

Panama City-Bay County International Airport
Appendix B Comment & Response Summary

PUBLIC INDIVIDUAL INDEX

Commentor	Type of Comment	Code #
Carl D. Peterson	Individual Letter	I001
Wayne S. Whitaker	Individual Letter	I002
Donald R. Hodges	Individual Letter	I003
Donald R. Hodges	Individual Letter	I004
John Robert Middlemas	Individual Letter	I005
Robert F. Roscow	Individual Letter	I006
Eva Gratton	Individual Letter	I007
Carl D. Peterson	Individual Letter	I008
Carl D. Peterson	Individual Letter	I009
Allen L. Jelks, Jr.	Form Letter	I010
Mr. and Mrs. Raymond Versham	Form Letter	I011
Terry L. Pitt	Form Letter	I012
Joshua Hough	Form Letter	I013
Linn D. Barrett	Form Letter	I014
Brian Bodah	Form Letter	I015
Sample Form Letter	Form Letter	I016
Jane P. Webb	Form Letter	I017
Marilyn Shanholtzer	Individual Letter	I018
Jack A. McKeithen	Individual Letter	I019

Carl D. Peterson
I001 Public Individual

Comment 1

I am enclosing a copy of my examination of the commercial airline industry (Attachment One: A Snapshot of the Commercial Aircraft Industry, Updated 10November [sic] 2005) that is part of the FEIS but apparently ignored or unread in their analysis. A quick summary reveals the following since 9/11.

- The seven largest legacy carriers have withdrawn 722 aircraft from service since 2000. Jet providers have increased the withdrawal even further
- Industry employment was reduced from 442,800 to 354,000 including 10,000 pilots well Delta just rehired 59.
- The ATA estimates 2,200 daily flights were but by 2003.
- Losses within the industry now exceed \$35 billion.
- Since 2001 PFN has lost Tampa and Dallas Fort Worth as destinations and has had flights and capacity reduced by 52%.
- PFN has only Jet Providers with aircraft inventories as small as 30 aircraft flying into and out of this airport at this time. Both mainline carriers for whom they are under contract are in bankruptcy and have cut their capacities by nearly 25%.
- Passenger traffic at PFN continues to decline with a 5% loss in 2005 and 2006 YTD is down an additional 5.74%. Three of the last five years has shown declines.
- PFN air fares are often near exorbitant compared to neighboring commercial airline facilities such as Pensacola and Okaloosa Regional Airports.
- Legacy carriers are not filling voids in service when low cost carriers pull out or collapse as did Independence Air.

Response

FAA recognizes that the aviation industry experiences fluctuations in activity. Such fluctuations do not necessarily reflect long-term trends in the aviation industry in general or in any particular market. Long-term trends have historically and will continue to reflect long term growth. FAA acknowledges that there was a downturn in the aviation industry immediately following the attacks of 9/11. However, generally the aviation industry has rebounded nationally and at PFN. In addition, airline bankruptcy does not indicate that service will cease in a given market. As airlines exit and enter markets there will be short-term fluctuations in airport operations in a given market. The size of the aircraft and frequency of operations and market destinations are business-based decisions made by individual airlines and the FAA plays no role in those decisions.

Comment 2

It is interesting to note that the FEIS contains letters from two (2) AF generals. One letter from B/G Larry D New, dated 3Sept.2002, Volume II Appendix, cites the need to “deconflict” traffic in order to avoid putting “commercial aircraft and high performance fighter aircraft in close proximity” which is a distance of nine nautical miles. He notes that the move would facilitate the deconfliction of the respective airfields traffic. BG New’s letter is not classified as a response from a federal agency as identified in Volume III: Response to Comments Federal, State, and Local Agencies; however, BG Jack Eggington, Commander 325thFighter Wing, dated 25Jan 2005 is listed as an US Department of Defense – Department of the Air Force input

Response

Brigadier General New’s letter was provided prior to publication of the DEIS, while Brigadier General Eggington’s letter was in response to the DEIS review. Both letters have been treated appropriately in the FEIS.

Comment 3

Nothing is said about what takes place if the VORTAC coverage is inadequate and does not meet TYN’s operational needs in the new location.

Carl D. Peterson
I001 Public Individual

- Response** The Panama City VORTAC is listed on the DOD Protected Navaid List. However, if the Panama City airport is relocated, the FAA intends to support relocation of the PFN VORTAC provided the same degree of coverage can be achieved at a new location. Any relocation of the VORTAC shall be done in service (e.g., no loss of function or coverage during installation of the facility). No specific site has been identified at this time. The FAA is in the process of looking for a new VORTAC site, but no design or construction has occurred.
- Comment 4** BG New's view of the situation and the Sponsor's hanging its case on it for relocation is wrong.
- Response** This comment consists of a statement of opinion to which FAA can not provide a reasonable response. Brigadier General New's comments were considered as input to the EIS process but were not the basis for FAA's development of purpose and need or decisions.
- Comment 5** There is no reason to believe that relocating the civil airport will reduce the incidents of wandering VFR pilots. While it doesn't reflect the number of encounters in Special Use Airspace, it does indicate that the radar agencies, to the maximum extent possible, provide effective traffic calls and avoidance vectors when and as required.
- Response** This comment is a statement of opinion and speculation on the part of the Commentor and the FAA cannot provide a meaningful response. This specific comment is made as an argument in support of a statement that the Airport Sponsor is wrong for using the need to reduce the potential for airspace interactions as a reason for relocating the airport. The FAA notes that this is only one element of the Airport Sponsor's purpose and need for the project, as documented in Section 2.4 of the FEIS.
- Comment 6** According to 325th FW authorities the procedures for working traffic in and out of PFN has been refined over the years and there is little or no impact to either military or civil air traffic. While there are frequent delays for both military and civilian aircraft to depart, the FAA doesn't consider anything a delay until the delay is at least 10 minutes. Seldom does Tyndall air traffic control have to delay an aircraft over 10 minutes due to traffic.
- Response** Delay is not an issue at PFN, is not included in the purpose and need, and was not a consideration of the Airport Sponsor in definition of the proposed project. The purpose and need of the proposed project is the ability to meet FAA safety and design standards, provide for aviation demand within the defined market area, and be compatible with current airspace configuration and utilization.
- Comment 7** What is the reason for the move? It cannot be flying safety with a record as above.
- Response** The FAA clearly defines the Purpose and Need for the Airport Sponsor's proposed project in Section 2.4 of the FEIS.
- Comment 8** Further, I cannot understand how the FAA supports the Sponsor's alleged clash of military and civil aircraft at TYN and PFN when they have a commercial airport with about 2600 operations per day with a peak hour of 245 operations including a fifth new runway all within 2 miles of each other (I'm referring to Atlanta) and disapprove the current PFN and TYN's three runway operation, about 16 operating hours per 5 day week with 3 runways 10 miles apart and opt for a relocated PFN in the hinterlands of Bay County – West Bay.

Carl D. Peterson
I001 Public Individual

Response Comparisons of operations or procedures at particular airports or within particular airspace environments are not meaningful because of the varying conditions at the specific locations being compared. The number of operations at any given airport or how the airspace is operated at other airports is not relevant to the comparison of alternatives in this EIS. The purpose of the "Compatibility with Airspace Configuration/Utilization" criterion is to ensure that any alternative would not increase the potential for airspace conflicts as a result of the Airport Sponsor's proposed project.

Comment 9 Just within the past few weeks the FAA (Using Kimley-Horn on both projects) and the ATL Sponsor announced their intent to operate 240+ operations PER HOUR on five runways within 2 miles of each other, with FTK 10nm away (346 ops/day), PDK 16nm away (639 ops/day) and MGE 17 nm away (private use/military including F/A 22 manufacturing test flights). The "complexity" of turning the ATL operation from an east approach to a west approach or vice versa must exceed the cumulative alleged "complexity" and "potential of conflicts" of PFN airspace for years if not decades to come. One may conclude that the FAA is either reckless at ATL or fleckless [sic] at PFN.

Response The FAA acknowledges the comment.

Comment 10 Further, you can rationalize that using the same consultant on both ATL and PFN projects, Kimley-Horn and Associates, had some bearing on the decision.

Response This is not a comment on the FEIS and the FAA is not able to provide a meaningful response.

Comment 11 As far as I can determine the FAA's "District Office" did not even seek an official opinion from FAA's airspace experts, but relied solely upon the Sponsor's solicited comments from the long since departed 35th Fighter Wing Commander whose letter was misunderstood by PFN Airport Authorities and subsequently ignored by his successor, the wing commander whose comments are carried in Section III of the FEIS, B/G Jack Eggington.

Response The FAA has reviewed the Draft ALP, provided by the Airport Sponsor, with regard to airspace issues, and has coordinated with FAA Air Traffic, the military liaison to the FAA Southern Region, and Tyndall AFB. A formal airspace study is currently being conducted by the Airport Sponsor. The study will result in resolving airspace issues related to the relocation of the airport.

Comment 12 One gets the impression that the FAA is acting arbitrarily when it sets out to relieve "potential conflicts" rather than applying its own resources to solving a miniscule problem of allocating airspace as cited above rather than looking at all reasonable and prudent alternatives, but instead falls on the Sponsor's word as the "Final Solution."

Response The FAA acknowledges that over time the FAA and the DOD have established procedures that allow PFN and Tyndall Air Force Base to work together and would continue to do so in the future. Airspace issues are considered by the FAA for every project involving changes to an existing airfield or development of a new airfield. The airspace criterion was established to ensure that any alternative would not increase the potential for airspace conflicts.

Comment 13 Can you rationalize this approach to airport relocation other than giving the sponsor what they want; or alternatively, justify your rationale for the proposed relocation?

Carl D. Peterson
I001 Public Individual

Response The rationale behind the relocation of the airport to the West Bay Site is provided in Section 2.5.2 of the FEIS.

Comment 14 Finally, I am not an environmentalist by any means but some dichotomies show up that I can relate to when the sale of the airport property comes to the front and center. I am referring to the FEIS that involves the Sponsor's plans for sale and redevelopment of the current airport. The data included in the EIS, Table 2-1, Existing Site Redevelopment Options...includes four variable scenarios the first of which boggles my mind. It includes a 250 slip marina.

Response Table 2-1 includes the three potential development scenarios presented in the Airport Sponsor's RFP and *Background Report* for the proposed redevelopment of the Existing Airport Site and a composite scenario with intense development for each land use category. The Commentor is correct that the composite development scenario includes a 250-slip marina. The remainder of this comment is a Commentor's opinion to which the FAA believes a response is not necessary.

Comment 15 Now we have a 2200 ft runway extension thrown out and a 250 marina slips substituted as a contaminator of Goose Bayou that, in the long term, will more than likely cause more environmental damage than the runway extension when you add in a golf course, condominiums and retail outlets. So what we have is the destruction of St. Andrew Bay's biodiversity with the ruination of Goose and Robinson Bayou, the destruction of two creeks and surrounding terrain at the proposed location; and, the outward of our main attractions.

Response The FAA acknowledges that there will be future development at the existing airport site, however, the precise form of that redevelopment is yet unknown. The information regarding the potential development scenarios was the best available information at the time of FEIS publication. The three scenarios presented in the RFP represent only three scenarios of a potentially limitless number of redevelopment options, any of which might be approved. The remainder of this comment is a Commentor's opinion to which the FAA believes a response is not necessary.

Comment 16 Just this past Sunday 11 June 2006 it was reported that the miniscule Panama City Crayfish has been put on the threatened list. How many more will be added to the list as the destruction of land and sea habitat takes place to bring a new airport to Bay County that handles a robust 12 commercial airline flights per day.

