

The Panama City-Bay County International Airport now under construction is just one piece of a regional economic development story unfolding in northwest Florida.

If We Build It, Will They Come?

'Yes,' say the players behind a new airport under construction in Bay County, Florida. Preparing the work force for target-industry investors is how it will happen.

Much is riding on the economic development payoff of a new airport under construction near Panama City, Fla., that is scheduled to open next May. The mood at the site in late January was undeniably upbeat, with progress ahead of schedule and site selectors and potential site developers buzzing around in helicopters overhead. The new Panama City-Bay County International Airport may be the area's show stealer, but there's more to the story.

A series of events is unfolding that could transform the 16-county Florida's Great Northwest region into a new economic engine for the state and the U.S. southeast. These include, among other things, a 2008 revision to the region's 2005 strategic economic development plan that recommends specific measures for diversifying the economic base; key work-force development initiatives involving public and private resources, including, in February, a work-force training grant from Florida's Great Northwest to Gulf Coast Community College to improve IT skills in the labor force; a more receptive

ear, or ears, in Tallahassee with respect to developers' efforts to boost northwest Florida's stature as a convention destination; and perhaps most significant of all, progress on development of the 75,000-acre (30,375-hectare) West Bay Sector Plan on land owned by the St. Joe Co. northwest of Panama City.

The centerpiece there is the new Panama City-Bay County International Airport, occupying about 4,000 acres (1,620 hectares). The country's first major new commercial airport since Denver International in 1995 is also the country's first green airport (the terminal will be certified LEED-Silver).

It will replace the existing Panama City airport in May 2010. That 710-acre (288-hectare) property will be handed over at that time to The St. Andrew Bay Land Company, a subsidiary of Leucadia National Corp., for sustainable redevelopment into a residential, office and retail complex — a live-work-play community

that will grow over the next 20 years according to what the market demands.

A Delicate Balance

"I was surprised to learn the level of public interest in relocating an airport," recalls Billy Buzzett, St. Joe's vice president, public affairs, for the West Bay Sector project, with a hint of understatement. "But it turns out the interest was in the West Bay, below the airport. [Opponents] wanted to see if they could change the paradigm of traditional development in Florida and not build on every square of inch of land that fronts water.

"We looked long and hard at that, and we were able to do it, to retreat from the coast and put the airport inland and create value around the airport, allowing us to preserve the land around the bay," he explains. In all, about 41,000 acres (16,600 hectares) are protected from development by conservation easement, most of it around West Bay and to the south of the airport. "The numbers are pretty staggering — it's 62.5 square miles [162 sq. km.] of preserve," Buzzett points out. "You *can* balance economic development and environmental protection, which is unusual these days."

The main runway originally was designed to be 8,400 feet (2,560 m.) long, but was lengthened to 10,000 ft. (3,048 m.) to keep the airport in the running as a destination for international carriers the region would like to attract, including those from Europe. The longer surface will easily handle the larger passenger and cargo aircraft coming from longer distances. Space has also been cleared for a parallel runway and a 5,000-ft. (1,524-m.) crosswind runway.

Airport City Ahead

The new airport taking shape in the middle of the St. Joe timber forest between Interstate 10 and the Gulf of Mex-

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ico's West Bay is about more than just replacing a 61-year-old airfield with no room to grow. To many in the region, the new Panama City-Bay County International Airport (visit www.newpcairport.com for updates on construction progress and related news) is an opportunity for northwest Florida to realize its potential for economic development beyond tourism and the aerospace-and-defense sector, both of which are and will continue to be important economic drivers.

In addition to on-airport sites ideally suited for aviation-related companies, the West Bay Sector Plan includes 37 million sq. ft. (3.4 million sq. m.) of space for commercial and industrial users seeking close proximity to the airport but not needing to be on the property.

The West Bay Sector Plan calls for smart development of areas where hotels and restaurants will be built in order to avoid urban sprawl along the roadways. Residential development, too, is planned for locations away from the airport to the east and the west. This will leave flights traveling north and south in and out of the airport flying over the preservation area to the south or St. Joe timberland to the north.

HEADQUARTERS FOR A NATION: AutoNation in late 2008 leased 105,000 sq. ft. (9,750 sq. m.) on five floors in Fort Lauderdale's Las Colinas Circle building (right) for use as its new headquarters. It will occupy the space in mid-2009. Chairman and CEO Mike Jackson (below right) cited the city's "outstanding talent and business-friendly policies" as among the reasons he wanted to keep the headquarters in Fort Lauderdale. Other attributes, he says, are "a great spirit of entrepreneurship, diversity and great weather on top of everything else."

Jackson hopes AutoNation's example will translate into other companies locating in Fort Lauderdale. He serves on the recently formed, 16-member CEO Council, which works to recruit headquarters operations to the area.

