106.26%	100.93%	93.15%	84.41%	79.02%	78.22%	72.07%	71.01%
COVERED PAYROLL	\$ 14,866,931	\$ 13,727,865	\$ 15,790,208	\$ 16,283,596	\$ 14,669,586	\$ 12,704,324	\$ 12,136,336	\$ 15,241,310	\$ 15,588,432
NET PENSION (ASSET) LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	18.97%	-9.32%	-1.21%	8.68%	22.38%	36.39%	38.58%	39.96%	40.13%

**ALABAMA STATE PORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF AUTHORITY CONTRIBUTIONS (HOURLY DB PLAN)
LAST NINE FISCAL YEARS ENDED SEPTEMBER 30**

Fiscal Year	Actuarially Determined Contribution	Contributions from Authority	Contribution (Deficiency)/ Excess	Covered Payroll	Contribution as a % of Payroll
2014	\$ 1,030,143	\$ 1,174,083	\$ 143,940	\$ 15,588,432	7.53%
2015	\$ 1,056,588	\$ 1,192,838	\$ 136,250	\$ 15,241,310	7.83%
2016	\$ 1,060,352	\$ 1,271,369	\$ 211,017	\$ 12,136,336	10.48%
2017	\$ 699,784	\$ 1,354,487	\$ 654,703	\$ 12,704,324	10.66%
2018	\$ 666,584	\$ 1,334,290	\$ 667,706	\$ 14,669,586	9.10%
2019	\$ 411,664	\$ 1,387,398	\$ 975,734	\$ 16,283,596	8.52%
2020	\$ 442,597	\$ 1,419,364	\$ 976,767	\$ 15,790,208	8.99%
2021	\$ 331,322	\$ 1,502,523	\$ 1,171,201	\$ 13,727,865	10.95%
2022	\$ 65,005	\$ 1,545,711	\$ 1,480,706	\$ 14,866,931	10.40%

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are determined as of January 1, the beginning of the plan year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal percent of pay
Discount rate	4.75%
Investment rate of return	4.75%
Inflation	2.50%
Salary increases	Not applicable to this plan
Retirement age	The retirement assumption is based on a 2015 study, for experience from 2011 to 2014.
Mortality	PUB-2010 General Healthy Retiree – Below Median Income Tables (sex distinct) projected, PUB-2010 General Contingent Survivor – Below Median Income Tables (sex distinct) projected, and PUB-2010 General Disabled Retiree Tables (sex distinct) projected

**ALABAMA STATE PORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF AUTHORITY CONTRIBUTIONS (HOURLY DB PLAN)
LAST NINE FISCAL YEARS ENDED SEPTEMBER 30**

Notes to Schedule – Continued

For fiscal year 2022, healthy mortality rates were based on the PUB-2010 General Healthy Retiree – Below Median Income Mortality Table (sex distinct), set forward 2 years, with scaling adjustment of 90% for males below 65, 96% for males at or above 65, and 96% at all ages for females. Beneficiaries mortality rates are based on the PUB-2010 General Contingent Survivor – Below Median Income mortality tables (sex distinct), with a 2-year set forward adjustment. Disabled mortality rates are based on the PUB-2010 General Disabled Retiree Mortality Table (sex distinct), with a 7-year forward adjustment for males and a 3-year forward adjustment for females.

Mortality rates are generationally projected using Scale MP-2020, with an adjustment of 66.67% beginning in 2019.

For fiscal year 2021, healthy mortality rates were based on the RP-2000 Blue Collar Mortality Table (sex distinct) projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females at ages on and after 78. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table (sex distinct) projected with Scale BB to 2020 with an adjustment for 130% at all ages for females.