Response It is incorrect that the Panama City Crayfish has been "placed on the threatened list". However, it is true that the FWC determined on June 7, 2006 that a change in status from species of special concern to threatened was warranted. The FWC is currently seeking public input for the preparation of a management plan, but the status of this species remains valid until a management plan is approved. The remainder of this comment is not a comment on the FEIS and the FAA is not able to provide a meaningful response.

Comment 17 In conclusion the FAA and the State of Florida are funding an airport relocation somewhere between \$300 to \$400 million with land use proposals that could well destroy the biodiversity of St. Andrew Bay. For what? A Commercial aviation operation which has been cut by 52% leaving 12 flights per day with no military/civil aircraft traffic problems; and, the F-22's presence for the last three years not being a threat to or threatened by civil/military air operations? It leads me to believe this is more a land deal and not an airport deal.

Carl D. Peterson
I001 Public Individual

Response This is not a comment on the FEIS and the FAA is not able to provide a meaningful response.

Comment 18 **Introduction:** The commercial aviation manufacturing and transportation industry has sunk into a prolonged and the most painful slump in aviation history. Why won't the various authorities recognize that building a new airport at a remote location to accommodate an alleged increase in passenger travel and form a base for major industrial expansion to the tune of \$250 to \$400m is a high risk investment. Considering the fact that the aviation industry, as noted above, is in a major economic shakeout? What rationale do they have to counter the following analysis? What are the specifics that justify such a horrendous expenditure in light of today's events?

Response FAA recognizes that the aviation industry experiences fluctuations in activity. Such fluctuations do not necessarily reflect long-term trends in the aviation industry in general or in any particular market. Long-term trends have historically and will continue to reflect long term growth. The Airport Sponsor has proposed the project in response to anticipated future aviation demand in the region. However, generally the aviation industry has rebounded nationally and at PFN. The FAA is charged with implementation of federal policies under its statutory authority. It is within this statutory authority that the FAA is responding to the Airport Sponsor's proposal to relocate the existing airport. Regarding comments relating to risk associated with the Airport Sponsor's proposed project, those comments should be directed to the Airport Sponsor. The FAA is not able to provide a meaningful response to those comments.

Comment 19 Subjectively, the study concludes it is wrong to spend \$250 to \$400 million plus on a new airport in light of today's economic conditions. The commercial aviation turmoil, the reduced commercial airline aircraft use of PFN, future low passenger traffic counts due to the loss of USAIR, Skywest and two major hubs; and, also in relation to our neighbors, and our limited population growth potential (We are not going to be a Fort Meyers).

Response This statement is the Commentor's opinion and not a substantive comment on the FEIS. Therefore, the FAA is not able to provide a meaningful response.

Comment 20 We can do substantially better with what we have with little or no significant impact on current airport facilities; and, we can retain earnings for the time being and use the resources to relocate, when needed, when growth is restored and more opportune economic conditions not only for the country but primarily for the aviation industry prevail.

Response Please see the response to Comment 19 above.

Comment 21 With Delta's withdrawal from the Dallas Forth Worth cuts in Comair flights to Cincinnati, PFN lost two weekend connections and gained two daily Delta connection flight to Orlando. On 9January 2005 USAIR ceased operations at PFN and this reduced the daily flights to 12 per day.

Response See response to Comment 18 above. In addition, as airlines exit and enter markets there will be short-term fluctuations in airport operations in a given market.

Comment 22 Their fleet will consist of 281 mainline jets and 169 RJs and are the key to the new schedule. As of 9Jnuary[sic] 2005 **USAIR NO LONGER SERVES PFN.**

Carl D. Peterson
I001 Public Individual

Response This is not a substantive comment on the FEIS and the FAA is not able to provide a meaningful response.

Comment 23 In light of the above with PFN's commercial aviation growth attract the likes of the LCCs or the Regional Airlines?

Response Please see the response to Comment 18.

Comment 24 Southwest operates a fleet of 393 Boeing 737s with an average seating capacity of 130 passengers. Their average load factor is 66.8% or 87 passengers per flight. Of PFNs 187,066 enplanements in 2003, ASA, the Delta Connection, carried about 75% of the passengers. Is PFN the profit making target for Southwest's entry into our market? I doubt it based on their current course of action as noted above.

Response This comment is the Commentor's opinion and is not a substantive comment on the FEIS. Therefore, the FAA is not able to provide a meaningful response.

Comment 25 **Question.** Does the Airport Authority envision a battle of the giants for this segment of the market? Do they envision a new destination as an attraction in lieu of the Delta Connection to Atlanta? What does the AA board have in mind in terms of a "marketing plan" beyond FAA's terminal area forecast for PFN (320,000 enplanements in 2020) to entice a LCC or a regional air carrier let alone a network airline to come to our commercial aviation market? Can it be substantiated by state or federal approved population and or economic growth expansion data? Does the axiom "Build and They Will Come" overcome the evidence provided herein? If so, can the Airport Authority disprove it in a substantive manner?

Response Please see the response to Comment 1. This is not a substantive comment on the FEIS and the FAA is not able to provide a meaningful response.

Comment 26 As reported in the *News Herald* when Panama City-Bay County International Airport Authority and the St. Joe Company joined forces, Mr. Randy Curtis, Executive Director, noted, "It would be a challenge. If we go to a new airport, we've got to show the justification that there is a good solid need." In light of the above as President Ronald Regan once said, "Where's the Beef? The public and local, state and the federal government are owed substantive justification and not glittering generalities.

Response This is not a substantive comment on the FEIS and the FAA is not able to provide a meaningful response.

Comment 27 If the above actions were taken, then Mr. Curtis's comments nearly five years ago that "if we got to a new airport, we've got to show the justification that there is a good solid need" would be fulfilled rather than rolling out economic reports, as in the past, make for good public propaganda but fail under close examination.

Response This is not a substantive comment on the FEIS and the FAA is not able to provide a meaningful response.

Carl D. Peterson
I001 Public Individual

Comment 28 There are differences in the St. Andrew Bay inventory and the Indian River Lagoon inventory worth mentioning. As an example, the Indian River inventory includes birds that fly over the lagoon while the St. Andrew Bay inventory includes only those species with a direct estuarine habitat requirement. If one were to use the same criteria for the St. Andrew Bay inventory as used for Indian River than the St. Andrew Bay inventory could add 206 species to the list. That would include 17 species of fish, 3 species of amphibians, 10 species of reptiles, about 100 species of birds and 32 species of mammals. The above illustrates that St. Andrew Bay's diversity is at least as great as that of the Indian River Lagoon and state and federal agencies as well as our elected representative at all levels of government should focus their attention on the conservation of St. Andrew Bay's biodiversity.

Response This is not a substantive comment on the FEIS and the FAA is not able to provide a meaningful response.

I 001

JUN 21 2006 14 June 2006

Ms. Catherine M. Lang
Acting Associate Administrator
For Airports
U.S. Department of Transportation
Federal Aviation Administration
800 Independence Ave. SW
Washington DC 20691

Dear Ms. Lang:

I appreciate your 28 April 2006 response to my letter forwarded to you by Senator Mel Martinez. I would have responded sooner but elected to wait until I had a chance to make at least a cursory review of the FAA's Final Environmental Impact Statement (FEIS) on the proposed relocation of the Panama City-Bay County International Airport (PFN). I received a print copy in mid May (all 22lbs of it) plus a CD version with a cover letter. Before commenting on the FEIS, I'd like to take exception to one of your comments. I'm referring to: "We are aware the airline industry is undergoing some financial challenge." As I see it, it is more than "some financial challenge"

I am enclosing a copy of my examination of the commercial airline industry (Attachment One: A Snapshot of the Commercial Aircraft Industry, Updated 10 November 2005) that is part of the FEIS but apparently ignored or unread in their analysis. A quick summary reveals the following since 9/11.

- The seven largest legacy carriers have withdrawn 722 aircraft from service since 2000. Jet providers have increased the withdrawal even further
- Industry employment was reduced from 442,800 to 354,000 including 10,000 pilots, well Delta just rehired 59.
- The ATA estimates 2,200 daily flights were cut by 2003.
- Losses within the industry now exceed \$35 billion.
- Since 2001 PFN has lost Tampa and Dallas Fort Worth as destinations and has had flights and capacity reduced by 52%.
- PFN has only Jet Providers with aircraft inventories as small as 30 aircraft flying into and out of this airport at this time. Both mainline carriers for whom they are under contract are in bankruptcy and have cut their capacities by nearly 25%.
- Passenger traffic at PFN continues to decline with a 5% loss in 2005 and 2006 YTD is down an additional 5.74%. Three of the last five years has shown declines.
- PFN air fares are often near exorbitant compared to neighboring commercial airline facilities such as Pensacola and Okaloosa Regional Airports.
- Legacy carriers are not filling voids in service when low cost carriers pull out or collapse as did Independence Air

With the above in mind I did read through significant segments of the FEIS and will respond as appropriate before the 7 July 2006 deadline. There are a couple of areas that puzzles me.

As the former commander of the USAF Air Defense Weapons Center, Tyndall AFB FL from February 1973 to June 1977, I am intimately familiar with military air operations from that base when there was a complement of aircraft totaling over 90 jet fighter and training aircraft assigned at the time. Further our training programs included joint training with US Navy and Marine Corp fighter units (both active and reserve) as well as those assigned to USAF Tactical Air Command, USAFE and PACAF plus Air National Guard and Canadian Air Forces. At times we had up to 160 fighters on the base for air exercises ranging from weapons meets, dissimilar air combat

training, air defense exercises plus normal training missions; and, of course an unmanned drone operations involving, at the time, the F102 operating off the main runway pending the construction of a drone runway. In addition, we had an air defense mission with aircraft on 24 hour alert seven days per week. Finally, we had pretty much the same airspace that TYN has today. I don't believe it has changed much in the past three decades if not longer. Busy? You better believe it was. Today TYN is a whimper of its former self.

It is interesting to note that the FEIS contains letters from two (2) AF generals. One letter from B/G Larry D New, dated 3Sept.2002, Volume II Appendix, cites the need to "deconflict" traffic in order to avoid putting "commercial aircraft and high performance fighter aircraft in close proximity" which is a distance of nine nautical miles. He notes that the move would facilitate the deconfliction of the respective airfields traffic. BG New's letter is not classified as a response from a federal agency as identified in Volume III: Responses to Comments Federal, State, and Local Agencies; however, BG Jack Egginton, Commander 325thFighter Wing, dated 25Jan 2005 is listed as an US Department of Defense - Department of the Air Force input

2

BG Egginton's letter emphasizes the integrity of and access to the current airspace set aside for the qualification of combat ready F-15 and F-22 pilots and the need to maintain the current configuration in order to maintain the combat capability of the Air Force. He also notes that the Panama City VORTAC is a critical NAVAID for the local flying environment. The FAA's response was to note the comments on the airspace needs and the VORTAC would be relocated if PFN is relocated provided the same degree of coverage can be achieved. Nothing is said about what takes place if the VORTAC coverage is inadequate and does not meet TYN's operational needs in the new location.

3

In my opinion, BG Egginton's comments are the primary concern in so far as the Air Force is concerned simply because the loss of airspace would be detrimental to the Air Force mission at TYN. BG New's view of the situation and the Sponsor's hanging its case for relocation on it is wrong. Here are Two (2) reasons why:

4

Reason One: According to the 325thFighter Wing's Airspace Management Chief and the wing's flight safety office the AF training operations experienced one (1) single "near miss" in 2005 and one (1) single near miss in 2004. Both incidents involved VFR incursions into special use airspace and not airline or other jet aircraft using coordinated routes and procedures that are supposedly "potential conflicts." There is no reason to believe that relocating the civil airport will reduce the incidents of wandering VFR pilots. While it doesn't reflect the number of encounters in Special Use Airspace, it does indicate that the radar agencies, to the maximum extent possible, provide effective traffic calls and avoidance vectors when and as required.

