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New Airport May Not Be So Crazy, After All

Panama City, Fla – Those who think building a new airport with a 10,000 foot runway in the middle of a nature preserve and on the cusp of sea change in the aviation industry, is crazy haven't talked to the folks involved in the \$330 million project for the Panama City-Bay County Airport that is set to open in 2010.

They exude so much confidence about the coming economic and technological development that one almost wonders why such a project could be questioned in the first place. One is almost ready to whip out a check book ready to invest. After all this is not swampland in Florida – well, some of it is but that is part of a planned nature preserve – this is an area that takes in a catchment area that includes all of Northwestern Florida and Southern Alabama. While the confidence may be contagious, developers caution visitors to remember that the airport is a 50-year vision in a 100-year Northwest Florida development project that goes far beyond the airport. But beyond that, they suggest this might even be the leading edge of a regional approach to airports that would see the consolidation of several airports to serve a given region. Certainly, the **Department of Transportation** has been advocating just such an approach for years to replace the piecemeal and unsuccessful efforts to keep small communities connected. And, given the paradigm shift in airline route structures wrought by high oil prices, airports may be forced to band together to create the critical mass needed to get the service they want.

The Plan

The airport is a tiny fraction of what is known as West Bay Area Sector Plan, an overarching land use plan for the development and conservation of approximately 75,000 acres in the Northwestern Bay County. Spearheaded by the **St. Joe Company**, a long-time timber breeder with large land tracks in Florida, it is among the largest mixed-use planning communities in the US. Included in the sector plan is the airport site, a marina, land for residential, commercial, and business development, a regional employment center and some 41,000 acres – over half of the entire project – designated for perpetual conservation of shoreline, adjacent wetlands and the watershed of the West Bay. That alone is enough to make one do a double take. The theoretical build for the entire sector is 27,000 residential units and 37 million square feet of commercial and industrial space.

To understand the thinking behind the airport is to understand the economic base that would support it. Developers want to capitalize on all the current and coming industrial clusters – security, air force, naval and those for human technology – and expect this area will eventually become the next major metropolitan area.

Local officials expect this area to rival Minneapolis/St. Paul over the next 50 years. The airport is not just about a longer runway but about what **Greater Northwest Florida** Director Al Wincran calls "a real string of pearls across a region" driven by research and development, IT engineering, human performance and aerospace and defense. It is about the human capital available in the community, much of which is retired military. The **Naval Surface Warfare Center (NSWC)** which is making the airport a test bed for the deployment of new **Transportation Security Administration** technology and ultimately wants to get back to the days before screening barriers through which passengers would be checked without knowing it, said Wincran. NSWC is also testing airport perimeter fencing difficult at many airports located near water and is now set to study virtual fencing.

A major focus is the development of uninhabited autonomous systems, the emerging term to replace unmanned vehicles. Micro vehicles are also under development using new wing technology that changes wing shape to mirror our feathered friends from hummingbirds on up.

The area has benefited from the decades long base closings as technologies and missions were consolidated at nearby **Eglin Air Force Base**, the nation's largest air force base. With **Tyndall Air Force Base** and the NSWC, the military

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workforce alone is 70,000, with another 35,000 non-military civilians within the government and defense industries. Add the 300 defense contractors already here, 1,900 supporting companies, and it is not a stretch to think this will be a hub for transferring new technology to the civilian sector.

The Florida Institute for Human and Machine Cognition is developing avionics that provide a new way for a pilot to process critical in-flight information that goes well beyond the glass cockpit which, even today, largely presents the information in the same way it was presented in the era of dials and gauges. It is leveraging the genius of 100 world class scientists to provide better human machine interface providing technology for human performance, as Wincran put it, instead of humans trying to bend themselves to the will of their hardware. Also under development are small instruments and exotic metals.

In short, this area is banking on a heck of a lot more than tourism. But even here, officials tout the white sand beaches that are largely known only to Atlanta and Montgomery. To its benefit, its season mirrors that of the non-Florida east coast and extends to three seasons as Gulf waters keep warm through the fall.

Economic development specialists and St. Joe, which have been working on the airport project for a decade, also want this area to become a hub of renewable energy research and deployment, leveraging other pine forests as a leading biomass for ethanol to replace coal in power plants. The leading source of resources for the growing wood-pellet industry is here and in Chile and a Swedish group has already plunked down a plant nearby to feed German power plants.

Nearby is a major sports medicine research and medical center that is applying athletic techniques to help Iraq and Afghanistan wounded and not far away in a major intermodal transportation logistics area that will focus on international trade which holds great promise.