**ALABAMA STATE PORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET PENSION LIABILITY
AND RELATED RATIOS (RAILWAY PLAN)
LAST NINE FISCAL YEARS ENDED SEPTEMBER 30**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY									
Service cost	\$ 22,943	\$ 22,939	\$ 21,291	\$ 35,014	\$ 37,519	\$ 35,183	\$ 38,997	\$ 38,997	\$ 37,071
Interest cost	91,161	93,196	95,121	99,060	108,831	111,948	114,083	103,933	105,435
Differences between expected and actual experience	(93,489)	(15,939)	36,879	18,606	(38,525)	(18,152)	7,580	(13,058)	-
Changes in assumptions	138,550	-	40,371	(54,640)	(41,565)	50,585	(34,384)	163,409	-
Benefit payments	(133,600)	(144,209)	(154,803)	(157,017)	(153,693)	(156,147)	(159,907)	(166,205)	(168,843)
Net change in total pension liability	25,565	(44,013)	38,859	(58,977)	(87,433)	23,417	(33,631)	127,076	(26,337)
Total pension liability -- beginning	1,779,399	1,823,412	1,784,553	1,843,530	1,930,963	1,907,546	1,941,177	1,814,101	1,840,438
Total pension liability -- ending (A)	1,804,964	1,779,399	1,823,412	1,784,553	1,843,530	1,930,963	1,907,546	1,941,177	1,814,101
PENSION FIDUCIARY NET POSITION									
Contributions -- employer	133,600	144,209	155,849	157,017	177,135	172,181	191,724	182,218	168,843
Net investment (loss) income	(164,311)	57,966	99,612	91,647	24,429	37,892	67,224	7,248	36,347
Benefit payments	(133,600)	(144,209)	(154,803)	(157,017)	(153,693)	(156,147)	(159,907)	(166,205)	(168,843)
Net change in pension fiduciary net position	(164,311)	57,966	100,658	91,647	47,871	53,926	99,041	23,261	36,347
Pension fiduciary net position -- beginning	1,373,015	1,315,049	1,214,391	1,122,744	1,074,873	1,020,947	921,906	898,645	862,298
Pension fiduciary net position -- ending (B)	1,208,704	1,373,015	1,315,049	1,214,391	1,122,744	1,074,873	1,020,947	921,906	898,645
NET PENSION LIABILITY (A) - (B)	\$ 596,260	\$ 406,384	\$ 508,363	\$ 570,162	\$ 720,786	\$ 856,090	\$ 886,599	\$ 1,019,271	\$ 915,456
FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY	66.97%	77.16%	72.12%	68.05%	60.90%	55.67%	53.52%	47.49%	49.54%
COVERED PAYROLL	\$ 8,449,683	\$ 8,059,913	\$ 7,659,706	\$ 7,787,550	\$ 7,363,599	\$ 7,331,607	\$ 7,293,665	\$ 8,324,817	\$ 8,010,453
NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	7.06%	5.04%	6.64%	7.32%	9.79%	11.68%	12.16%	12.24%	11.43%

**ALABAMA STATE PORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF AUTHORITY CONTRIBUTIONS (RAILWAY PLAN)
LAST NINE FISCAL YEARS ENDED SEPTEMBER 30**

Fiscal Year	Actuarially Determined Contribution	Contributions from Authority	Contribution (Deficiency)/ Excess	Covered Payroll	Contribution as a % of Payroll
2014	\$ 186,456	\$ 168,843	\$ (17,613)	\$ 8,010,453	2.11%
2015	\$ 184,871	\$ 182,218	\$ (2,653)	\$ 8,324,817	2.19%
2016	\$ 195,597	\$ 191,724	\$ (3,873)	\$ 7,293,665	2.63%
2017	\$ 175,392	\$ 172,181	\$ (3,211)	\$ 7,331,607	2.35%
2018	\$ 178,770	\$ 177,135	\$ (1,635)	\$ 7,363,599	2.41%
2019	\$ 155,069	\$ 157,017	\$ 1,948	\$ 7,787,550	2.02%
2020	\$ 152,267	\$ 155,849	\$ 3,582	\$ 7,659,706	2.03%
2021	\$ 149,410	\$ 144,209	\$ (5,201)	\$ 8,059,913	1.79%
2022	\$ 144,505	\$ 133,600	\$ (10,905)	\$ 8,449,683	1.58%

Notes to Schedule:

Valuation date:

Actuarially determined contribution rates are determined as of January 1, the beginning of the plan year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal percent of pay
Discount rate	4.75%
Investment rate of return	4.75%
Inflation	2.50%
Salary increases	Not applicable to this plan
Retirement age	The retirement assumption is based on a 2015 study, for experience from 2011 to 2014.
Mortality	PUB-2010 General Healthy Retiree – Below Median Income Tables (sex distinct) projected, PUB-2010 General Contingent Survivor – Below Median Income Tables (sex distinct) projected, and PUB-2010 General Disabled Retiree Tables (sex distinct) projected

**ALABAMA STATE PORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF AUTHORITY CONTRIBUTIONS (RAILWAY PLAN)
LAST NINE FISCAL YEARS ENDED SEPTEMBER 30**

Notes to Schedule – Continued

For fiscal year 2022, healthy mortality rates were based on the PUB-2010 General Healthy Retiree – Below Median Income Mortality Table (sex distinct), set forward 2 years, with scaling adjustment of 90% for males below 65, 96% for males at or above 65, and 96% at all ages for females. Beneficiaries mortality rates are based on the PUB-2010 General Contingent Survivor – Below Median Income Mortality Tables (sex distinct), with a 2-year set forward adjustment. Disabled mortality rates are based on the PUB-2010 General Disabled Retiree Mortality Table (sex distinct), with a 7-year forward adjustment for males and a 3-year forward adjustment for females.

Mortality rates are generationally projected using Scale MP-2020, with an adjustment of 66.67% beginning in 2019.

For fiscal year 2021, healthy mortality rates were based on the RP-2000 Blue Collar Mortality Table (sex distinct) projected with Scale BB to 2020 with an adjustment of 125% at all ages for males and 120% for females at ages on and after 78. Disabled mortality rates were based on the RP-2000 Disabled Retiree Mortality Table (sex distinct) projected with Scale BB to 2020 with an adjustment for 130% at all ages for females.

**ALABAMA STATE PORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (ERS)
LAST EIGHT FISCAL YEARS ENDED SEPTEMBER 30**

	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability	0.64%	0.68%	0.68%	0.69%	0.71%	0.73%	0.77%	0.80%
Authority's proportionate share of the net pension liability	\$ 17,928,689	\$ 21,045,530	\$ 19,591,321	\$ 18,123,158	\$ 18,559,817	\$ 21,030,957	\$ 20,951,325	\$ 19,617,214
Authority's covered payroll	\$ 9,775,621	\$ 10,234,664	\$ 9,814,156	\$ 9,340,048	\$ 9,288,753	\$ 9,732,434	\$ 10,139,151	\$ 9,932,776
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	183.40%	205.63%	199.62%	194.04%	199.81%	216.09%	206.64%	197.50%
Plan fiduciary net position as a percentage of the total pension liability	67.37%	61.62%	63.38%	66.20%	65.44%	62.07%	62.35%	65.58%

Amounts and percentages related to the net pension liability for the fiscal year ended September 30, are based on the plan measurement date of the previous fiscal year ended September 30.

**ALABAMA STATE PORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF AUTHORITY CONTRIBUTIONS (ERS)
LAST EIGHT FISCAL YEARS ENDED SEPTEMBER 30**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required Authority contribution	\$ 1,465,596	\$ 1,420,151	\$ 1,550,045	\$ 1,416,656	\$ 1,293,396	\$ 1,300,676	\$ 1,413,503	\$ 1,362,605
Authority contributions in relation to the contractually required contribution	1,465,596	1,420,151	1,550,045	1,416,656	1,293,396	1,300,676	1,413,503	1,362,605
Authority contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Authority's covered payroll	\$ 9,973,735	\$ 9,775,621	\$ 10,234,664	\$ 9,814,156	\$ 9,340,048	\$ 9,288,753	\$ 9,732,434	\$ 10,139,151
Authority contributions as a percentage of covered payroll	14.69%	14.53%	15.15%	14.43%	13.85%	14.00%	14.52%	13.44%

**ALABAMA STATE PORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE
OF THE NET OPEB LIABILITY
LAST SIX FISCAL YEARS ENDED SEPTEMBER 30**