5

According to 325th FW authorities the procedures for working traffic in and out of PFN has been refined over the years and there is little or no impact to either military or civil air traffic. While there are frequent delays for both military and civilian aircraft to depart, the FAA doesn't consider anything a delay until the delay is at least 10 minutes. Seldom does Tyndall air traffic control have to delay an aircraft over 10 minutes due to traffic.

6

Reason Two: Just how busy are both PFN and TYN with respect to air traffic operations? The data illustrated comes from the 325th Fighter Wing Airspace Management Division and from PFN's Air Activity Report for the year 2005

Air Operations – landings and takeoffs

Unit	Monthly	Weekly	Daily	Hourly
Tyndall AFB	7386	1846	369	23
Panama City Apt	7246	1811	242	15
Total	14632	3657	611	38*

*Based on five day week. TYN is closed Sat/Sun. PFN's 15 per hour is the sole Sat/Sun operations

Source: TYN data for calendar year 2005

PFN data based on PFN Activity Report for Jan/Apr 2006 period

Hourly data based on 16 hour day

Just think that with a combined total of 175,584 landings and take offs in 2005 only one near miss occurred in 2005 which is certainly insignificant and certainly is no justification for moving the PFN Airport from its current location. There was also only one near miss in 2004. So!! What is the reason for the move? It cannot be flying safety with a record as above.]7

I cannot believe that the TYN's Approach Control personnel and capabilities, as shown above, suggests they are incapable of handling this so-called traffic "congestion" on a daily basis with the airports separation of ten miles.

Further, I cannot understand how the FAA supports the Sponsor's alleged clash of military and civil aircraft at TYN and PFN when they have a commercial airport with about 2600 operations per day with a peak hour of 245 operations including a fifth new runway all within 2 miles of each other (I'm referring to Atlanta) and disapprove the current PFN and TYN's three runway operation, about 16 operating hours per 5 day week with 3 runways 10 miles apart and opt for a relocated PFN in the hinterlands of Bay County—West Bay.]8

Just within the past few weeks the FAA (Using Kimley-Horn on both projects) and the ATL Sponsor announced their intent to operate 240+ operations PER HOUR on five runways within 2 miles of each other, with FTK 10nm away (346 ops/day), PDK 16nm away (639 ops/day) and MGE 17nm away (private use/military including F/A 22 manufacturing test flights). The "complexity" of turning the ATL operation from an east approach to a west approach or vice versa must exceed the cumulative alleged "complexity" and "potential of conflicts" of PFN airspace for years if not decades to come. One may conclude that the FAA is either reckless at ATL or fleckless at PFN.]9

Further, you can rationalize that using the same consultant on both ATL and PFN projects, Kimley-Horn and Associates, had some bearing on the decision. As far as I can determine the FAA's "District Office" did not even seek an official opinion from FAA's airspace experts, but relied solely upon the Sponsor's solicited comments from the long since departed 35th Fighter Wing Commander whose letter was misunderstood by PFN Airport Authorities and subsequently ignored by his successor, the wing commander whose comments are carried in Section III of the FEIS, B/G Jack Eggington. His comments are more directed toward the real issue – air space control -- and more benign than those of the since departed former commander. One gets the impression that the FAA is acting arbitrarily when it sets out to relieve "potential conflicts" rather than applying its own resources to solving a miniscule problem of allocating airspace as cited above rather than looking at all reasonable and prudent alternatives, but instead falls on the Sponsor's word as the "Final Solution."]10
]11
]12

In addition, all one has to do is look at Pensacola Regional Airport with The US Navy's Blue Angels located at Sherman Field just nine miles from PNS with a restricted area from zero to 4200ft for aerobatic demonstration training purposes; and, throw in Okaloosa Regional Airport with its joint use lease good until 2031 with Eglin AFB home to a F15 tactical fighter wing, an Air Force weapons test and evaluation mission, two auxiliary airfields with SOF C130 aircraft and helicopters; a private airfield four miles south with 100 plus aircraft; and, then add in the future tri-service/international A-35 Strike Fighter program and now you may have air traffic congestion the likes of which will never be seen in Panama City-Bay County International Airport area for years and perhaps decades to come. I haven't heard a call for anyone to move, relocate or shutdown either of these two airports

Can you rationalize this approach to airport relocation other than giving the sponsor what they want; or alternatively, justify your rationale for the proposed relocation? Frankly, having spent 37 years of my life flying high performance fighter aircraft covering the 49 states, 22 foreign countries, three wars, a tour in Saudi Arabia, two years of cold war operations in the northern tier of NATO coping with Russians; helping develop several US and foreign military air defense and tactical air command and control systems; and, foreign civil air traffic control systems, I find this PFN relocation project cannot stand on its own two feet either from a necessity or operational point of view

Finally, I am not an environmentalist by any means but some dichotomies show up that I can relate to when the sale of the airport property comes to the front and center. I am referring to the FEIS that involves the Sponsor's plans for sale and redevelopment of the current airport. The data included in the EIS, Table 2-1, Existing Site Redevelopment Options ... includes four variable scenarios the first of which boggles my mind. It includes a 250 slip marina.

Excerpts from Atch.. Two (2), A Mystery Wrapped in an Enigma As early as 1997 words appeared in the Panama City News Herald written about the Airport Authority expressing their need for a runway extension. With the passage of Public Law 98-727 and signed into law on 24May 1998, the Airport Authority, four days later, held a public hearing on a proposed 2200 ft runway extension. The News Herald reported that those attending the meeting were polled and 118 opposed the extension, 37 were in support and 10 were neutral. At that time the environmentally oriented and prominent citizen in the community John Robert Middlemas was quoted at the public hearing as saying:

“They were not able to demonstrate a need for the runway extension based on safety, based on regularly scheduled flights, international charters or cargo flights.... I think they have completely failed to make a case for need.”

“Both the environmental assessment and the directors demonstrate a real lack of realization of the environmental damage that will be done by this project. As to their mitigation proposal, I came in thinking this was a sham and now I'm convinced as ever as they are.”

How sensitive is our environment? The Indian River Lagoon on the east coast of Florida is part of the National Estuary Program (NEP) and it was believed to have had the highest number of species for any North American estuary. Subsequent to the original findings it was revised in 1994. A comparison Of the Indian River Lagoon with our St Andrew Bay and using the Indian River Lagoon criteria, St Andrew Bay inventory would add 206 species more to the list. That

would include 17 species of fish, 3 species of amphibians, 10 species of reptiles, about 100 species of birds and 32 species of mammals. Atch. Three (3) is the source for this information

Now we have a 2200 ft runway extension thrown out and a 250 marina slips substituted as the contaminator of Goose Bayou that, in the long term, will more than likely cause more environmental damage than the runway extension when you add in a golf course, condominiums and retail outlets. So what we have is the destruction of St. Andrew Bay's biodiversity with the ruination of Goose and Robinson Bayou, the destruction of two creeks and surrounding terrain at the proposed location; and, the outward reach of such destruction will eventually ruin the St Andrew Bay biodiversity, one of our main attractions. Just this past Sunday 11 June 2006 it was reported that the miniscule Panama City Crayfish has been put on the threatened list How many more will be added to the list as the destruction of land and sea habitat takes place to bring a new airport to Bay County that handles a robust 12 commercial airline flights per day.

15

16

I'm no expert; but, living on the water (Callaway Bayou) one house down from a storm water runoff outlet, For 25 years I've seen sand from the open storm water runoff "dirt drain ditches" than I care to. I've watched the damage done to sea grass beds that used to be adjacent to our home and one house down from me ceased to exist. The water is so shallow that the duck's bellies are above the water

In conclusion the FAA and the State of Florida are funding an airport relocation somewhere between \$300 to \$400 million with land use proposals that could well destroy the biodiversity of St Andrew Bay. For what? A commercial aviation operation which has been cut by 52% leaving 12 flights per day with no military/civil aircraft traffic problems; and, the F-22's presence for the last three years not being a threat to or threatened by civil/military air operations? It leads me to believe this is more a land deal and not an airport deal.

17

I am forwarding a copy this letter to Ms. Virginia Lane, Orlando Districts Office and Florida's Senator Martinez, Senator Nelson and Congressman Boyd. I look forward to your response and hope it will contain serious and cogent comments.

Warm regards



Carl D. Peterson
Major General USAF Ret.
808 Plantation Dr
Panama City, Fl 32404
(850) 871-1575

Atch One (1): Snapshot of the Commercial Airline Industry
Atch Two (2): PC-BC Airport relocation
Atch Three(3): Biodiversity Comparison Indian River & St.
Andrew Bay

31 October 2004
Updated 22 January 2005
Updated 20 March 2005
Updated 22 April 2005
Updated 10 November 2005

Carl D. Peterson
808 Plantation Dr
Panama City, FL 32404

**The Panama City – Bay County International Airport &
Industrial District
Herein referred to as PFN
Proposed Relocation**

A Snapshot of the Commercial Aircraft Industry

Introduction: The commercial aviation manufacturing and transportation industry has sunk into a prolonged and the most painful slump in aviation history. Why won't the various authorities recognize that building a new airport at a remote location to accommodate an alleged increase in passenger travel and form a base for major industrial expansion to the tune of \$250 to \$400m is a high risk investment. Considering the fact that the aviation industry, as noted above, is in a major economic shakeout? What rationale do they have to counter the following analysis? What are the specifics that justify such a horrendous expenditure in light of today's events? 18

This analysis of the airport relocation issue came about by accessing various news sources such as: *The Wall Street Journal, Business Week, Washington Post, Standard & Poor's, other periodicals, the Internet, FAA Polices on Risk Analysis. Also, the Benefit Cost Analysis, FDOT cost data, airport relocation studies, other airports operational performance data, environmental issues, U.S. News & World Report, and population growth projections* were used as well.. This developed another view based on the research of past and current events that have had and will have a continuing impact on the commercial aviation industry for years, if not decades, to come.. The study tries to avoid what is called glittering generalities and emotional appeal. The reader to urged consider the issue in light of today's circumstances and not those of 1999 when the Airport Authority began their quest for a new airport and the aviation industry, like the high tech industry, was on a roll and the roof had yet to fall in.

Subjectively, the study concludes it is wrong to spend \$250 to \$400 million plus on a new airport in light of today's economic conditions. The commercial aviation turmoil, the reduced commercial airline aircraft use of PFN, future low passenger traffic counts due to the loss of USAIR, Skywest and two major hubs; and, also in relation to our neighbors, and our limited population growth potential (We are not going to be a Fort Myers). We can do substantially better with what we have with little or no significant impact on current airport facilities; and, we can retain earnings for the time being and use the resources to relocate, when needed, when growth is restored and more opportune economic conditions not only for the country but primarily for the aviation industry prevail. It seems that the PFN Airport Authority ought to be focusing on its recovery from the fall in commercial airline use of PFN to, at least, its peak days prior to 911 when 24 commercial aircraft arrive daily instead of the 12 today. 19 20

Analysis. The commercial airlines financial problems began with deregulation of the airline industry by the Congress in 1978 which resulted in fare reductions and expanded flights by the commercial airline industry with the result that air travel took off. What they failed to do was keep costs in line with dropping air fares that was exacerbated with advent of the Low Cost Carriers (LCC) major entrance into the air travel market some 20/25 years later; and, their subsequent rapid expansion into the commercial air market. The average fare price per domestic mile has dropped more than 50% since deregulation from 10cents per mile to just over 4 cents per mile through 2003 according to the Air Transportation Association. The terrorist attack of 11 September 2001 accelerated the airlines problems

This analysis contains a post 11 September 2001 synopsis of commercial aircraft industry that includes commercial aviation and the commercial aircraft industry. The study gives the reader an abbreviated review of those events subsequent to 11 September 2001.

