

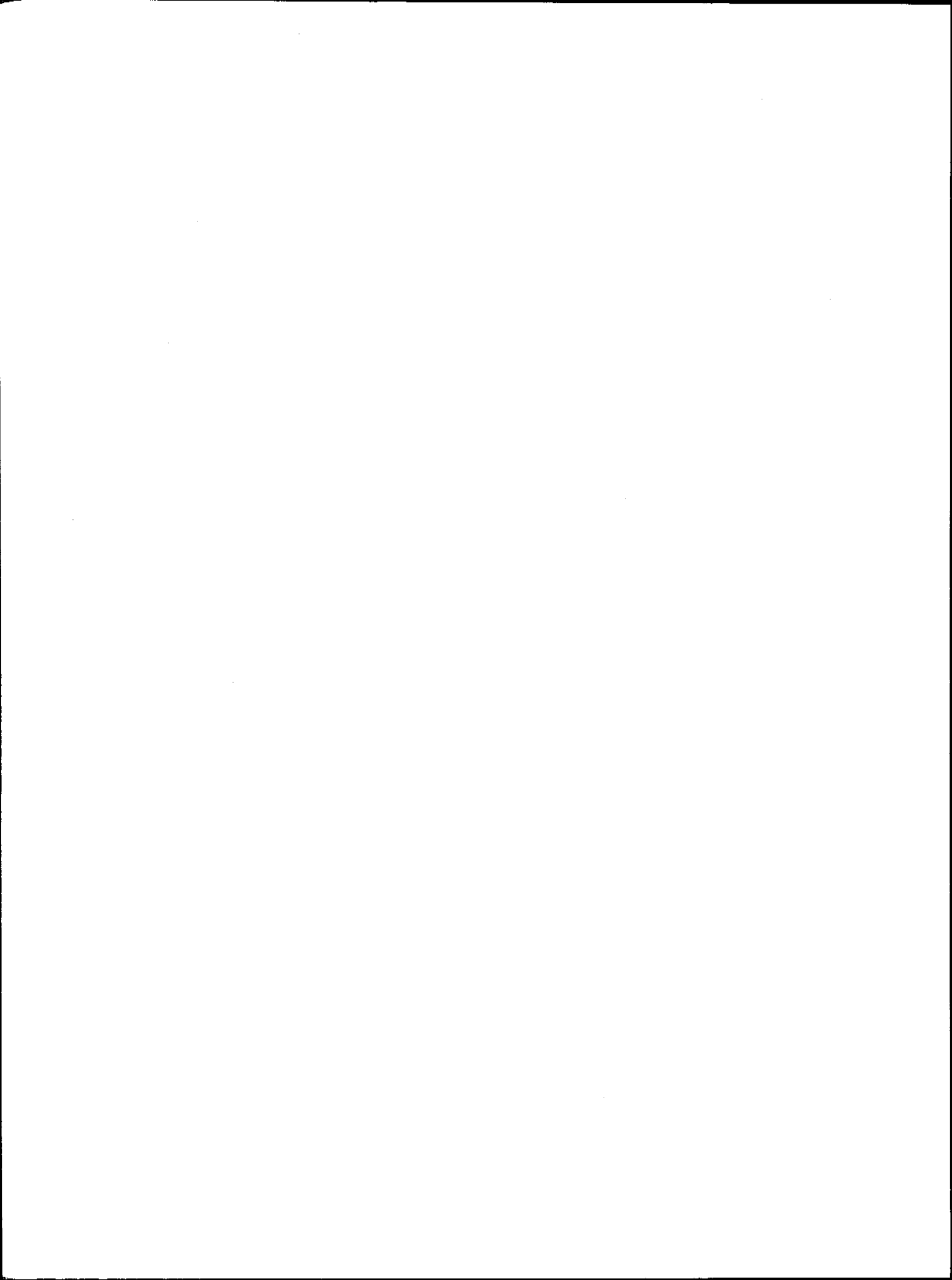
**TRANSPORTATION:  
An Investment in Florida's Future**