If location is everything in real estate since that is much of what St. Joe does now, it seems an ideal place. To set the stage, St. Joe Vice President Jerry Ray starts out by giving a geography lesson that really needs a globe to visualize. For instance, Panama City is the closest eastern port to the Pacific, and, therefore, China, given the fact it is due north of the Panama Canal. It became a refuge for Mississippi-bound cargo after Hurricane Katrina and retains some of that traffic today. It is 800 miles closer to Chicago than Miami. It has mature rail and barge connections that make it a transportation hub that lacks only a world class airport.

"This is an international airport, which means it already has customs and immigration," said Ray, adding it now serves an area of more than a million people. "We are building this to connect them to the global economy because if you do not have an efficient, cost effective means of transportation, you are going to be left behind. For the first time, this region will have a true, state-of-the-art airport facility, built specifically for civil aviation that will serve the Florida Panhandle and Southern Alabama."

Wrap all that together and, all of a sudden, a 10,000 foot runway doesn't sound so outlandish when you think of the millions of tons in perishables that ply the world's skies in wide body cargo-liners. The new airport has no noise constraints thanks to the surrounding nature preserve, donated by St. Joe and the planned industrial and retail development.

The Airport

Phase one of the airport is being built on 1,300 acres of a 4,000 acre site, leaving ample room for expansion. It includes new roadways, the main runway, an option for a 5,000-foot cross wind runway for general aviation, the terminal, parking, a small cargo facility to support airline cargo needs and 90 acres of general aviation facilities or about a third of the project. There is also 1,423 acres of adjacent land available for aviation and non-aviation related development such as hotels, car rental, other supporting services and that is where St. Joe hopes to make its money as land values increase. Financing is coming from local, state and federal funds -- \$112 million, \$119 million and \$90, respectively -- and plans have gone through the maze of land use and environmental vetting. The horizontal infrastructure has prepared the way for the vertical infrastructure -- terminal and other facilities -- to begin next month.

The five-phase airport project also includes the ability to extend the main runway to 12,000 feet which would require additional funding. Should cargo take off, an area adjacent to the main runway can accommodate larger cargo facilities. Far into the future of this 50-year airport project is the ability to put in a 9,400-foot parallel runway after demand reaches a certain level. The land is already set aside and most permitting is in place.

All this begs the question as to why it hasn't happened before given the employment base. It is not as if it hasn't been tried before and that is probably why officials who have been working on the airport for a decade, only think in the very long term. Original plans to replace the airport date back to the 1940s but opponents managed to kill four previous efforts. The fifth time was the charm, surviving six different legal challenges, and a host of Doubting Thomas's who figured the airport would never be built.

The project springs from an effort 12 years ago to lengthen the 6,304-foot runway at the old airport that has seen a third of the airport under water after a storm surge. That airport developed from three grass strips in 1940, and is now confined by residential property and the bay and no longer meets [FAA](#) safety requirements given the new regulations for thousand-foot safety margins at either end of the runway.

The project has undergone several lawsuits, two of which are still pending, and 104 public hearings aimed at bringing the public, local officials and environmentalists into the planning process, a key to forestalling lawsuits. St. Joe spent \$40 million to just get to breaking ground.

Going Green

The more one listens to proponents the more you want it to succeed just for the ecological conservation it includes, a plan that brought the **Audubon Society** on board early and includes an Audubon Nature Center in the heart of the West Bay project. Environmentalists are so taken with the project, according to St. Joe, they want others holding large Florida tracts to use it as a model.

The airport itself is seeking green certification from the Leadership and Energy and Environment Design (LEED), set down by the **Green Building Council**. Factors include how the contractor treats the site, lighting and heating technology, construction waste and landscaping that does not require irrigation. The airport aims to have the first LEED-certified Terminal Building in the nation, with a state-of-the-art storm water management system, extensive use of sustainable materials and a landscaping plan that will not require supplemental irrigation. The Panama City-West Bay Airport Authority is also hoping to develop a way to make the airport operation carbon neutral and is currently tapping expertise. "We're betting you can do both, be a good land steward and make money on it," said St. Joe Vice President Billy Buzzett. The entire project was approached with the mentality that the company had an opportunity to do it right by starting with the development of an environmental coalition "who have walked with us through this project," said Panama City-Bay Country Airport Director Randy Curtis.

"They liked everything but the airport," said Ray. "However, they really liked the preservation and restoration plans for the surrounding area and incorporating everything environmentalists wanted including water shed protection, boundaries

and buffer zones that meets or beats environmental requirements.”