	2022	2021	2020	2019	2018	2017
Authority's proportion of the net OPEB liability	1.55%	1.37%	1.70%	1.63%	1.29%	1.34%
Authority's proportionate share of the net OPEB liability	\$ 13,243,637	\$ 13,623,335	\$ 29,406,243	\$ 47,368,513	\$ 40,958,024	\$ 45,831,470
Authority's covered employee payroll	\$ 25,562,524	\$ 28,139,898	\$ 28,234,775	\$ 25,876,155	\$ 23,396,794	\$ 23,396,794
Authority's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	51.81%	48.41%	104.15%	183.06%	175.06%	195.89%
Plan fiduciary net position as a percentage of the total OPEB liability	22.56%	17.16%	9.94%	5.96%	5.05%	4.20%

Amounts and percentages related to the net OPEB liability for the fiscal year ended September 30, are based on the plan measurement date of the previous fiscal year ended September 30.

Changes in Actuarial Assumptions and Other Inputs

In fiscal 2022, rates of withdrawal, retirement and disability were adjusted to more closely reflect actual experience. Mortality rates were updated to Pub-2010 Public Mortality Plans Mortality Tables, and future mortality improvement was updated to mortality improvement scale MP-2020, with an adjustment of 66-2/3% to the table beginning in year 2019. In addition, economic assumptions and the assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Effective January 1, 2017, Medicare eligible medical and prescription drug benefits are provided through a Medicare Advantage Plan (MAPD) that offers prescription drug coverage. In 2019, assumed rates of tobacco use, spouse participation and the payment of the spousal surcharge were adjusted to more closely reflect actual and anticipated experience.

The decremental assumptions and methods used in the valuation were selected based on the actuarial experience study prepared as of September 30, 2020, submitted to and adopted by the SEIB on September 14, 2021. The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the September 30, 2020, valuation were also based on this actuarial experience study.

Recent Plan Changes

Beginning in plan year 2021, the MAPD plan premium rates exclude the ACA Health Insurer Fee, which was repealed on December 20, 2019.

Effective January 1, 2020, the MAPD plan moved from self-insured to fully-insured.

There were no other changes in actuarial assumptions made since the prior measurement period.

**ALABAMA STATE PORT AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
SCHEDULE OF AUTHORITY CONTRIBUTIONS (OPEB)
LAST SIX FISCAL YEARS ENDED SEPTEMBER 30**

	2022	2021	2020	2019	2018	2017
Contractually required Authority contribution	\$ 885,705	\$ 917,111	\$ 747,379	\$ 1,265,923	\$ 1,314,110	\$ 1,201,451
Authority contributions in relation to the contractually required contribution	885,705	917,111	747,379	1,265,923	1,314,110	1,201,451
Authority contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Authority's covered employee payroll	\$ 29,188,104	\$ 25,562,524	\$ 28,139,898	\$ 28,234,775	\$ 25,876,155	\$ 23,679,611
Authority contributions as a percentage of covered employee payroll	3.03%	3.59%	2.66%	4.48%	5.08%	5.07%

Method and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates, as determined by the plan, are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the most recent contractually required contribution rate reported in the above schedule:

Actuarial cost method	Entry Age Normal
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Asset valuation method	Market value of assets
Inflation	2.50%
Healthcare cost trend rate	
Pre-Medicare Eligible	6.50%
Medicare Eligible	*
Ultimate trend rate	
Pre-Medicare Eligible	4.50% in 2028
Medicare Eligible	4.50% in 2025
Dental trend rate	4.50%
Investment rate of return	5.00%, including inflation

* Initial Medicare claims are based on scheduled increase through plan year 2022.



STATISTICAL SECTION

ALABAMA STATE PORT AUTHORITY
 An Enterprise Fund of the State of Alabama
 Mobile, AL

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE OF CONTENTS

FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2022 AND 2021

STATISTICAL SECTION (UNAUDITED)

This section of the Alabama State Port Authority's comprehensive annual financial report presents detailed information contained financial statements, note disclosures, and all required supplementary information that describes the financial health of the Authority.