*A Joint Report of*

**Florida Transportation Commission  
Floridians for Better Transportation**

**June 1996**

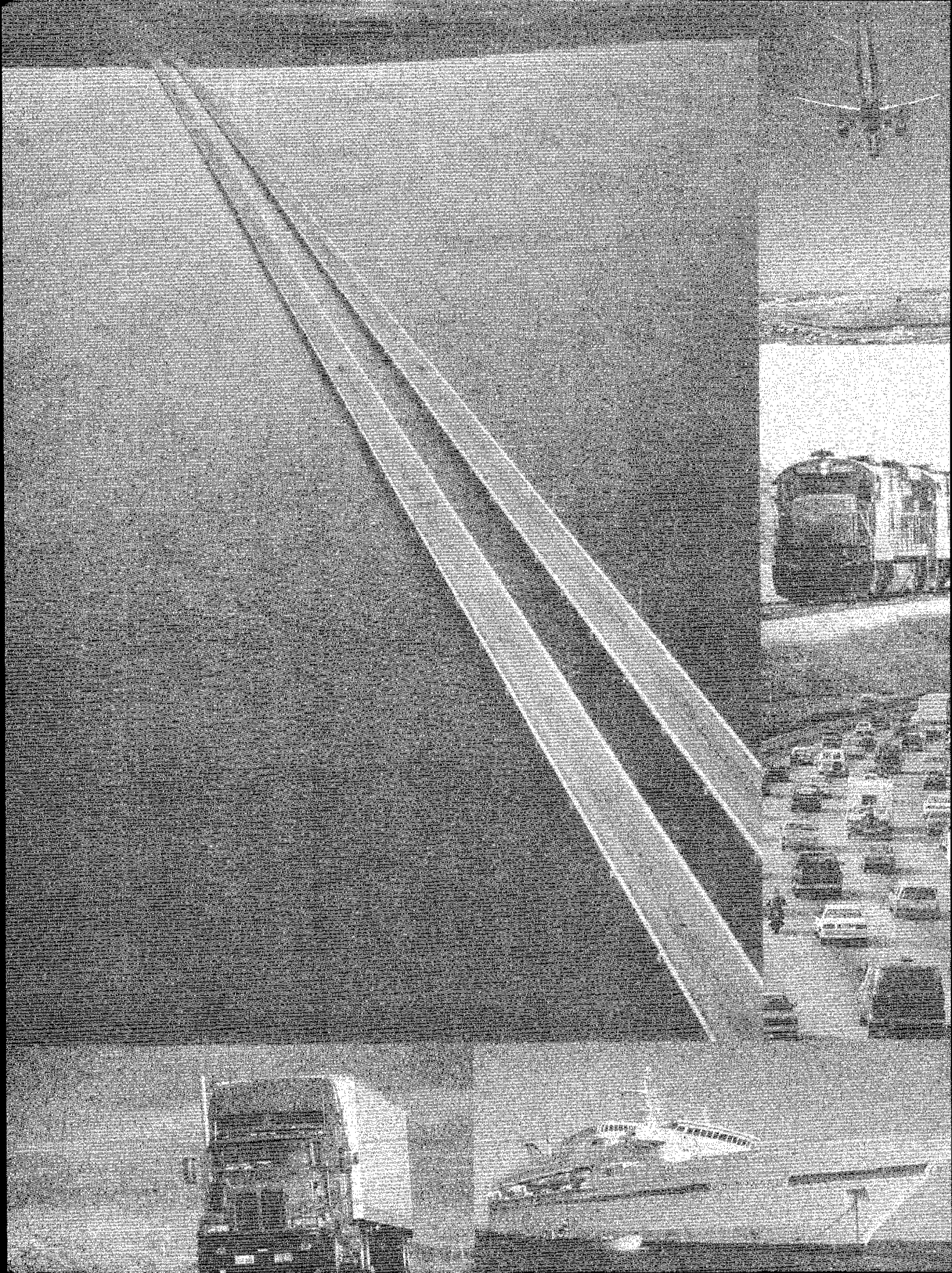
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Florida Transportation Commission and  
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**T**he Florida Transportation Commission and Floridians for Better Transportation appreciate the assistance of the Center for Urban Transportation Research (CUTR) at the University of South Florida in assembling a team to calculate the economic impacts of transportation. The CUTR research team consisted of its transportation economists and transportation economists from Apogee Research, Inc., and Hickling Lewis Brod Inc. A separate technical appendix outlines the methodologies and assumptions used by the team and is available from the Commission office or from CUTR.