Initially, in 2002 some 800 commercial airline aircraft were withdrawn from service and placed in storage. Of the 3,358 aircraft used by the top five air carriers approximately 670 aircraft were initially taken out of service. At that time there were approximately 2,068 aircraft in storage, about half of which were older aircraft with 90% of these aircraft destined for destruction. Only aircraft such as the Boeing 757 and 767 and the MD 80 will likely make it back into service. Along with this initial cut back the industry reduced employment from 442,800 to 354,000 working in the commercial airline industry.

The airlines lost \$7 billion in 2001, approximately \$10 billion in 2002, \$4.5 billion in 2003 after being aided by the receipt of \$2.1 billion in compensation from the *Emergency Wartime Appropriations Act*, and is projected to lose billions more in 2004. The sum total for the four years is expected to be \$25 to \$30 billion. The 10 largest airlines increased their debt to \$56 billion by 2002 double the \$27 billion in 1999. By 2004 Delta Airlines long term debt as a per cent of capital had climbed to 103.4%, Northwest Airlines reached 127.5%; and, American Airlines was listed at 99.7%. In light of the financial crisis in the airline industry, *Standard & Poor's* lowered the bond rating on these three major airlines to junk bond status.

The collapse of the commercial airline industry is evident in the bankruptcies that have occurred since 11 September 2001. To date the following airlines have entered bankruptcy proceedings.

US Airways	United Airlines	ATA Holdings	Delta Airlines
Air Canada	Hawaiian Airlines	Aloha Airlines	Northwest Airlines
Sabena	Swissair	Mesaba Airlines	
Ansett Australia	Midwest Express	Independence Air	

Capacity/Traffic: FAA Report, *Commercial Service Airports in the US With % Boarding Changes From 2001*, showed a substantial drop in boarding passengers for 2002 with a sum total 643,776,834 down from the 2000 peak of 703,900,000 or a drop of 60,123,191 boarding passengers following 11 September 2001. In 2000, of the 549 airports listed, 332 had fewer passenger boardings than in the preceding year. In Florida four airports were in the top 31 in the US; and, Panama City - Bay County International airport was ranked 18th out of 20 Florida airports with a FAA reported 161,677 boardings – up 1.69% from the previous year. By 2004 US enplanements were back up to 702,997,034

In 2004 PFN ranks 17th out of Florida's 20 airports 189,565 boardings, both Pensacola and Tallahassee reported gains in 2004 of 748,608 and 585,263 respectively. This was due to the advent of the LCC, AirTran, beginning flight operations out of each airport and leaving Okaloosa Regional Airport. AirTran, since that time has departed from Tallahassee; however, Continental Airlines arrived at Tallahassee and began daily flights to Houston.

With Delta's withdrawal from the Dallas Fort Worth cuts in Comair flights to Cincinnati, PFN lost two weekend connections and gained two daily Delta Connection flight to Orlando. On 9 January 2005 USAIR ceased operations at PFN and this reduced the daily flights to 12 per day.] 21

The *Air Transport Association* estimates the airlines cut 2,200 daily flights systemwide by 2003. The goal being to get rid of costly empty seats using computerized tracking to predict where people want to fly, reduce slow time periods such as Saturday nights, redundancy, probably with code sharing and paring back nearly twice as many short hops as non stops, and, fewer early morning flights and seats for the business traveler.

The Financial Disaster. Almost immediately following the 11 September 2001 terrorist attack, the airlines began looking for a way to cut costs. Over time the Regional and Low Cost Carriers have been able to keep their head above water while the major airlines or network carriers have suffered substantially as noted above. According to the *US Government's Bureau of Transportation Statistics* for the year 2003: "the group of regional carriers had a domestic operating profit margins of 13.2% , above the 6.5% profit margin reported by the low-cost carriers and the 9.2% loss margin reported by the network carriers." This resulted in the network carriers loss of \$4.7 billion and profits of \$560 million for regional carriers and \$799.7m for low cost carriers

The stock values of the companies have dropped substantially. On 30 June 2004 American Airlines had \$2.6 billion in cash yet its stock market value was just \$600 million; and the value of its municipal bonds has declined as much as 75%. Delta and Northwest were not much better off and Continental's stock market value has been so low that it is less than the cost of two Boeing 777s. Since then, the stocks have slipped further. Continental, Northwest and Delta have a combined loss \$1.08 billion first quarter loss compared with a \$734 million loss a year earlier. The close of 2004 brought even greater losses for some airlines

In order to get a handle on these costs the major airlines have to make "smart" decisions in reducing costs which includes more cost consciousness, employees salaries, healthcare benefits, low fare options, working with the unions to achieve greater efficiencies and introducing lower unit cost aircraft just to name a few. Add in high fuel costs that are being experienced at the present time and the problem is further compounded. As noted above, success has not been that great in reducing the blood letting that is currently in progress. United is in bankruptcy, US Airways is in bankruptcy for the second time, American to date has avoided bankruptcy, Delta is near bankruptcy, as is Northwest., Thus our major carriers have to address critical cost issues in the near term if they viable air carriers.

Northwest Airlines, one of our three local carriers, has nearly doubled its total debt long term debt since 2000 going from \$4,103,000,000 to \$7,522,000,000 in 2003. The airline is forecast to lose \$4.43 per share in 2004; however adding in pension expenses and the inclusion of aircraft asset write down charges the loss is projected to be \$6.50 per share. In 2005

In the two years following 11 September, Northwest cut 12,000 employees and reduced their Memphis Hub's capacity by 16%; however, with fewer people flying, flat airfares, depressed income, and now high fuel costs spending borrowed money has become the way to stay in business. If these major cost cuts don't kick in soon, Northwest could be a candidate for Chapter 11 bankruptcy. Northwest paid \$496 million in interest on debt in 2003, a 34% rise from 2001. Additionally, Northwest estimates the fuel cost increases will cost them \$1 billion in 2005. Couple this with reluctant unions unwilling to negotiate further concessions, Northwest is still looking for \$1.1 billion in employee concessions.

With a debt to capital ratio that has now reached 127.5% the airline could find capital markets essentially closed with a dwindling asset base. Further with a heavy debt load, Northwest has a fundamentally higher cost structure. What is the limit? In the 4th quarter 2004 Northwest reported a hefty loss of \$412 million.; and in the 1st quarter ending 31 March 2005 their losses amounted to a still higher \$450 million.

Northwest recently announced (18 March 2005) that they were grounding 30 commercial jets and will layoff 120 mechanics and 700 to 800 other jobs later in the year. All are results of high fuel oil prices and weak ticket pricing and over capacity in the industry

US Airways is in its second bankruptcy and back in court and is asking for certain concessions. On 15 October 2004 the court granted US Airways request for salary reductions for unionized employees for the next four months to the tune of 21%, allowed maintenance outsourcing and will lead to an additional fleet cut of 6%. Various creditors have already put claims on US Airways including the cash in order to minimize their exposure when and if the airline collapses. This in spite of what transpired in the 8 months of protection under its first trip to Chapter 11.

What did the first bankruptcy cost? The mainline fleet was cut from 417 to 280 aircraft, the daily flight schedule was cut from 1550 to 1350 flights, employees were reduced from 43,500 to 32,400, passengers reduced from 60.6 million to 47.2 million per year, hoped for revenues cut by 24.7 % to \$6.98 billion per year, and expenses reduced 11.1% to \$8.29 billion annually. Additionally, the pilot's pension plan was terminated.

Following the court's 15 October 2004 decision US Airways announced a major restructuring of its flight schedule beginning 6 February 2005. Their current fleet of aircraft will effectively increased by adding approximately 230 more flights to the schedule through increased utilization, the equivalent of adding 27 mainline aircraft. Hub operations will expand at Philadelphia, Charlotte NC, expanded operations to the

Caribbean, and adding nonstop service from Reagan National Airport to primary business destinations. USAIR has suspended air travel to a number of Florida destinations including PFN; and, after a Christmas Holiday fiasco caused by 450 cancelled flight and thousands of pieces of stranded luggage, many believe it will be difficult for USAIR to avoid liquidation in the next few months because of crucial financial deadlines and loss of confidence by the travelling public. USAIR received a reprieve when the government backed funds were extended to 30 June 2005 which allow the airline to consummate a deal with General Electric that will improve their liquidity.

Their fleet will consist of 281 mainline jets and 169 RJs and are the key to the new schedule. As of 9 January 2005 **USAIR NO LONGER SERVES PFN.** } 22

Delta Airlines. in 2001/2002, initially planned to layoff 16% of their work force, reduced their schedules operations by 15% (about 90 aircraft) suspended 50% of Delta Express capacity that was focused on leisure travel especially in Florida. Further, Delta slashed costs by phasing out all MD-11 aircraft by early 2003 year and substituting smaller aircraft. Additionally, they postponed delivery of 29 aircraft from Boeing through 2004. This would result in a \$1.3 billion capital expenditure reduction. To reduce costs further, Delta eliminated 10, 000 jobs and in Sept 2002 announced a reduction of 1,500 flight attendant positions.

In March 2003 Delta reported steep declines in traffic as a result of the Iraq war. Its system wide traffic was down to 8.27 billion revenue passenger miles from 9.0 billion a year ago; and the load factor was down 3.8% to 72.3 %. The steepest drop came in its international traffic with a drop of 24% in March. As a result, Delta slashed its schedule by 12% of its domestic and international flights.

In 2002 Delta announced the creation of a wholly owned subsidiary, Song Airlines, as their new low-fare airline. It is currently equipped with 36 Boeing 757s with a 199 passenger all-coach configuration with 144 flights scheduled daily. Under the "transformation" program Song will grow by 12 aircraft.

Facing losses in the 3rd quarter of FY 2003 of up to \$675 million, Delta has accumulated \$6 billion in losses since 2001. If Delta's plan, union and lenders cooperation doesn't work, the airline could be filing for bankruptcy. Delta Express was phased out and its Boeing 737-200 aircraft redeployed throughout its network; and, reducing fleet complexity by retiring at least four fleet types in four years.

On 8 September 2004 the company revealed a "transformation" business plan. If successful it could mean that Delta will be on the long road to recovery. The plan includes \$1 billion in cost cuts from the pilots union, a proposal that was approved on 28 October 2004; and, other concessions from lessors, vendors and lenders are still in the works.. Also included are 6,000 to 7,000 job cuts over the next 18 months, closing the Dallas/ Fort Worth hub and increasing the utilization at the Atlanta hub, adding 31 new nonstop flights to 19 additional destinations from "key focus cities".

In spite of these actions, Delta suffered a 4th quarter loss of \$2.2 billion and a total loss for the year of \$5.2 billion or \$41.07 per share. High fuel prices and low domestic yields on air travel account for the loss. Delta, faces shortage of cash in the coming months after reporting 1st qtr, 2005, losses of \$1.07 billion leaving investors unhappy since a recovery program goes unexplained. Delta may be required to sell one or two wholly owned contract carriers. All this thanks to high fuel prices.

Recently, Delta announced the maintenance outsourcing of its MD88 and MD 90 fleet to a Miami based maintenance company and it's the heavy maintenance B757 and B767 to a Canadian company that will reduce Delta's work force by 1600 to 2000 jobs as part of a 6000 -7000 work force reduction cited above..

The Crude Oil Price Problem. According to Merrill Lynch for every \$1 increase in the price of oil the airline industry pretax profits fall \$450 million. With oil prices at \$55/barrel on 18 March 2005 and expected to average out to \$51/barrel for the year airline losses should reach \$5 billion in 2005. In 2006 Merrill-Lynch is forecasting an average oil price costing the industry an estimated \$1.1 billion before taxes.