PAGE

Financial Trend Information

The following schedules contain trend information to help the reader understand how the Alabama State Port Authority's financial performance has changed over time.

Exhibit 1 – Statements of Net Position for the Last Ten Fiscal Years Ended September 30	110
Exhibit 2 – Statements of Revenues, Expenses, and Changes in Net Position for the Last Ten Fiscal Years Ended September 30	112
Exhibit 3 – Chart of Operating Revenues by Division for the Last Three Fiscal Years Ended September 30	114
Exhibit 4 – Chart of Operating Expenses by Division for the Last Three Fiscal Years Ended September 30	115

Revenue Capacity Information

The following schedules contain information to help the reader assess the Alabama State Port Authority's most significant sources of revenue.

Exhibit 5 – Operating Revenue by Principal Source for the Last Ten Fiscal Years Ended September 30	116
Exhibit 6 – Principal Customers per Largest Revenue Sources for the Fiscal Years Ended September 30, 2022 and 2013	117
Exhibit 7 – Top Revenue Rates for the Last Ten Fiscal Years Ended September 30	118

Debt Capacity Information

The following schedules present information to help the reader assess the capability of the Alabama State Port Authority to meet current levels of outstanding debt and the ability to issue additional debt in the future.

Exhibit 8 – Outstanding Revenue Bonds for the Last Ten Fiscal Years Ended September 30	120
Exhibit 9 – Annual Debt Service Requirements of Revenue Bonds for the Last Ten Fiscal Years Ended September 30	121
Exhibit 10 – Long-Term Revenue Bond Coverage for the Last Ten Fiscal Years Ended September 30	122
Exhibit 11 – Chart of Revenue Bond Coverage for the Last Ten Fiscal Years Ended September 30	123

STATISTICAL SECTION (UNAUDITED) (CONTINUED)**Demographic and Economic Information**

The following schedules offer demographic and economic indicators to help the reader understand the environment related to the Alabama State Port Authority's financial activities.

Exhibit 12 – Demographic and Economic Statistics for a Period of Ten Years for the State of Alabama and Mobile MSA	124
Exhibit 13 – Principal Employers in the Mobile Area for Years 2022 and 2013	125

Operating Information

The following schedules contain information to help the reader understand how the Alabama State Port Authority's financial report relates to its operating activities.

Exhibit 14 – Employees by Organization and Type for the Last Ten Fiscal Years Ended September 30	126
Exhibit 15 – Freight Traffic Statistics for the Last Ten Years Ended December 31	128
Exhibit 16 – Detail of Port Freight Traffic Statistics for the Last Ten Years Ended December 31	129
Exhibit 17 – Ratios of Capital Assets for the Last Ten Fiscal Years Ended September 30	131
Exhibit 18 – Capital Assets Statistics as of September 30, 2022	132

Miscellaneous Statistical Information

The following schedules contain information to help the reader understand how the Alabama State Port Authority's operations compares to other U.S. Ports.

Exhibit 19 – Alabama's Total Value of Trade by Region for the Last Ten Years Ended December 31	133
Exhibit 20 – Chart of Alabama's Total Value of Trade by Region for the Last Ten Years Ended December 31	135

Exhibit 1

ALABAMA STATE PORT AUTHORITY
STATEMENTS OF NET POSITION
For the Last Ten Fiscal Years Ended September 30

	<u>2022</u>	Revised <u>2021</u>	<u>2020</u>	<u>2019</u>
Net position at year-end ⁽¹⁾				
Net investment in capital assets	\$ 344,088,343	\$ 319,951,453	\$ 295,756,279	\$ 281,598,996
Restricted expendable				
Debt service	27,059,875	31,198,328	29,165,784	35,981,425
Capital Projects	-	682,096	681,924	
Unrestricted	19,926,982	24,607,598	12,284,091	(4,345,581)
Total net position	\$ <u>391,075,200</u>	\$ <u>376,439,475</u>	\$ <u>337,888,078</u>	\$ <u>313,234,840</u>