A special thanks is extended to Susan Garrett, Wordsmith, for her work in developing the 13 case studies included in the report. The case studies were the result of personal interviews conducted throughout the state and were selected to reflect diverse interests.



## Foreword

**A**s an independent commission of nine citizens and business people, the Florida Transportation Commission is charged with providing leadership in meeting Florida's statewide transportation needs. On state roads carrying the bulk of commerce and intercity travel, today's needs far outstrip available funding, not to mention the need for improved access and connections between our seaports, airports, highways, and rail. We are deeply concerned about the economic future of Florida, given the current and growing backlog of unmet transportation needs.

This report documents what we intuitively knew to be true: there is a strong relationship between transportation investment and economic strength. The economic return on transportation improvements is real and quantifiable—increased business productivity, jobs, an improved tax base—in sum, economic prosperity. We hope this report increases awareness among Floridians of the critical importance of an improved, multi-modal transportation system to future economic prosperity and, hence, an attractive quality of life.

The Florida Department of Transportation has a five-year track record of excellent overall performance under the Commission's performance measurement system—a process unique in state government. Consequently, we are confident of the Department's ability to spend increased revenues effectively. With continued oversight, we believe the Department can be relied on to maintain a high level of productivity and product quality.

*Malcolm R. Kirschenbaum, Chairman  
Florida Transportation Commission*

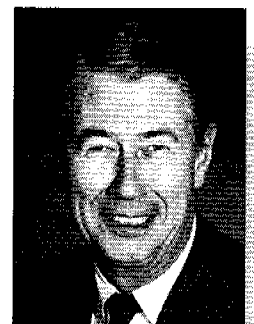
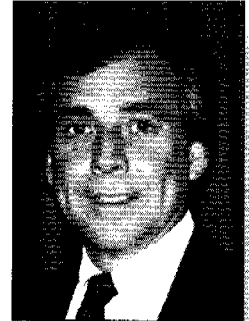
**D**rawn by Florida's beauty and lifestyle, almost 800 new residents arrive in our state daily. Florida leads the nation in new jobs. Our geographic location positions us to become a major player in the world of international trade. The future is bright.

How can we miss with 14 deepwater ports, 19 major commercial airports, a sound rail system, and a highway system linking all major destination points? We can miss if our business and political leadership fails to understand transportation as a critical tool in our ability to take advantage of the bright economic future just over Florida's horizon.

