

**DEFENDERS OF WILDLIFE • FLORIDA CLEAN WATER NETWORK  
• FRIENDS OF PFN • NATURAL RESOURCES DEFENSE COUNCIL**

*Via Facsimile and U.S. Mail*

Administrator Blakey  
Federal Aviation Administration  
800 Independence Ave., S.W.  
Washington, DC 20591

*Re: Funding for Proposed Airport in Bay County, Florida*

April 24, 2007

Dear Administrator Blakey:

We urge you to deny the funding requested by the Panama City-Bay County Airport Authority ("Airport Authority") to construct a replacement airport for Panama City and Bay County. This project is clearly not in the public interest for the following reasons:

- The proposed airport on St. Joe's West Bay site provides no tangible aviation capacity enhancement to the federal system of airports based on FAA's own analysis of the project.
- The current airport site can handle all foreseeable aviation demands and can be modified using FAA approved Engineered Arresting Material Systems ("EMAS") to meet modern runway safety standards.
- The community voted in a fair election on a non-binding resolution against the proposed airport.
- The FAA's own Final Environmental Impact Statement documents some of the extensive and permanent harm from the project. The airport's relocation will result in a permanent increase in fuel consumption by users and employees of the airport who will be required to travel further to the new isolated location.
- The proposed project is not cost beneficial based on independent analyses, which we expect FAA has confirmed.


As you know, federal law restricts the long term commitment of discretionary Airport Improvement Program ("AIP") funding to projects that will enhance capacity. 49 U.S.C. §§ 47110(e), 47115. The FAA's policy guidance reiterates this requirement and emphasizes that "all sponsors seeking LOIs must demonstrate the capacity benefits of the proposed action." Program Guidance Letter 07-03 (November 20, 2006) at 7. The FAA has not shown there will be capacity benefits from the proposed airport relocation. Furthermore, the FAA cannot be assured that the proposed airport relocation is a financially sound investment. Without this

assurance the FAA cannot release the Airport Authority from its grant obligations and dispose of the current airport site in order to support the financing of the relocated airport.

Because the FAA has already acknowledged in its July 25, 2006 letter to Senator Nelson that "Letter of Intent funding is unlikely with the low benefit-cost ratio for the project," the FAA should not subvert the intent of Congress and Office of Management and Budget directives by other means. Indeed, considering the fact that 40% of airports across the country do not meet FAA's safety standards for runway overrun areas, FAA's limited funds would be better spent upgrading the existing airport in Panama City, and other airports, to meet safety standards by the 2015 Congressional deadline. Moreover, any FAA commitment of funds to the proposed West Bay site will need to stand on its own merits with a full and open justification and documentation. For the record we are including an attachment which describes several major and obvious flaws in the Airport Authority's benefit-cost analysis. While we emphasize that the benefit-cost analysis improperly overestimates the benefits of the proposed project and inflates the cost of the base case, even this analysis reveals that the aviation benefits are only \$12.7 million, while the real estate speculation benefits are estimated to be \$110 million.

We urge the FAA to deny the Airport Authority's request for a multi-year commitment of funds to build the proposed new airport in Bay County. We request a meeting at your earliest convenience to review your internal findings to better understand how your analysis of this situation compares with ours. We understand that high agency officials have had repeated contacts with proponents of the project and we seek a similar opportunity to discuss our concerns.

Sincerely,



Melanie Shepherdson  
Natural Resources Defense Council

Jason Rylander  
Defenders of Wildlife

Linda Young  
Florida Clean Water Network

Fred Werner  
Friends of PFN

## Attachment A

### Highlighted Flaws in the Panama City-Bay County Benefit Cost Analysis Study

- **Forecasting.** The forecast predicts only 39,000 more enplanements at the proposed new airport than at the Base Case,<sup>1</sup> or approximately three additional regional jets. This difference is so small that it can be accounted for by seasonal fluctuations.
- **Inflated Cost of the Base Case.** Costs for the base case were improperly inflated by including the cost of a \$58.3 million tunnel to reroute SR 390. However, two viable alternatives considered in the Environmental Impact Statement for this project meet the aviation requirements for the project without tunneling using Engineered Materials Arresting System (“EMAS”) technology to satisfy the FAA’s safety requirements for runway overruns. These alternatives reduce the Base Case by most or all of the \$58.3 million cost of tunneling and drive the benefit/cost ratio below 1.0.
- **Assumptions about General Aviation Benefits.** Because the FAA instructed the consultants who performed the Benefit-Cost Analysis (“BCA”) to not include any costs except the bare minimum to make the existing airport useable, the BCA does not include costs to provide adequate facilities at PFN to accommodate GA growth for 33 years. At the same time, the BCA includes "benefits" from the proposed new airport because it could accommodate GA growth over the period. However, the existing airport can accommodate GA incrementally if the artificial constraint placed only for this study is removed - so the benefits would not materialize.
- **Claiming Mitigation Land as a Benefit.** Mitigation is required by the Clean Water Act to compensate for the loss of wetlands and other aquatic resources. The mitigation that would be required to compensate for filling wetlands and burying streams to build a new airport at the West Bay site is no exception. Moreover, the St. Joe company would retain title to the land instead of donating it. Thus, it was improper to include \$28.5 million as a benefit in the analysis. Mitigation should be more properly be considered a cost.
- **Claiming Future Value of Industrial Land.** The industrial land absorption and price assumptions for both the revenue stream and salvage value should be reduced and sensitivity tested. The analysis improperly used the current value of land in Huntsville, AL as a basis to estimate the future value of industrial land at a new Bay County airport. However, Huntsville has a vibrant high-tech economy that is absent in Bay County, so there is actual market demand for Huntsville land. It is more likely that leases/sales in Bay County would be discounted to attract industry. Furthermore, Huntsville has been selling industrial land for 40 years and still has some available, whereas the Benefit-Cost Analysis assumed all new land for industrial development near a new airport in Bay County would be sold in 20 years. This is unlikely at any price.

---

<sup>1</sup> A proper base case is defined as “the optimal course of action compatible with the specified project objectives that would be pursued in the absence of a major initiative.”