Last year U.S. Airlines spent \$1.2 billion on fuel. Fuel consumption averages about 18.7 billion gallons of jet fuel a year. That means for every penny increase the airlines pay an extra \$187 million a year. with a 60 cent increase that's an \$11.22 billion added expense. This has resulted in airline fuel surcharges.

Fuel prices are the second highest cost next to labor. As noted in a Reuters News service dispatch. American Airlines got hit by a \$1 billion price increase last year and Delta is even worse shape. With fuel prices hitting a high of \$1.60/gallon on 18 March 2005, Delta airlines, short on cash, may have to go into bankruptcy to survive. Fuel prices are the giant sucking sound on cash and several airlines may have to go into bankruptcy to survive. That's not limited to anyone class of air carriers. They are all in the same boat. and are getting equally hammered by the fuel shortage crunch.

Overview. Can the airlines be fixed? As a *Washington Post* writer, said, "One of the defining characteristics of the airline industry is that, over its history, it has never made any money." Why are they in such dismal shape? **There are too many airline seats chasing too few passengers; costs haven't been brought under control; the hub & spoke system maybe part of the problem; and, major airlines needs cost cutting to make them competitive with the Low Cost Airlines, four of which reported losses in the 4th quarter 2004.**

The Aircraft Industry. Aircraft manufacturing is an integral part of the airline industry problem that provide. Two of the three principal companies are Boeing CO. and Bombardier Aerospace, providers of commercial and executive jet aircraft to the airlines and the business world. Today they are operating in an environment where aerospace employment is at its lowest level since 1953 with 689,000 jobs.

Boeing Co initiated a 30,000-person work force reduction after 11 September 2001 that was completed with an 820 people cut on 1 January 2003. They have issued another call for a 5,000 worker reduction for 2003 of which 50% will be attrition. Having delivered 527 aircraft in 2001, 381 aircraft in 2002, they expect to deliver 275 to 285 aircraft in 2003, most of which are the B-737. Production is expected to continue to decline as long as the airlines are in trouble. Further, Boeing could be badly hurt by an American Airlines bankruptcy, an all Boeing aircraft airline; and is seriously considering a new business course of action of further diversity.

While American Air Lines didn't want to take the aircraft, Boeing, in addition to providing \$381 million in leases for already purchased aircraft in American's fleet was looking for \$575 million in 2003 for what the *WSJ* calls backstop financing. An American bankruptcy could create havoc for Boeing between renegotiating leases and reduced payments, lost orders for aircraft, and a collapse in used aircraft prices. If all goes well American isn't scheduled, after planes are delivered this year, to accept any more of the 56 Boeing aircraft currently on order until 2006, a \$4.6 billion purchase.

With the Boeing 767 production line coming to a close unless a contentious \$17 billion DOD contract to buy or lease 100 B767 tanker aircraft is resolved, the only thing keeping the production line open is Americans buy of nine B767-300s and two B777s. The ethics problem Boeing has been involved in probably won't cause a contract cancellation since the alternative to a B767 tanker is an Airbus version; and, the US and Europe are in a battle at the World Trade Organization over illegal subsidies to each air frame manufacturer. That makes an Airbus an unlikely tanker candidate for the USAF.

Bombardier, manufacturer of the Regional Jet and business jets, has cut their work force by 4,980 persons in Canada, US and the United Kingdom with 3,000 of that number announced in March 2003 is 10% of the work force. An additional 2,000 layoffs has just recently been announced. Aircraft deliveries were down from 370 aircraft in FY2002 and 298 in FY 2003 (January). Their aerospace backlog dropped to \$18.7 billion in the FY ending Jan 2003 from \$23.7 billion in FY 2002. Their CRJ production line is reaching the end of its demand cycle. Further, profits were cut by 40% as delivery of business jets sharply declined due to the downturn in the US economy. The company's bonds have been downgraded to Junk Bonds

Conclusion. The entire industry is in turmoil with no reasonable forecast as to when it will end. It may well be the most painful slump in aviation history with over 200,000 workers laid off in the industry.. In the meantime, until the domestic economy makes a significant recovery, some major airports indicate that

their recovery to pre 11 September 2001 operations will be as long as a decade. Others have deferred expansion plans because of the reduction in air travel throughout most of the US.

It is hard to believe, that in the current commercial air environment, the relocation of the Panama City-Bay County International Airport will bring commercial air carriers pounding on our door. For example, on 20 June 2000, American Airlines indicated to Airport Authorities that a runway less than 8,000 ft could necessitate weight restrictions on their flights and they could not sustain commercial viability. Today, American Airlines is trying to avoid bankruptcy. It implemented across the board \$1.8 billion in employee pay cuts, reduced their pilot force by 20% (2,500 pilots), aircraft order cancellations and deferred or reduced payments, cut pilot salaries by 23% to recover from \$5.9 billion in losses over the past four years; and, long term debt that was more than doubled to \$13,038,000,000. One can be skeptical of a three-year old offer to expand services into Panama City when you're on the brink of a financial disaster.

Northwest Airlines has real cash flow problems, is burdened with a \$7.5B debt that is of concern to those investors that lend money to airlines whose fortunes are in retreat, and a debt load that will be a nightmare for the next three to four years, If profitability doesn't return soon, will they gamble on expansion to win market share or work to become more efficient with what they have to work with at the present time?

Delta still faces bankruptcy, even with cost reduction goals in the work force, major route structure changes and the high fuel costs. Survival will be their focus for the next several years. Add the total long term debt of Delta, American and Northwest Airlines and you have \$31.3 billion in debt at the close of 2003. That's what their creditors and the federal government are worried about

In light of the above will PFN's commercial aviation growth attract the likes of the LCCs or the Regional Airlines?] 23

Southwest Airlines, a LCC, is currently operates from 58 cities with 59 airports. The FAA Terminal Area Forecast indicates that of the 59 airports, only six (6) have less than 1,000,000 enplanements per year; and, those six (6) airport's enplanements range from of 445,463 to 676,761. Five of the six are in Southwest's home state of Texas. It is acquiring six gates at Chicago Midway airport from ATA Airlines (Currently in bankruptcy) and establishing a code sharing arrangement with ATA that will give them access to, by using ATA as a surrogate, to Reagan National Airport, La Guardia, gain access to the Hawaii market, San Francisco, St. Petersburg/Clearwater, Ft. Myers, Boston Logan, Minneapolis/St. Paul, Newark, Denver, and Sarasota-Bradenton. Thus taking a giant step to being a full service airline.

Southwest operates a fleet of 393 Boeing 737s with an average seating capacity of 130 passengers. Their average load factor is 66.8% or 87 passengers per flight. Of PFN's 187,066 enplanements in 2003, ASA, the Delta Connection, carried about 75% of the passengers. Is PFN the profit making target for Southwest's entry into our market? I doubt it based on their current course of action as noted above.] 24

AirTran Airways flies into and out of 43 commercial airports whose enplanements range from 250,410 to 39,411,618. They recently serviced but pulled out of Tallahassee this year for reasons of their own after collecting a \$3.4 million subsidy from the city and recently announced their entry into the Sarasota-Bradenton market (767,000 annual enplanements) sustained by a one year federal grant and local government and business financial guarantees. Pensacola Regional Airport is the only Panhandle Airport with a LCC. AirTran operates into and out of Ft. Lauderdale, Ft. Myers, Jacksonville, Miami, Orlando, Pensacola, Sarasota, Tampa and West Palm Beach airports. AirTran Airways has 77 Boeing 717-200s and 5 Boeing 737-700s. Service to/from Los Angeles and Las Vegas is operated by Ryan International using Airbus A-320 aircraft

Jet Blue Airways is another up and coming LCC that currently services 29 commercial airports, four of which are in the Caribbean. Of the 25 US airports only two have enplanements under one million per year. Those 25 airports provide a total customer base of 184.96 million enplanements per year or an average customer base of 7.4 million enplanements per year. Jet Blue's income in the 1st qtr 2005 grew nearly 30% on a 32% increase in traffic and load factors of 85,8%; however, profits dropped 54% to \$7 million . It has still been profitable since its inception 3 year ago.

Jet Blue currently has 60 Airbus A320 aircraft configured with 156 seats and has on order with Airbus up to 202 A320 aircraft and with Brazil's Embraer 200 190 aircraft in a single class configuration of 100 seats beginning in 2005

In addition to the above there are four additional LCCs (ATA also in bankruptcy) and seven regional commercial air carriers (includes ASA) that are potential additions to our airports commercial air carrier inventory.

Question. Does the Airport Authority envision a battle of the giants for this segment of the market? Do they envision a new destination as an attraction in lieu of the Delta Connection to Atlanta? What does the AA board have in mind in terms of a "marketing plan" beyond the FAA's terminal area forecast for PFN (320,000 enplanements in 2020) to entice a LCC or a regional air carrier let alone a network airline to come to our commercial aviation market? Can it be substantiated by state or federal approved population and or economic growth expansion data? Does the axiom "Build and They Will Come" overcome the evidence provided herein? If so, can the Airport Authority disprove it in a substantive manner?

25

As reported in the *News Herald* when Panama City-Bay County International Airport Authority and the St Joe Company joined forces **Mr. Randy Curtis, Executive Director, noted, "It would be a challenge. If we go to a new airport, we've got to show the justification that there is a good solid need."** In light of the above as President Ronald Reagan once said. "Where's the Beef? The public and local, state and the federal government are owed substantive justification and not glittering generalities

26

The Panama City-Bay County International Airport Proposed Relocation

A Mystery Wrapped in an Enigma

The proposal to relocate the Panama City –Bay County International Airport began in the late 1990s and was proceeding a pace until 11September 2001 when the terrorist attack on the Twin Towers in New York City and the Pentagon in Washington D.C. and the aborted attempt of a seized airliner that crashed in the fields of Pennsylvania caused a collapse of the aviation industry. *The commercial aviation industry was hit the hardest with some 800 commercial aircraft put in storage, employment cut by about 100,000, orders for new aircraft cancelled, several commercial airline bankruptcies and outright shut down of smaller airlines.* In the two plus years since the attack the industry is trying to regroup but the airlines are still piling up huge losses. They are not out of economic slump and except for the low cost commercial carriers, survival is the primary goal and robust expansion is still a dream for most carriers. With that in mind, let's examine what transpired from 1998 to date in the efforts to relocate Panama City-Bay County International Airport.

On 7 December 1997 the Hews Herald's Paul Swider wrote the Airport Authorities detailed the need for a runway extension but was faced with the basic question, "is the extension necessary?" Staff from six different agencies told how "other options to an extension were not feasible." Runway extensions were dismissed noting that Delta removed their larger aircraft from Bay County not because of runway was too short but they would be better used in other markets. Randy Curtis was noted by Swider to say that the runway can accept airplanes with capabilities of 150 passengers or even more. The conceptual approval request to the Governor by Airport Authorities also generated opposition. The airport's own master plan predicted the terminal building will exceed its capacity by the year 2015. The runways, on the other hand, will be less than 75% of their designed traffic." A request for conceptual approval to the governor also met with disapproval. Ms. Vicki Morrison, Department of Community Affairs, was concerned that a replacement airport in the distant future may make the runway extension all for naught, Mr. Curtis responded. **"We have by no means approached the capacity of the airport. We are not going to become a Miami or an Atlanta simply because we do not have the traffic to support it."**

Following this runway extension impasse, the first inkling of about what was to happen appeared in a News Herald article dated 20April 1998. Matt Moore, Business Editor wrote "St Joe was on the prowl again." He described their purchase at that time of a real estate company that threw in a related mortgage company and title companies. Couple this with their housing development and called it "one-stop residential shopping." Moore recounted how St. Joe included in their development plans education, health care and transportation. With respect to transportation Moore noted, "We need better transportation, here, we need more four-lane access to get in and out of here, more rail line, more airlines, more everything." While we the citizens lack the muscle to get things done, St. Joe has a couple of principles guiding it: Making money, making the stockholders happy and establishing a trend." Moore then predicted that, "St Joe is standing at a nexus in the history of the Florida development." and this new path will be launched from the Panhandle.