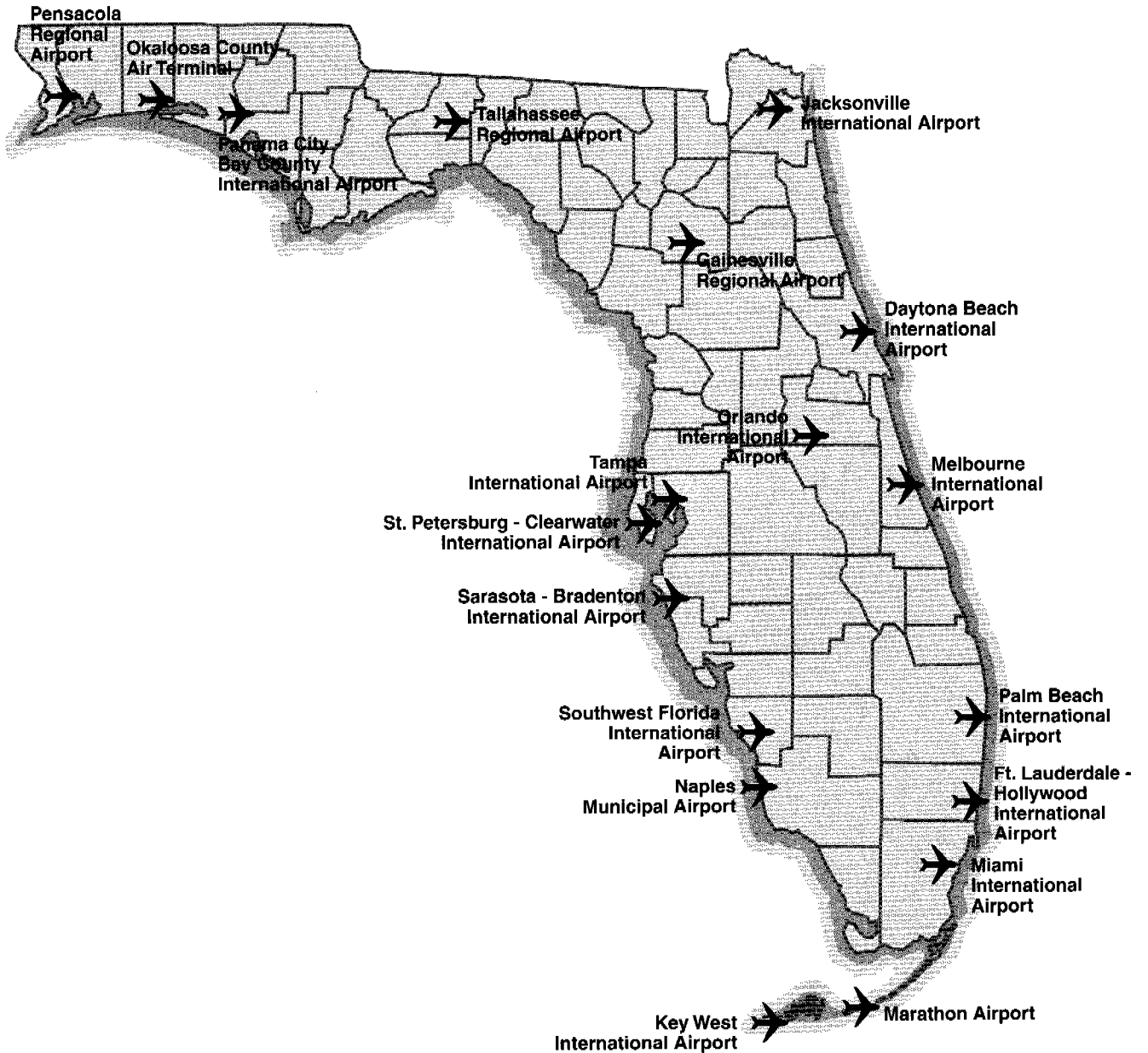
Transportation investment will allow us to compete heads up with neighboring states for a growing share of the international trade market. It will ensure the continued good health of our tourism, agricultural, and manufacturing industries. And it will help us attract new, high-value-adding businesses to better diversify our economy and improve our tax base.

We hope the business and professional communities will consider the well-documented link between transportation and the economy presented in this report and join Floridians for Better Transportation and the Florida Transportation Commission in a united front to increase transportation funding.

*William O. Birchfield, Chairman  
Floridians for Better Transportation*



# FLORIDA'S 19 COMMERCIAL PASSENGER SERVICE AIRPORTS



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# FLORIDA'S INTRASTATE HIGHWAY SYSTEM





### How Does Florida's Economy Depend on Transportation?

**F**lorida's transportation system is the engine that runs our economy. Fourteen million Floridians and over 41 million annual visitors rely on a statewide network of roads, seaports, airports, and rail to get themselves to destinations and their products and services to markets every day. In one way or another, transportation supports all businesses and all 6.9 million jobs in Florida.

Florida's top two industries in dollar volume—international trade and tourism—are heavily dependent on a strong transportation system. Florida's \$52 billion trade industry depends on adequate seaport and airport capacity and modern, efficient connections between transportation modes. Tourism continues to grow, the number of visitors having doubled over the last 15 years—and projected to exceed 80 million by the year 2020. These visitors will return only if they can count on safe, convenient, and efficient travel into and around Florida.