(1) The Authority adopted GASB Statement 87 during fiscal year 2022 resulting in an adjustment to net position for fiscal year 2021 only. The Authority adopted GASB Statement 75 during fiscal year 2018 resulting in an adjustment to net position for fiscal year 2017 only. The Authority adopted GASB Statements 68 and 71 during fiscal year 2015 resulting in a prior period adjustment reported on the face of the audited financial statements and notes for fiscal year ended September 30, 2014 only. GASB Statements 63 and 65 were adopted during fiscal year 2013 resulting in an adjustment to net position for fiscal year 2012. A reclassification of unrestricted net position and net investment in capital assets for fiscal year 2013 resulted in revised financial statements that did not impact the statements of revenues, expenses and changes in net position, the statements of cash flows, or the total net position for the year ended September 30, 2013.

Source: ASPA audited financial statements

Exhibit 1 (cont.)

ALABAMA STATE PORT AUTHORITY
STATEMENTS OF NET POSITION (cont.)
For the Last Ten Fiscal Years Ended September 30

<u>2018</u>	Revised <u>2017</u>	<u>2016</u>	<u>2015</u>	Revised <u>2014</u>	Revised <u>2013</u>
\$ 286,652,137	\$ 295,047,595	\$ 284,233,550	\$ 288,020,749	\$ 284,885,011	\$ 236,696,035
35,071,717	32,701,462	61,780,843	58,675,987	57,906,512	57,163,462
(16,939,107)	(27,637,893)	(2,430,690)	578,533	(5,197,596)	32,512,359
<u>\$ 304,784,747</u>	<u>\$ 300,111,164</u>	<u>\$ 343,583,703</u>	<u>\$ 347,275,269</u>	<u>\$ 337,593,927</u>	<u>\$ 326,371,856</u>

Exhibit 2

ALABAMA STATE PORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the Last Ten Fiscal Years Ended September 30

	<u>2022</u>	Revised <u>2021</u>	<u>2020</u>	<u>2019</u>
Operating Revenues:				
McDuffie Coal Terminal	\$ 70,081,202	\$ 65,486,584	\$ 62,937,763	\$ 75,109,290
General Cargo / Intermodal	39,288,129	38,275,968	35,245,780	40,785,389
Bulk handling and warehouses	---	---	---	---
Terminal railway	25,110,927	22,514,468	22,269,758	22,424,632
Real Estate	18,531,517	19,802,856	10,655,648	10,988,312
Marine liquid bulk terminal	4,265,861	3,761,245	3,368,812	3,585,615
Other	7,235,524	6,074,366	5,344,408	5,556,243
Total operating revenues	<u>164,513,160</u>	<u>155,915,487</u>	<u>139,822,169</u>	<u>158,449,481</u>
Operating Expenses:				
Operation and maintenance of facilities	89,416,660	70,186,443	79,276,076	84,985,433
Depreciation and amortization	35,717,419	36,693,973	32,931,355	31,674,429
General and administrative	17,501,817	14,777,198	17,284,309	17,185,185
Impairment loss on capital assets	---	---	1,418,907	---
Total operating expenses	<u>142,635,896</u>	<u>121,657,614</u>	<u>130,910,647</u>	<u>133,845,047</u>
Operating income	<u>21,877,264</u>	<u>34,257,873</u>	<u>8,911,522</u>	<u>24,604,434</u>
Nonoperating income (expense):				
Investment income	171,171	52,402	543,848	1,951,691
Change in fair value of interest rate swap	251,940	171,445	590,117	541,000
Interest expense	(13,216,074)	(13,961,367)	(14,504,951)	(15,001,065)
Interest rate swap expense	368	(423,113)	(738,460)	(864,081)
Non-capital port development contributions	15,550,000	16,500,000	6,600,000	---
Non-capital port development expense	(15,550,000)	(16,500,000)	(6,600,000)	---
Gain (loss) on disposal of capital assets	(2,936,592)	693,370	6,530,936	(3,839,182)
Insurance recoveries	603,722	1,393,625	---	---
Other, net	722,309	(1,558,595)	(582,210)	1,057,296
Net nonoperating expenses	<u>(14,403,156)</u>	<u>(13,632,233)</u>	<u>(8,160,720)</u>	<u>(16,154,341)</u>
Income before capital grants and contributions	7,474,108	20,625,640	750,802	8,450,093
Capital grants and contributions	7,161,617	17,925,757	23,902,436	---
Increase / (Decrease) in net position	14,635,725	38,551,397	24,653,238	8,450,093
Net position				
Beginning of year	376,439,475	337,888,078	313,234,840	304,784,747
Asset adjustment	---	---	---	---
Cumulative Effect of:				
New GASB pronouncements ¹	---	---	---	---
End of year	<u>\$ 391,075,200</u>	<u>\$ 376,439,475</u>	<u>\$ 337,888,078</u>	<u>\$ 313,234,840</u>