This was followed by the news that the legislature was about to pass a charter amendment proposed by then Rep, Scott Clemons that made substantive changes to the Panama City-Bay County International Airport Charter including: elimination of the Airport Authority's requirement to have its budget approved by the city and county; permitting the airport to borrow, receive grants and enter contracts with the state, and federal governments; allow the airport to receive federal grants for operations and the power to create an independent police force with full powers. The bill was passed and signed into law on 24May 1998 and became Florida Law 98-527.

Four days after the aforementioned law came into affect the Airport Authority held a public hearing on the proposed 2,200foot airport runway extension. The News Herald reported that those who signed at the meeting were polled and the runway project was opposed by 118, 37 were in support and 10 were neutral. **While there were a number of comments, John Robert Middlemas, speaking on behalf of the Committee for a Sensible Airport Development (CSAD) said the following:**

“They were not able to demonstrate a need for the extension based on safety, based on regularly scheduled flights, international charters or cargo flights. I think they have completely failed to make a case for need.”

“Both the environmental assessment and the directors demonstrate a real lack of realization of the environmental damage that will be done by this project. As to their mitigation proposal, I came in thinking they were a sham and now I am convinced as ever as they are.”

This assault on the runway extension created multiple discussions during the summer of 1998. Disruption of tidal patterns, damage to shellfish beds and shellfish mating habits, and encroachment were all concerns. It was during this clash largely between environmentalists and the Airport Authority that the News Herald reported, **“Meanwhile, the Airport Board is exploring the option of building a new airport -- most likely on land owned by St. Joe Co. near West Bay.”**

On 16June 1998 the News Herald reported the Airport Board voted unanimously to let Chairman Crisp pursue the option – and feasibility – of building a new airport. While Crisp was not sure St Joe would work with them St Joe’s chief spokesman, Jerry Ray, commented:

“Both St. Joe and Bay County have an enormous stake in good air transportation to and from Panama City. It’s extremely important to our future and St. Joe is looking forward to working with appropriate officials and beginning an effort to tackle this problem and getting involved in the discussion. I’m hopeful that we can start the process very quickly.”

With such support the News Herald reported Randy Curtis, Executive Director, “It would be a challenge. If we go to a new airport, we’ve got to show the justification that there is a good solid need.” At that time the data the Airport Authority was considered reasonable but the unknowns in regard to future development would be more clearly identified in the near future. In those days the forecast for building a new airport from scratch was estimated to be between \$120 million and \$200 million, **Curtis even noted that if a new airport became a reality that the existing airport “could be used as a sort of “General Aviation” facility.” Two airports instead of one were considered feasible in June 1998.**

Beginning in July 1998 the new airport was on a roll, with St Joe Co. agreeing to work with the Airport Authority on the possibility of building an entirely new airport. Mr. Crisp said while no specific site had been picked the intersection of SR79 and CR388 would be ideal. Crisp even noted that working with St. Joe, a real estate development company could lead more quickly to a solution for the airport’s expansion. Crisp said, “They proposed that we work together as a team to explore every option. I couldn’t think of a better combination.”

By the end of July the top brass in Tallahassee at that time nixed the runway extension into the bay the secretary’s of the DEP, DCA and others. The runway extension would was estimated to cost \$12 million and the new airport at a cost somewhere between \$120 million and \$170 million. Curtis noted, **“Looking at the forecast that’s in our master plan, everything that’s not known ... indicates the existing site is capable of accommodating growth in the future. We simply don’t have the detailed plans that St. Joe has in their master plan. At some point, when that becomes available, we can compare or modify our plan.”**

By November 1998 the first indication of a “sector plan” came to light in a memo from the Bay County Development Services Department, titled: Sector Plan Meeting, to the Bay County Manager, dated 18November 1998. The message notes. “The purpose of this meeting is to discuss the possibility of developing a “sector plan” for new Panama City International Airport facility. “ the letter further notes,

“Apparently St. Joe met with Secretary Murley (Department of Community Affairs) last week and this idea was proposed.” The meeting to discuss this proposal was scheduled for 9December 1998 and attendees included: representatives from St.Joe/Arvida, The Florida Department of Community Affairs, Florida Department of Transportation, the West Florida Regional Planning Council, the Panama City Airport Authority, The Florida Department of Environmental Protection and the Bay County staff. What transpired at the 9December meeting is unknown at this time but other actions followed.

Preceding the meeting of 9December 1998 was a letter from the Executive Director of the Airport Authority to Mr. Marion Hart, State Public Transportation Administrator, Re: **Fast Track Transportation Economic Growth Initiative Funding For Relocated and Expanded Panama City Airport**, dated 1November 1999 requested Fast Track Initiative Funding in FY 2000 of \$1.85 million to cover the cost of an environmental assessment, master planning and design. In addition to the runway safety issue the Airport Authority projected that passenger **enplanements would increase from 167,000 to 310,000 in 2010**. Using a *EDAW report for Arvida/St. Joe, 1998* the job impact was forecast by 2010 to be as follows:

JOB IMPACT

Expanded Airport	Regional Tourism	Airport Industrial Park	New Housing	Total
441	3974	7,377	9,378	20,270

This would lead to a 48,098 addition to our population and 16,218 new homes and would result in higher paying jobs in manufacturing and “value-added” service jobs. In addition, “A new and expanded airport with increased and more competitive service will handle 600,000 passengers in 2010, the ‘relocated airport scenario.’ and would by 2010 the operating revenues would be increased by 262% to \$7.6 million. A forecast of such exponential growth, was followed, by accident or design, within 48 hours, 3November 1999 with two new FDOT FM accounts were opened to cover environmental permitting, EA/EIS and Environmental Planning Study.

What is interesting is the comment reported in the 22August 2000 News Herald the “Bechtel’s feasibility study recommended moving the airport to a site - used for example purposes only, airport and Bechtel officers said – between Burnt Mill and Crooked creeks north of County 388.”

“Also, the FAA sought elaboration on several of the study’s contentions, including those regarding market share of traffic from outside the southeast, the amount of required federal dollars and parameters airlines use in determining whether or not to bring larger aircraft to a market.”

On 24 September 2000 a News Herald article titled; *“New Airport: Numbers have to takeoff first”* suggests that there are a number of factors or major areas of concern cited in the article the current airport has not achieved or Airport Authority officials been able to explain in order to qualify for a new airport such as:

- The Panama City - Bay County International Airport Annual Service Volume, a formal term for capacity is 200,000 operations per year. Construction begins at 90% of ASV. CY2003 was 86,000 down from a peak 96,000 in 1999 and far short of the 180,000 needed to start construction.
- The Regional Jets were not factored into the equation.
- The FAA Airport Improvement Program (AIP) underwrites projects on a priority list ranging from 100, highest, to 1 (lowest). The proposed new airport ranked at 44.
- Airlines contacted during the feasibility study were lukewarm about Panama City. What is their attitude since 11September 2001 and the implosion of the commercial aviation industry?
- Just 15% of all travelers to Bay County come from outside the southeast and 84% of the visitors arrive by car.
- The feasibility study notes that travelers are driving out of Bay County to fly. The NH suggests that the overwhelming numbers of visitors aren’t flying at all.

Then on 24 September 2000 the NH editorial titled. *“Tire kicking a new airport”* noted the above article clearly supported the skeptics, that there was no basis that a new airport will bring reasonably priced, new and better priced air service and even the St Joe Co.’s giveaway was contentious. **Further, the new airport**

didn't occur to anyone until free land was offered and only the St. Joe.' land offer goosed the Airport Authority into hiring consultants to find a need for the airport.

With FAA approval the Airport Authority contracted with Bechtel Corp. and in April 2001, the study concluded that it was less costly to build a new airport than expand the current facility. This "Study" achieved this result by presupposing that a lengthened runway was needed; and to achieve same the present airport was required to purchase expensive residential areas south of the present runway or the environmental destruction of St. Andrew Bay. The costs projected ranged from \$292 million to \$447 million. The options costs were achieved by "stacking the deck" with costly options such as an 8400ft runway including a seaplane port, international air terminal, large cargo facilities, etc. for \$394 million.

Justification for dual runway facilities, 8,400ft and 12,000ft., was Orlando and Tampa's airport facilities which is really a stretch of the imagination since Orlando has 15.2 million enplanements and Tampa has 8.4 million versus Panama City-Bay County Airport's 2004 .189 million (519 passengers /day) or about 30 passengers per aircraft per day.

General Aviation is seldom regarded in the press, the studies other than to acknowledge their existence. Last year general aviation accounted aircraft operations was 60,450 or 70% of PFN's total aircraft operations. Yet there was little or no consideration given in the relocation studies as to the impact of the relocation on general aviation and the implied obligation to owners and operators of private aircraft for pleasure and in their business and fixed base operators. As of 23February 2004, there is no agreement between general aviation entity and the Airport Authority on the costs of relocation in terms the new airport's lease agreements and costs when completed, mitigation on current long term leases for both those that are willing and financially capable of moving to the new airport and those that decline for whatever reason, financial or otherwise. The attitude seems to be as Mr. Crisp, former chairman, said in a meeting on 19 June 2001:

"I don't think it's fair for a wealthy few who have airplanes that don't want to be inconvenienced" to stop the airport relocation.

For over three years this segment of Bay County's aviation have been left drifting in a sea of unanswered questions regarding their future, financial commitments, affordability of the new general aviation facilities and the fate of their investment in their facilities and leases at the current airport.

The "Relocate the Airport Movement" rolled on into 2001 until 11September 2001 when the terrorist attack Resulted in the greatest security breach against the continental United States in our history. It was followed by war, a major reorganization of U.S. Government, reprioritizing of the national, budget, tightened airport security and the collapse of the aviation industry. Initially some 800 commercial airline aircraft were withdrawn from service and the commercial airline industry employment was initially reduced from 442,800 to 354,000. Eight airlines went into bankruptcy; US Passenger traffic dropped 10 % in 2002 following the outbreak of the war; by April 2003 US air traffic was down 17.4% from a year earlier; and. The Airline Transport Association estimated that the airlines in 2003 that 2,200 daily flights could be cut. What about our principal local airlines?

Northwest Airlines doubled its debt to \$22 billion in the two years following 11September; laid off 12,000 employees, cut its Memphis hub's capacity by 16%, needed to cut operating costs by \$1billion to \$1.5 billion; and to save money and improve efficiency entered into a code sharing agreement with Delta Airlines. Currently in bankruptcy, Northwest has cut back employment significantly and has broken the back of the mechanics union

US Airways went into and out of bankruptcy, cut their fleet from 417 to 280 aircraft, dropped 200flights per day, cut employment from 43,500 to 32,400, cut flying capacity by another 5% in 2003, revamped their pilot pension plan to avoid a \$1.7 billion funding liability aide by the US Pension Guaranty Corp; and hope of adding a significant number of Regional Jets to its inventory has been dampened by its current financial condition. It is currently trying to achieve savings in order to avoid breaching covenants of \$1 billion dollar loan backed by federal loan guaranty of \$900 million; and, while out of bankruptcy and merged with America West posted a loss of \$87 million in the quarter ending 30Septemebr 2004.