In order to insulate Florida against national and global economic downturns, we must diversify our economy. An efficient, multi-modal, and “seamless” transportation system is necessary to attract and retain high-value-adding businesses.

### Why Should We Invest in Transportation?

#### Florida's Transportation Forecast

Virtually all key components of the transportation system that are critical to achieving Florida's economic potential have serious and growing unmet needs.

Years of “underfunding” transportation are beginning to take a toll. Failure to meet these needs will jeopardize Florida's economic momentum and attractive quality of life.

#### Highways

Highways will continue to be the backbone of Florida's transportation system, for both movement of freight and personal mobility. Florida has not kept pace with demands on highway capacity.

- Over the next 15 years, demand (vehicle miles traveled) is expected to outpace supply (new roads or additional lanes) by almost a six-to-one margin.
- The Florida Intrastate Highway System (FIHS)—3,750 miles of existing intercity and interregional highways—carries 70 percent of all heavy truck traffic. A road on the FIHS carries about 10 times the traffic volume of a typical Florida public road. At current funding levels, we have less than 25 cents for every dollar of needed improvements on the FIHS.
- The Center for Urban Transportation Research (CUTR) reports that failure to preserve the current quality of service on our roads will result in an average annual increase of \$219 for every licensed driver—the cost of longer delays, more crashes, and higher vehicle upkeep.

#### Seaports

Florida's 14 deepwater ports generate about \$25 billion annually in economic activity and create over 300,000 jobs, producing state and local tax revenues in excess of \$600 million annually. Yet they face serious and immediate road and rail access needs and capacity shortages totaling \$2.5 billion.

- Failure to continue to invest in additional facilities and efficient landside linkages will result in loss of business and inability to capture new cargo and cruise markets.
- Florida is located at the crossroads of international commerce, creating potential for it to become an international trading center. But competition among seaports is fierce—both from neighboring states and the Caribbean, where new port facilities are under development.
- A study by Boyd, Barrese, and Associates shows that investment in a \$350 million seaport expansion plan, to be shared 50/50 by the state and the seaports, would return an annual economic benefit of \$2.4 billion to Florida, including some 36,000 permanent jobs.

### **Airports**

Florida's 19 commercial airports (13 of which provide international service), 24 reliever airports, and 60 general aviation facilities generate some \$47 billion annually in economic activity and nearly 768,000 jobs in Florida.

- Despite downward national trends, Florida's air traffic demands are growing, and the state faces an estimated \$6 billion in airport capacity improvement needs over the next 10 years.
- Sixty percent of our airports are near capacity, with traffic delays costing airlines over \$124 million per year—costs that are passed on to the traveler. Without aviation system improvements, those costs will nearly quadruple over the next 10 years to \$473 million per year.

### **Florida's Return on Transportation Investment**

Long-term benefits, far beyond construction-period jobs, are realized from investment in transportation.

The most important and comprehensive measure of return on investment is the benefits received by users—namely, time savings, lower vehicle operating costs, and improved safety. Research conducted by CUTR shows that for each \$1.00 invested in state and local roads just to maintain current conditions, user benefits total \$2.86—benefits that flow to every part of the economy, creating improved productivity and business competitiveness, higher real wages, and stronger overall economic expansion.

Focusing on increased business productivity, the research shows that each \$1.00 invested in capital improvements to transportation facilities results in annual growth of \$0.35 in Florida's Gross State Product—a rate of return of 35 percent.