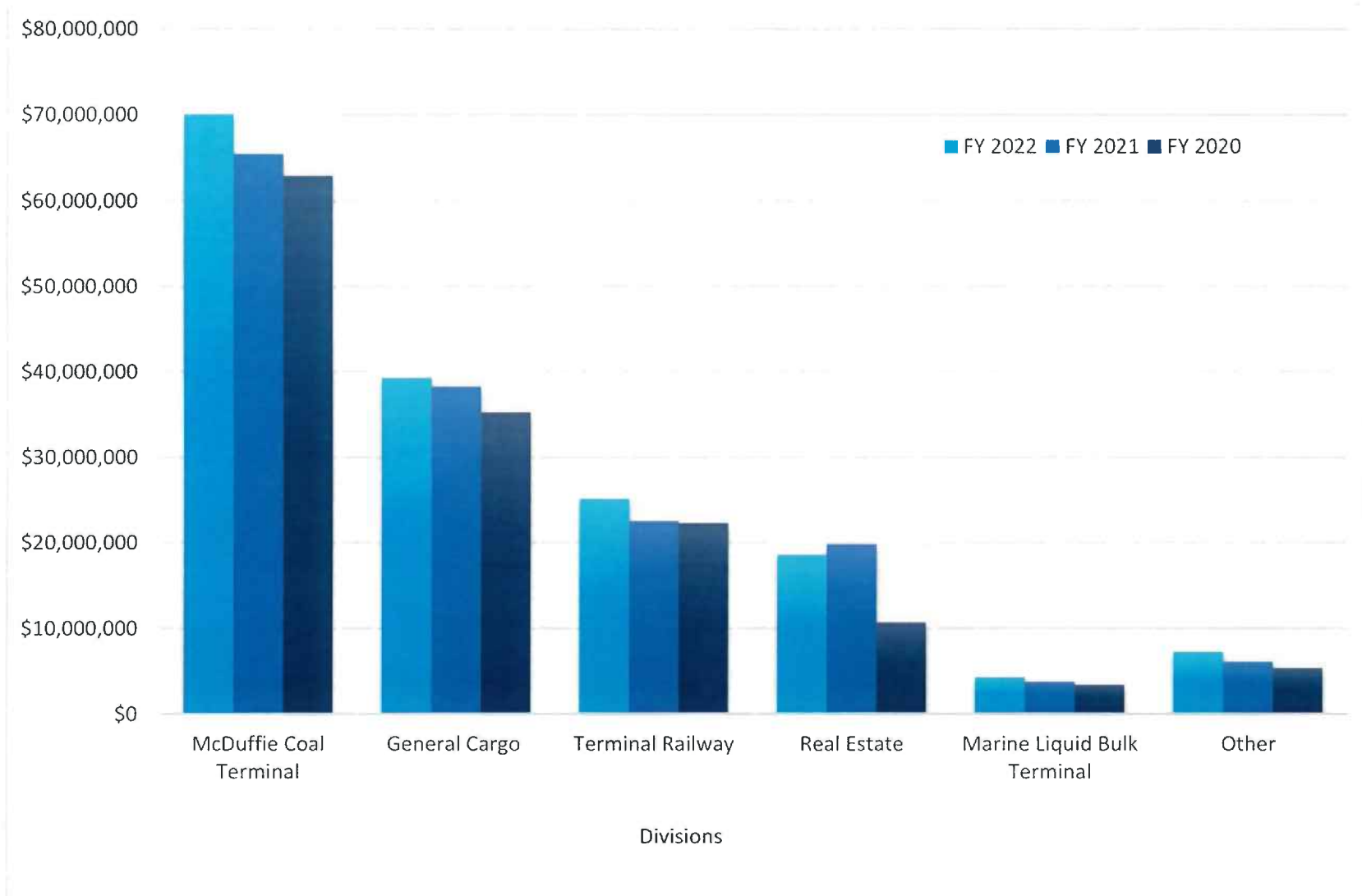
(1) The implementation of GASB Statements No. 63, 65, 68, 71, 75 and 87 resulted in adjustments to net position.