Delta Air Lines initially planned a lay off of 16% of its work force, reduced its flight operations by 15% or 90 aircraft, suspended 50% of the Delta Express, phased out the MD-11 aircraft in favor of smaller aircraft, postponed delivery of 29 aircraft from Boeing through 2004, eliminated 10,000 jobs in 2002 and cut 1500 flight attendants, and a year ago its traffic system was down 8.7 million revenue passenger miles. To counter the Walmart airlines Delta established Song Airlines as their own low cost carrier.

Now in bankruptcy (Oct 2005) Delta has discontinued Song Airlines and integrated their aircraft into the system; cut back Comair, a subsidiary, sold ASA to Sky West Airlines; and is enhancing overseas operations by 25% while cutting domestic operations significantly. Delta reported a loss of \$1.3 billion in 3rd Quarter 2005 and is in a life and death struggle with its pilots union.

While the above was transforming the commercial airline industry, the airport relocation advocates were on a roll. On 22 September 2003 St. Joe introduced the Fishkind & Associates Report. in 'Table 3 – West Bay DSAP Development Program.' of the *Public Facilities Financial Feasibility Assessment*. The study quantified data using the Fiscal Impact Analysis Model (FIAM) originally developed for the Florida Department of Community Affairs (DCA). It was used by nine counties and ten cities and appeared to be credible. The study reported by "Buildout" (2020) that:

- "The DSAP will create 14,419 jobs at buildout
- Over 10,000 jobs at an average salary of \$29,000
- Over 4,000 jobs at an average salary of \$24,000
- The DSAPS will create more than \$1 billion in output
- Enplanements at the relocated airport would reach 423,160 by 2020

These forecasts started to disintegrate as early as 13 November 2003 when the FAA. Orlando Districts Office in an e-mail noted their analysis done for the EIS was based on the FAA Terminal Area Forecast for the Airport.

The FAA forecast is 301,343 not the 423,160 enplanements in Fishkind Report, a cut of 121,817 enplanements in the 2020 forecast. Further, the cumulative affect of the reduction in enplanements from 2008 through 2020 amounts to 776,230 fewer passengers boarding an airline at PFN. When you consider the average daily passengers traveling each way the number rises to over 1,500,000 passengers, the equivalent of four years of commercial airline operations based on PFN's 2003 enplanements/deplanements.

Further *BCC Memo 110 Item 4; Impact FY04* reduced the employment value from 14,419 to 8,273, a 57% reduction in the Fishkind employment forecast. Further, the Mr. Curtis Letter of 1 November 1999 (page 2) forecast 20,270 jobs. In four years the new jobs forecast has dropped by 11,977 jobs. In essence 11,977 people lost their jobs before they were hired. In 1999 the job forecast was 245% higher than the 2003 forecast – four years later.

In Addition, the Economic Impacts for Output/Total Sales was reduced 56% from \$1,050, 521,674 to \$591,229,463 and Earnings by 58% from \$404, 114, 676 to \$234, 564,923. The combined cuts amount to \$628,777, 969

SO much for the validity of the much advertised Fishkind Report.

What appears to me to be missing in this entire equation is a strategic marketing plan. Why is it that our neighbors to the east and west, Tallahassee and Pensacola Regional Airports, have garnered a Low Cost Carrier, Air Tran and increased their traffic growth by 25% and we flounder with single digit increases. Further, Tallahassee Regional Airport landed Continental Airlines, effective 1 May 2004, with two daily flights to its Houston hub opening up access to Central. America, Mexico, South America and Japan. Tallahassee will have 85 daily arrivals and departures when Continental arrives.

Taking into account that aviation industry has suffered staggering losses in 2001 and 2002 that caused most airlines to trim capacity and caught costs; and, in 2003 seriously rethink their own strategic markets they

wish to serve and how it will be done, what is the Airport Authority doing to adapt and promote our area as a potential candidate for additional air service? We now have regional jet service that will continue to grow. What is needed is an analysis that includes: a study of PFN'S air service a market, levels of service, equipment, origin and destination markets, fare & yield analysis, carriers market shares, the leakage of passengers to other airports, and network and hub performance. **The Airport Authority doesn't need to wait until a new airport is built to develop new strategic business and passenger services marketing plan with options.**

Much has been written about the West Bay Sector Plan and the environment but very little has been written or discussed about the Airport Authority's financial plan and its failure to discuss the restoration of the existing airport to a condition that meets the standards established by the National Environmental Policy Act. The Airport Authority has not addressed the complex issues of the toxic nature of the property's current and original use nor the clean up and remediation of the land contaminated by aviation fuels for over a half of century and demolition and disposal of existing structures. The closure of the old airport should be factored into the airport relocation costs; and, if sold as is, the buyer must agree to meet US government standards for clean up of a defunct airport.

The shut down costs of the current airport and a timeline for environmental cleanup need to be addressed with definitive cost estimates for clean up toxic waste and demolition and removal of existing structures to approved disposal sites. It must be determined if the Airport Authority can meet these standards, construct and finance a new airport simultaneously; or, find a new owner who can and will meet the standards established by the National Environmental Policy Act and meet clearly defined completion dates, all subject to the approval of the US Environmental Protection Agency and FAA plus appropriate Florida agencies.

How were these programs funded since November 1998 or that significant meeting of 9 December 1998? It commenced with the State of Florida on 28 January 1999 following the 9 December 1998 meeting, when the FDOT quickly opened two FM accounts for the **Site Selection Study** and a **Feasibility Study**. This was followed up on 9 September 1999 with an FM account for the **Conceptual Plan**. On 19 September 2000 the Florida legislature in SB862 provided funds for a sixth FDOT FM account titled: **Airport Relocation Study** followed by an additional three FDOT FM account in 2001: **Airport Relocation Projects Risk Analysis, Cost Benefit Analysis and EA Phase 1** (11 March 2001), **Conceptual Design** (11 May 2001) and Florida legislature's **TOPS \$18,000,000** (10M/01 and 8M/02).

In August 2000 the FAA's district office in Orlando gave a green light to a \$2.4 million feasibility study that recommended relocating the airport and approval for the next step, a site selection study. At this time the airport construction costs were projected to run \$165 million with infrastructure improvements bringing the total costs to \$189 million by 2020 with \$32 to \$38 million realized by sale of the existing facility. By now St Joe had provided assurances of a donation of 4,000 acres for a new airport.

Of all those accounts only the **Airport Relocation Risk Analysis Cost Benefit Analysis** has not expended funds to date. As defined by the FAA it would seem to me that it should have been initiated much sooner; or, alternatively, other projects should have been delayed. Based on some of the FAA guidelines such as:

- There is adequate information indicating the need for the proposed project.
- Potential benefits to society (FAA defines this as the aviation public) justifies the cost.
- Data used in the Benefit Cost Analysis are the best reasonably attainable.
- Issues not relevant to investment such as additional commuting distances must be specifically addressed.
- There are limitations in the use of employment output multipliers that offer secondary benefit since aviation users who operate, maintain and/or improve the nation's aviation system fund the national airport system.

Bearing that in mind the eight other accounts as of 30 September 2003 have spent the following funds:

FAA	FDOT	Airport	Total
\$9,672,772	\$66,758, 446 *	\$374, 732	\$76,805,950 as of 30March 2006

*The total commitments of the FDOT includes an additional \$45 million appropriated by the Florida legislature in FY 2006 from the general fund. **This is a classic case of federal and state welfare.** Without federal and, in particular, state welfare handouts, this project would have never got off the ground had the Airport Authority been required to put up 10% of the advanced funding.

What has transpired since 18November 1998 when this all started and what have we got for \$20,812,855?

- The FAA did not approve the FAST TRACK request of the Airport Authority for a one year Environmental Assessment but opted for a full and comprehensive Environmental Impact Statement that is not due to be completed until 2005
- The aforementioned 1November 1999 letter requesting the FAST TRACK process, while apparently not rescinded, with its robust economic and enplanement growth forecasts have not been used in follow-on studies; and, therefore, has been invalidated.
- The terrorist attack on 11September 2001 has put the aviation industry and commercial aviation in particular in a depression from which only now has it began to recover leaving the airline system in turmoil with major airline bankruptcies; major reductions in: capacity, routes, destinations and aircraft procurement; massive reductions in employment; a mountain of debt incurred over the past three years; and a massive new security system for our nation now at war.
- The consequences of the commercial aviation collapse, the war on terror along with a US economic slump has caused the Airport Authority to review, revise and update its financial plan supporting the relocation funding requirements. It is currently underway.
- Any new financial plan must include consideration of the following:
 1. The costs associated with the demolition and environmental clean up of the defunct airport with timelines for the clean up and restoration in accordance with US National Environmental Policy Act
 2. A detailed proposal outlining the relocation impact on general aviation owners and fixed base operators; estimated lease costs for the private aviation facilities for both fixed base operators and individual owners at the new airport facility; and, a definitive but negotiable proposal on financial adjustments on current and existing leases at the current airport for those who will move and those who desire to terminate their lease for personal or financial reasons.
 3. That the Airport Authority clearly justify the need for a new airport based on solid evidence that the current level of service provided is inadequate, that operations in the post 911 commercial airline environment and its evolutionary changes have not or will not impact growth in PFN commercial air operations and passenger enplanements.
 4. That the Airport Authority provide strong evidence that Low Cost Carriers or correspondent evidence that such LCCs will venture into a market with less than 400,000 enplanements since a number of leading aviation consultants believe otherwise.
 5. That the Regional Jet, now serving PFN, introduction will not impact current operations and route structures such as US airways massive introduction of RJs in the current year.
 6. That the Airport Authority produce a marketing plan as noted on page five that examines the current route structures and identifies future potential destinations based on passenger origins and destination data that could lead to expanded commercial aviation growth.
 7. That the Benefit Cost Analysis be done in accordance with the FAA premise that ancillary economic impacts not associated with the national airport system nor designed to improve the nation's aviation system be excluded.

If the above actions were taken, then Mr. Curtis's comment nearly five years ago that "If we go to a new airport, we've got to show the justification that there is a good solid need." would be fulfilled rather than rolling out economic reports, as in the past, make for good public propaganda but fail under close examination.

27

Carl D. Peterson
808 Plantation Dr.
Panama City Fl 32404

**Biodiversity Comparison
Indian River Lagoon
&
St. Andrew Bay**

The Indian River Lagoon on the east coast of Florida is a part of the National Estuary Program (NEP). It's first analysis indicated that it had the highest number of species known for any North American estuary. Subsequent to its first findings, the NEP process discovered that the numbers were based on a more liberal criteria; and, for example, included species of fish from 200 meters deep in the Atlantic Ocean. This was later revised in 1994 and an more accurate and excellent inventory of species was completed and is reflected in the table included in this attachment.

There are differences in the St Andrew Bay inventory and the Indian River Lagoon inventory worth mentioning. As an example, the Indian River inventory includes birds that fly over the lagoon while the St Andrew Bay inventory includes only those species with a direct estuarine habitat requirement. If one were to use the same criteria for the St Andrew Bay inventory as used for Indian River than the St Andrew Bay inventory could add 206 species to the list. That would include 17 species of fish, 3 species of amphibians, 10 species of reptiles, about 100 species of birds and 32 species of mammals.

Type Area	Indian River	St. Andrew Bay
Surface Area	353sq. miles	107 sq. miles
Watershed Area	2,284sq miles	1,144 sq. miles
Number of Plan Species	290	350 * (556)
Number of Invertebrate Species	1,545	1,782
Number of Vertebrate Species	658	398 ** (560)
Total Number Species	2,493	2,530 (2,898)

The number in brackets (*) indicates the total count if herbarium of St Andrews State Park was included.

The number in bracket (**) indicates the total number of species of Fish, amphibians, reptiles, birds and mammals were added if less stringent criteria of dependence on the bay were used.