If the devil is in the details, then that stewardship can be judged by the fact **KBR**, the airport contractor, even stripped and preserved the natural seed bed of the forest which will be reintroduced on the land-side of the airport. It is also re-using the tons of dirt extracted from the site at different parts of the project rather than sending it to a landfill. The plan also includes restoring 9,600 acres of wetlands, taking out roads and culverts, to mitigate the impact of the 500 wetland acres lost to the airport project. It is restoring forests, eliminating invasive non-native species and putting the nature preserve back to the way it was when De Soto first sought his fountain of youth among the Florida pines, according to St. Joe. Also being replaced are the short-leaf pines with native long-leaf pines which absorb far more carbon dioxide. What St. Joe has not donated, was gained by the state in the savings and loan crisis in the mid 80s and has since been turned into a state park. The entire West Bay project was peer reviewed by **Nature Conservancy** which called for an additional 1,900 acres be added to the environmental set asides, which was duly granted by St. Joe.

Reality Check

Expectations of economic development officials, belie the reality check brought by current airport statistics. To be sure, it is served by **Delta** and **Northwest**, but peeling back the layers of the onion shows service by **Delta Connection Atlantic Southeast's** CRJ 200s and ATR 72s and **Northwest AirlinK Pinnacle** which flies CRJ 200s and CRJ 900s. Also listed on the airport flight schedule are CRJ 700s and ERJ 145s.

Despite this, the airport is growing. Total operations between January and August this year at 69,632, was up 19.49 percent from the year-ago period, according to Kip Turner, director of operations. However, general aviation accounted for the vast majority at 51,882 versus commercial operations at 10,577. But passenger loads were only up 2.28 percent to 242,439 from January through August, but at least they were up.

Last year the airport enplaned and deplaned 337,738 passengers. However, that was a drop from the 354,000 in 2006. And, all that was before the run up in fuel making today's environment completely different. But it will not be until the fourth quarter, when most capacity cuts become effect that the impact, if any, will be felt.

While the new airport is designed to replace the old Panama City-Bay Country Airport, what can't be ignored is the larger activity at Northwest Florida Regional Airport at Fort Walton Beach since the new facility is about equidistant between the old Panama City Airport and the one at Fort Walton Beach, where total passengers through August numbered 557,340.

In fact, the plans beg the question as to why the new airport wouldn't combine both but in today's environment in which city officials count an airport among their gems it is not surprising that this isn't a combined airport, especially given the fact that a new airport has been proposed and killed four times before.

Even so, the airport at Fort Walton Beach is a dual use airport with commercial operations only a small part of the giant Eglin Air Force Base. Commercial operations are slot constrained according to Panama City officials, who also noted that Eglin has taken on the missions of many other bases in the base closing movements of the last decade. While that may be good for the economy, it is unclear what it means to the future of the commercial side which is facing the same dilemma of all other small airports with the additional factor of having Pentagon masters.

It seems to be the airport of choice in the region, according to a **Boyd Group** analysis which shows that, between November 2007 and November 2008, while departures and seats are down 11.4 percent and 10.5 percent, respectively at Panama City, and 26.7 percent and 19.8 percent, respectively at nearby Pensacola, Fort Walton's cuts were only 2.4 percent but seats increased 2.3 percent. The Northwest Florida Regional Airport even has mainline jet service with Northwest's DC 9s, MD 80s and 737s.

Boyd Group derided the idea of Panama City's build-it-and-they-will-come strategy, saying new airports are both expensive – at least two times original cost estimates – and do not generally attract new airline service. The group, which was hired by Northwest Florida Regional Airport to do a market study, also said there is no indication that Panama City traffic will improve especially in today's airline environment.

As for the prospects of low-fare service, Boyd Group pointed out such carriers are not expanding and, in the case of Air Tran at Pensacola, are cutting back. The company likened Fort Walton to Albany, N.Y. which is building a tech valley to rival that in Austin, and said that, like Albany, Fort Walton could act as a central point between several population centers. These are sobering statistics until one realizes that the same could be said of the new, state-of-the-art airport. It is again why Panama City officials look to the long term when the airline industry may be quite different than it is today. Just as airlines are consolidating, so, too may airports. Passengers have already voted, opting to drive to larger, more connected airports where they may get cheaper fares rather than fly from their hometown airport. That means airports may have to change as well, creating critical mass that will get them the services they want.

If so, Panama City-Bay County Airport will be ready.

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