Source: ASPA audited financial statements

ALABAMA STATE PORT AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (cont.)
For the Last Ten Fiscal Years Ended September 30

<u>2018</u>	<u>Revised 2017</u>	<u>2016</u>	<u>2015</u>	<u>Revised 2014</u>	<u>Revised 2013</u>
\$ 61,262,253	\$ 55,891,205	\$ 48,937,665	\$ 70,601,662	\$ 78,287,865	\$ 71,377,918
36,459,347	35,385,911	36,361,920	33,810,695	35,901,440	29,711,608
---	---	278,561	1,955,696	7,927,270	7,552,158
18,855,553	16,384,951	19,267,877	22,097,399	23,742,475	23,723,067
9,488,314	9,326,460	8,153,523	7,199,229	8,178,456	6,992,472
3,482,034	3,391,421	3,464,329	3,505,708	3,486,807	3,278,326
5,388,475	5,492,352	5,701,377	5,715,870	4,794,412	4,872,136
<u>134,935,976</u>	<u>125,872,300</u>	<u>122,165,252</u>	<u>144,886,259</u>	<u>162,318,725</u>	<u>147,507,685</u>
69,465,399	60,013,878	59,096,173	71,757,336	76,381,573	70,294,763
32,612,978	32,591,079	32,659,787	30,983,663	29,812,318	29,785,803
16,337,276	16,973,397	17,382,779	18,048,410	17,515,806	17,030,895
---	---	---	---	---	---
<u>118,415,653</u>	<u>109,578,354</u>	<u>109,138,739</u>	<u>120,789,409</u>	<u>123,709,697</u>	<u>117,111,461</u>
16,520,323	16,293,946	13,026,513	24,096,850	38,609,028	30,396,224
1,050,225	2,271,441	844,119	820,700	816,489	968,889
1,566,487	2,121,935	1,711,454	1,228,575	2,329,879	3,911,540
(14,710,494)	(16,836,087)	(16,732,470)	(16,955,157)	(17,062,636)	(17,349,514)
(1,246,845)	(1,723,864)	(2,166,347)	(2,544,475)	(2,847,619)	(3,113,594)
---	---	---	---	---	---
---	---	---	---	---	---
---	---	---	---	---	---
1,493,887	(969,891)	(5,793,896)	(1,161,037)	2,834,111	(122,672)
<u>(11,846,740)</u>	<u>(15,136,466)</u>	<u>(22,137,140)</u>	<u>(18,611,394)</u>	<u>(13,929,776)</u>	<u>(15,705,351)</u>
4,673,583	1,157,480	(9,110,627)	5,485,456	24,679,252	14,690,873
---	---	5,419,061	4,195,886	13,462,295	1,798,570
4,673,583	1,157,480	(3,691,566)	9,681,342	38,141,547	16,489,443
300,111,164	343,583,703	347,275,269	337,593,927	326,371,856	309,882,413
---	---	---	---	---	---
---	(44,630,019)	---	---	(26,919,476)	---
<u>\$ 304,784,747</u>	<u>\$ 300,111,164</u>	<u>\$ 343,583,703</u>	<u>\$ 347,275,269</u>	<u>\$ 337,593,927</u>	<u>\$ 326,371,856</u>

**ALABAMA STATE PORT AUTHORITY
 CHART OF OPERATING REVENUES BY DIVISION
 For the Last Three Fiscal Years Ended September 30**



Source: ASPA records and audited financial statements