The above illustrates that St Andrew Bay's diversity is at least as great as that of the Indian River Lagoon and state and federal agencies as well as our elected representatives at all levels of government should focus their attention on the conservation of St. Andrew Bay's biodiversity.

Source: *An Inventory of the Biological Resources Reported from St. Andrew Bay Estuarine System, Bay County Florida.* Edwin J. Knepper, printed by the Bay Environmental Studies Team with the Assistance of the United States Fish & Wildlife Service, Panama City, Florida

~~Attachment Five (5)~~
Attachment Three (3)

Wayne S. Whitaker
I002 Individual Letter

Comment 1 The FAA did evaluate and consider ONLY the Airport Sponsors viewpoints or determinations and did not do reasonable research and their own fact finding concerning comments and alternatives submitted by the public as requested, which I believe is part of their responsibility to perform due diligence on a project of this magnitude.

Response This comment lacks sufficient specificity for the FAA to provide a meaningful response. The FAA analyzed the public comments and information received throughout the EIS process.

Comment 2 The typical comments of “not requested by the sponsor” or “noted” simply is insufficient without any further clarification. I and many others had hoped the FAA would do some reviews and independent work rather that depend on the sponsor’s sub contractor comments.

Response This comment lacks sufficient specificity for the FAA to provide a meaningful response. However, FAA does not believe that it responded to any comment with “not requested by the sponsor”. If the Commentor is addressing comments regarding maintenance of PFN as a GA airport in conjunction with relocation to the West Bay site, the FAA considered this option and found that it did not pass the Level 1 screening criteria as described in Section 3.4.5 of the FEIS. The FAA cannot ascertain specifically to what the Commentor refers, however, the FAA has objectively and independently evaluated any information provided by the Airport Sponsor and its consultants in preparation of the EIS in accordance with 40 CFR Section 1506.5(a).

Comment 3 The FEIS is deficient in many areas and the request by the public for a Supplemental EIS to address and inform all parties about the impact of the revisions found but not previously advised information in the FEIS is reasonable and, frankly, expected for such a major project.

Response This comment lacks sufficient specificity for the FAA to provide a meaningful response, however, the FAA does not believe that any information was developed that would meet the CEQ standard for the development of a Supplemental EIS or affect the FAA’s choice among alternatives considered in the EIS.

Comment 4 In addition to a Supplemental EIS, I request a reevaluation for the Separate Commercial and General Aviation Facilities alternative to a Level two review. A Level Two review would, at a minimum, provide sufficient information to allow interested parties to understand the logic of the decisions as opposed to the present sponsor determined input.

Response The FAA reviewed this proposal and found that it was not a reasonable alternative. This conclusion was based on the FAA’s independent judgment and was not limited to “Sponsor determined input”.

Comment 5 “Noted” and “not requested by the sponsor” did not cut it in the FEIS as an answer to comments and will not cut it in any new documents.

Wayne S. Whitaker
I002 Individual Letter

Response

The Commentor expresses dissatisfaction with FAA responses that consisted of “Comment noted”. This response was provided in those instances where the Commentor expressed personal opinion or otherwise offered information to which the FAA could not provide a substantive response. The FAA’s response of “Comment noted” indicates that the FAA has read and considered the comment. Regarding the comment that the FAA responded with “not requested by the sponsor”, FAA does not believe that it responded to any comment with this language. See response to Comment 2 above.

JUL - 3 2006

1002

Ms. Virginia Lane
Environmental Specialist
FAA Orlando Airport District Office
5950 Hazeltine National Drive, Suite 400
Orlando Florida 32822

28 June 2006

Re: Final Environmental Impact Statement
Relocation of Panama City-Bay County International Airport\

Ms. Lane,

As an active pilot and aircraft owner based at PFN, I would like to express my concerns and disappointment regarding what I believe is a lack of due diligence exhibited by the FAA in regards to the relocation activity at PFN. The FAA response to public comments as given in response 5-5-80; "The FAA believes that the FEIS objectively evaluates, considers and presents the Airport Sponsors proposed project and alternatives" is the problem.

The FAA did evaluate and consider ONLY the Airport Sponsors viewpoints or determinations and did not do reasonable research and their own fact finding concerning comments and alternatives submitted by the public as requested, which I believe is part of their responsibility to perform due diligence on a project of this magnitude. The typical comments of "not requested by the sponsor" or "noted" simply is insufficient without any further clarification. I and many others had hoped the FAA would do some reviews and independent work rather than depend on the sponsors' sub contractor comments. When considering the sponsor's attitude of "my mind's made up, don't confuse me with the facts" and considering that the sponsor is an appointed body with no public elected input, therefore being virtually untouchable and without public accountability, it is easy to see how the both the sponsor and the FAA can isolate themselves. Please recall the results of the non-binding referendum in which 55% stated no new airport, but only 45% were for the proposed relocation.

1
2

The current FAA Administrator, Marion Blakey, has stated that airports are like national parks and should be protected. Relocation is not protection and the actions of both the sponsor and the FAA as exhibited in the FEIS would lead one to think the message hasn't gotten down to all offices

The FEIS is deficient in many areas and the request by the public for a Supplemental EIS to address and inform all parties about the impact of the revisions found but not previously advised information in the FEIS is reasonable and, frankly, expected for such a major project. In addition to a Supplemental EIS, I request a reevaluation for the Separate Commercial and General Aviation Facilities alternative to a Level two review. A Level Two review would, at a minimum, provide sufficient information to allow interested parties to understand the logic of the decisions as opposed to the present sponsor determined input.

3
4

I am sure you will receive comments from others regarding the present state of the airline industry, the environmental impacts for the proposed new airport and the rectification of the "old" airport property, to name a few, so I will not repeat them here. "Noted" and "not requested by the sponsor" did not cut it in the FEIS as an answer to comments and will not cut it in any new documents.

5

In closing, it has been said that reason and logic has no place in things political. There is an opportunity for the FAA to disprove that saying.

Thank you,



Wayne S. Whitaker

1012 Goose Bayou Road
Lynn Haven, FL 32444

Comment 1

1. FAA has not prepared the FEIS in good faith, because FAA's course of conduct has arbitrarily and capriciously favored the Sponsor's proposed project to the detriment of the objective process required by NEPA and FAA's own policy. Specifically, 1) FAA is condoning an irregular sale of the existing airport property in advance of decommissioning the existing airport, an apparent violation or abuse of the FAA's grant agreements; 2) FAA is contracting to relocate the VORTAC navaid to the new airport site before completing the NEPA process and issuing a Record of Decision; and 3) FAA has issued a "draft" siting study for a new Air Traffic Control Tower and has assured the Sponsor that the draft will not be changed by the NEPA process. Taken together, these FAA actions show that FAA is not conducting an objective environmental analysis and in fact has reached a conclusion and is acting improperly to implement the conclusion.

Response

The FAA has not condoned an irregular sale of the existing airport property in advance of decommissioning the existing airport. The FAA's decision regarding release of the airport from aeronautical uses and decommissioning of the existing airport has not been made at this time. The FAA has merely followed appropriate procedures to review the Sponsor's proposed action and disclose environmental impacts. The decision reached in this ROD has not approved release or decommissioning of the existing airport that is a future action that will be made at the appropriate time. Even when such a decision may be made, the Sponsor will still be required to comply with a grant assurances incurred through acceptance of federal grant in aid funds.

The Commentor claims that FAA is contracting to relocate the VORTAC navaid to the new airport site before completing the NEPA process and issuing a Record of Decision; and that the FAA has issued a "draft" siting study for a new Air Traffic Control Tower and has assured the Sponsor that the draft will not be changed by the NEPA process. The Commentor is mistaken. The Airport Sponsor has undertaken planning level studies for VORTAC replacement and an air traffic control tower as they relate to the operation of the proposed new airport. The FAA has not taken any such actions. However, consideration of these navigational aids and air traffic control towers as it pertains to the proposal to relocate the airport in the NEPA process is fully appropriate. See response to Comment 1-3-2 in Letter F004 (Eginton) of Volume III of the FEIS.

Contrary to the Commentor's conclusions, the FAA's consideration of the VORTAC and air traffic control tower are routine for planning and NEPA purposes.

Comment 2

2. FAA has allowed the FEIS to be tainted by using the work product of consultants who have a financial interest in the outcome of the EIS/ROD. Although the consultants are not directly retained by the FAA, they have prepared the mitigation plan that is a material part of FEIS and the FAA's decision process to select a preferred alternative.

Response

The FAA has objectively and independently evaluated any information provided by the Airport Sponsor and its consultants in preparation of the EIS in accordance with 40 CFR Section 1506.5(a). Furthermore, per CEQ regulations 40 CFR Section 1506.1(d) "This section does not preclude development by applicant of plans or designs or performance of other work necessary to support an application for Federal, State, or local permits of assistance". The Sponsor's preparation of a mitigation plan and the FAA's independent evaluation and consideration of that plan is not only appropriate but contemplated under the CEQ regulations.

Donald R. Hodges
I003 Individual Letter

Comment 3 3. FAA has allowed its prime EIS consultant to do almost \$1 Million of professional services before funding or contract task orders were issued, and has allowed the consultant to claim reimbursement by making a proposal after the fact that represents the work as to be done in the future. This action accelerates the federal action to the detriment of objective analysis, and appears to be an irregular procurement.

Response The timing of the Sponsor's procurement process is irrelevant to the FAA's objective analysis of the work products ultimately produced by the FAA's prime consultant. The FAA developed the schedule of the EIS independent of the Sponsor's local procurement process and the timing of that process. Therefore, the timing of the funding for the professional services rendered by the consultants had no impact on the timing and objectivity of the FAA's phased analysis of the Airport Sponsor's proposed project.

I003

JUL - 3 2006

406 Harvard Boulevard
Lynn Haven , Florida 32444
June 29, 2006

Inspector General
U.S. Department of Transportation
400 7th St. S.W., Room 9210
Washington, D.C. 20590

Gentlemen:

Enclosed are my comments on the Final Environmental Impact Statement for the relocation of the Panama City/Bay County International Airport, Bay County, Florida.

In the course of preparing these comments I found several matters that appear to be irregularities in the process FAA is following to complete this FEIS and to support the proposed federal action.

Please investigate the following issues:

1. FAA has not prepared the FEIS in good faith, because FAA's course of conduct has arbitrarily and capriciously favored the Sponsor's proposed project to the detriment of the objective process required by NEPA and FAA's own policy. Specifically, 1) FAA is condoning an irregular sale of the existing airport property in advance of decommissioning the existing airport, an apparent violation or abuse of the FAA's grant agreements; 2) FAA is contracting to relocate the VORTAC navaid to the new airport site before completing the NEPA process and issuing a Record of Decision; and 3) FAA has issued a "draft" siting study for a new Air Traffic Control Tower and has assured the Sponsor that the draft will not be changed by the NEPA process. Taken together, these FAA actions show that FAA is not conducting an objective environmental analysis and in fact has reached a conclusion and is acting improperly to implement this conclusion.

1

2. FAA has allowed the FEIS to be tainted by using the work product of consultants who have a financial interest in the outcome of the EIS/ROD. Although the consultants are not directly retained by FAA, they have prepared the mitigation plan that is a material part of FEIS and the FAA's decision process to select a preferred alternative.

2

3. FAA has allowed its prime EIS consultant to do almost \$1 Million worth of professional services before funding or contract task orders were issued, and has allowed the consultant to claim reimbursement by making a proposal after the fact that represents the work as to be done in the future. This action accelerates the federal action to the detriment of objective analysis, and appears to be an irregular procurement.

3

These matters should be addressed promptly because FAA has announced it will issue a ROD in this matter by September 2006. Please provide me a copy of your findings.

Donald R. Hodges