"We have all these advantages, but there is a perception gap about Ft. Lauderdale between what we know to be the case and what people think is the case," says Jackson. "When a perception gap exists, you have to do something proactive to bridge it." The perception, he explains, is that the Fort Lauderdale area works best as a tourism destination. "But that obscures the story of the dynamic business environment that exists here and the fact that the tourism trade provides for the extraordinary infrastructure of a major port and a major airport that are important components to a strong business environment. They work together. The vacation culture is the flag most people know about, but behind that is a strong, vital business environment."

— Mark Arend

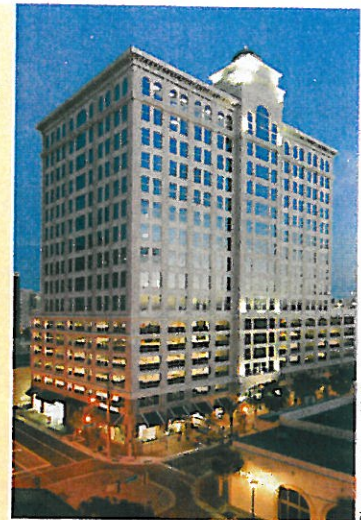
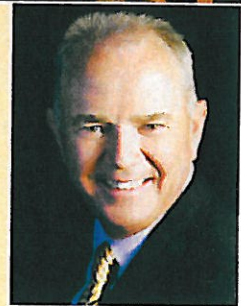
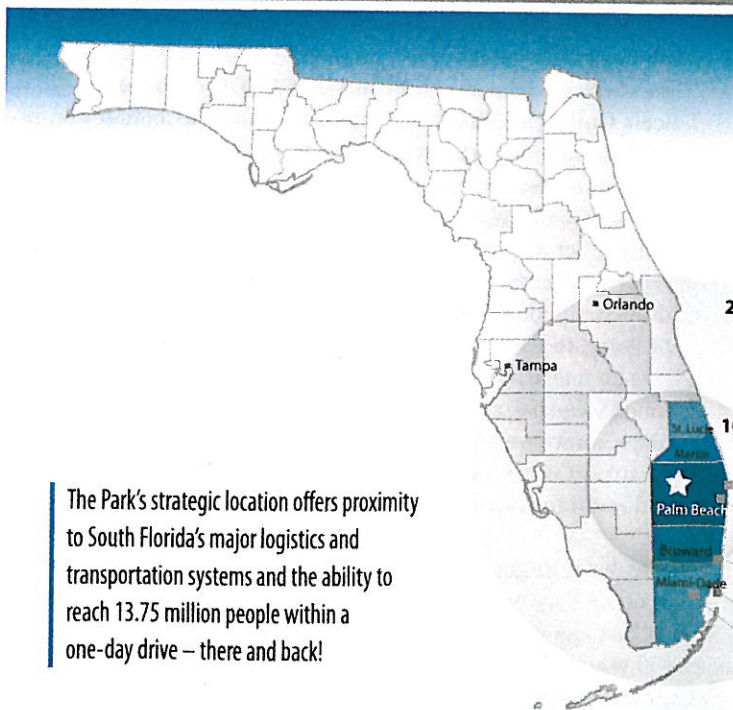



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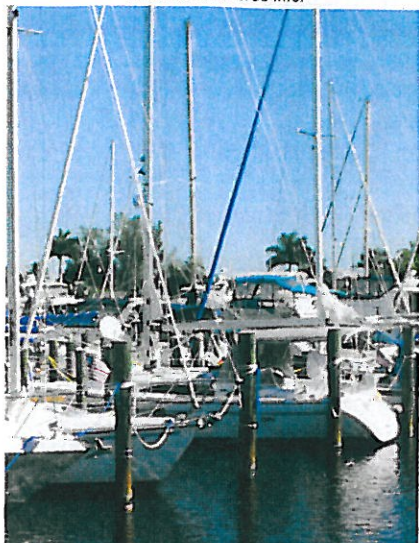
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Growth Engine of Southwest Florida

Industrial sites on the airport property will be fully permitted and shovel-ready by the end of 2009. This past winter, the airport authority was collecting statements of qualifications from developers seeking the assignment of master developer of the 1,423 acres (576 hectares) of land designated for industrial use.

All of which points to the emergence of a new airport city, if the stars stay aligned and the economy doesn't cause real or potential investors to shelve plans they have in mind for the area. In fact, airport city and "aerotropolis" expert Dr. Jack Kasarda of the Kenan-Flagler Business School at the University of North Carolina-Chapel Hill is consulting on the project. He sees a more important role for the Panama City-Bay County International Airport in the future, when it could be serving as a key international transport and commercial hub for all of northern Florida and the deep Southeast.

Competitors' Moves

The 16-county Florida's Great Northwest region is served by four commercial airports, two of which have changed their name recently to pre-empt the Bay County airport's claim to being north-west Florida's true regional airport. The former Osceola County Regional Airport serving the Ft. Walton Beach area is now the Northwest Florida Regional Airport, and the Pensacola Regional Airport is now the Pensacola Gulf Coast Regional Airport. The Tallahassee airport already has "Regional" in its name.

The Panama City and Bay County players are well aware of the other airports' recent re-branding moves: "They're efforts to compete in advance with our new airport, but we're not going to be a regional airport — we are an international airport," says Bill Cramer, vice chairman of the Panama City-Bay County Airport Authority, citing his airport's massive acreage and "unlimited room for expansion" and development.

"All the communities have to get together and decide whether they want a major regional airport that can continue to grow for the next 50 years, or do they want to stay with their local airports that exist now with minimal service and constraints on future development?" says Dr. Kasarda.

All four northwest Florida airports are competing vigorously for new or expanded air service, just as they compete for

beach tourism. Southwest Airlines and Canada's WestJet are among the carriers exploring new service in the region.

As passenger-traffic scenarios play themselves out once service begins at the new airport, the cargo side of the equation will face less competition in the region. Cargo, after all, is indifferent to beach proximity. But cargo operators are interested in logistics and their related costs. Economic developers and the airport authority, therefore, are reminding those players that the Panama City port, coupled with the new, growth-unrestricted airport, is a powerful combination. Panama City is the closest port to the western coast of South America and to the Panama Canal, giving sea-born cargo a shorter route to the U.S. mainland.

In December 2008, St. Joe Co. signed a long-term lease agreement with the Port Authority of Port St. Joe for a 63-acre (25.5-hectare) site on St. Joseph Bay to be combined with 68 acres (27.5 hectares) of contiguous port-owned property, setting the stage for development of a deepwater seaport at the site. The port had been closed since 1998. The company also signed a three-year lease with the Port Authority for a 20-acre (8-hectare) site with a 1,000-ft. (305-m.) bulkhead that will allow it to start operations as the larger site is permitted.

Spiffing Up the Work Force

Meanwhile, efforts to bolster the region's work force to better equip the area for hosting the industry sectors it's targeting are as frenetic outside the airport site as the construction activity is at the airport site. And the two agendas are intricately entwined.

"We've had discussions with potential concerns interested in the airport, and their key concern is work-force development," says Cramer. "They like everything about the airport — the location and lots of room to grow. The question is whether we'll be able to obtain the well-trained, well-qualified workers. Our advanced technology center is designed to do just that."

So is a US\$86,000 work-force-training grant from Florida's Great Northwest awarded in February to Gulf Coast Community College, which will match the grant with \$108,581 of its own funds to develop education of high-tech training programs in critical industry sectors. The grant is part of a U.S. Dept. of La-

bor WIRED (Workforce Innovation in Regional Economic Development) grant the regional economic development group is administering and awarding to five northwest Florida training providers, each of which is providing matching funds, under its Workforce Innovation II program.

The technology-related clusters that will benefit directly from the new programs at Gulf Coast Community College are aviation, aerospace, defense & national security; health science and human performance enhancement; renewable energy and environment; transportation & logistics services; and the two critical support industries of information technology services and research & engineering.

State, Private Sector Forge Training Agreement

Another work-force-related initiative got under way in December 2008 when Workforce Florida, Inc. (WFI), Gov. Charlie Crist's statewide board of public-private leaders charged with overseeing the state's work-force initiatives, signed an agreement with Gulf Coast Community College, the St. Joe Co. and Gulf Power Company to collaborate on meeting the worker training needs of companies locating in West Bay.

The agreement marks WFI's most substantial partnership to date with higher education entities in the area. Bringing state-level work-force resources to bear on the project represents a significant commitment on the part of the state to the success of the West Bay project and embedded airport as an economic engine on the local, regional and state levels.

"The essence of the memorandum of understanding is that we have all agreed on the importance of this asset and that we want to work together to take advantage of it," says Chris Hart IV, president and CEO of Workforce Florida. A federal Incumbent Worker Training Program for skills upgrade training and a similar training grant from the state are among the tools WFI will contribute, says Hart.

Gulf Coast Community College's new president, Dr. Jim Kerley, plays a central role in bringing his institution's strengths to bear in the region's unfolding economic development story.

"Economic development is the key component of our strategic plan — we must help with economic development initiatives and partnerships," he says. Among other things, Dr. Kerley is working with Florida State-Panama City's next-door campus to develop and expand curricula to provide programs in engineering and related technical programs and in renewable energy and other fields that will address work-force needs in the area. The college collaborates with the University of West Florida in Pensacola, as well.

"Our Advanced Technology Center will be one of the top such centers in the country — it's our goal to do that," says Kerley, referring to the 100,000-sq.-ft. (9,290-sq.-m.) facility now on the drawing board that will add an important competitive arrow to the area's quiver. Besides teaching space for new courses, training and continuing education, the center will feature ample, flexible space that can accommodate start-ups' unique space needs and the offices of multiple economic development entities. A fall 2011 opening for the approximately \$33-million project is planned. "Economic development is at the center of that effort," says Kerley.

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