### **The Choice is Florida's: Missed Opportunities or Economic Strength?**

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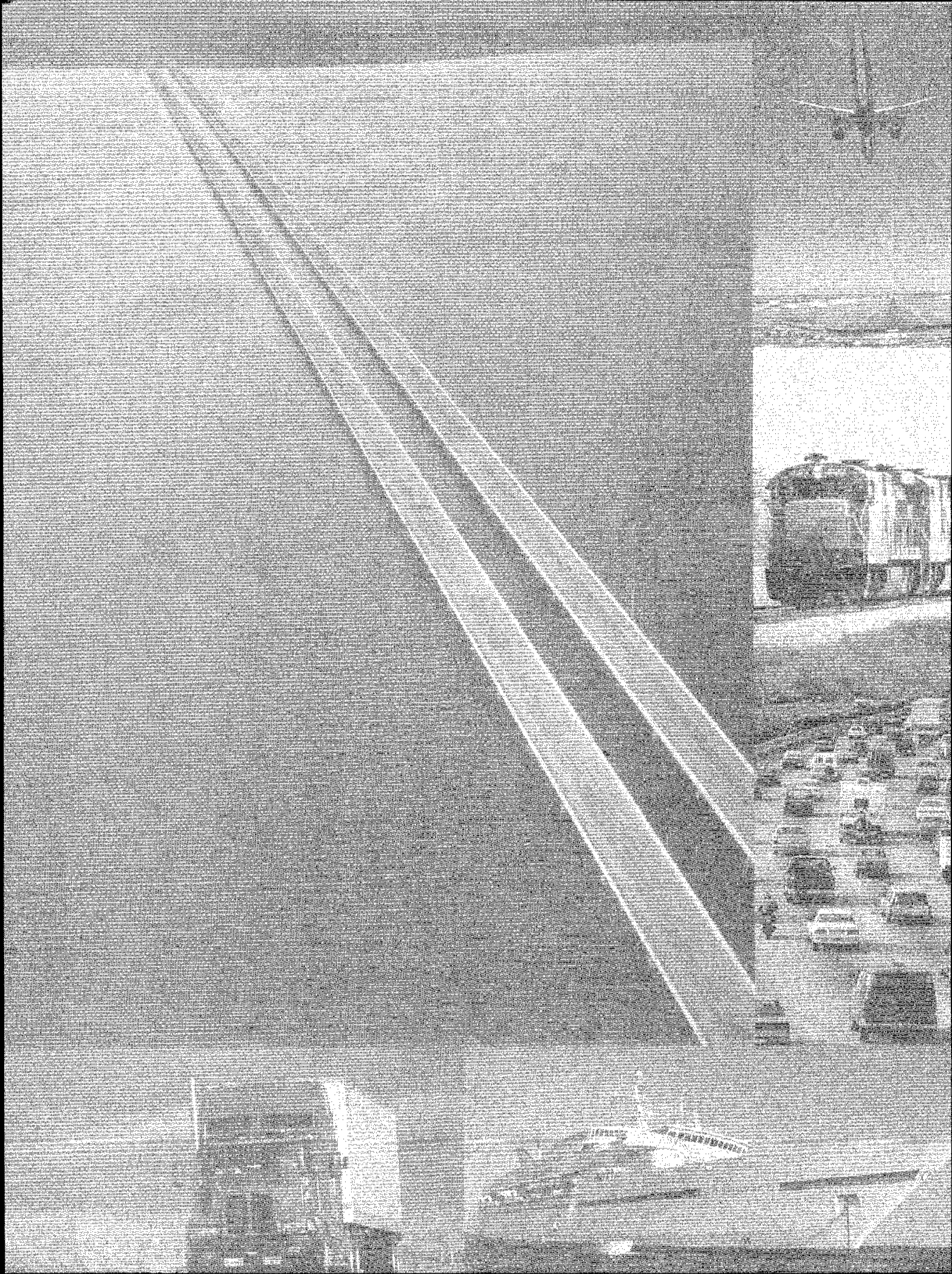
Failure to invest in improvements to Florida's transportation system will result in a future of missed opportunities as travel congestion worsens, new markets are lost, tourists fail to return, and our quality of life declines.

Willingness to invest will result in increased economic strength through improved business productivity, diversification of the economy, flourishing international trade and tourism, and a better quality of life.

*The choice is ours.*

## Summary of Case Studies

<i>Company</i>	<i>Industry</i>	<i>Transportation Impact</i>
<b>Berg Steel Pipe Corporation</b> Panama City	Manufacturer	This international manufacturer relies on a solid transportation complex at the Port of Panama City to reach customers in its global markets.
<b>Cargill Citro-America, Inc.</b> Frostproof	Processing Plant	Cargill's customers build their schedules around just-in-time delivery of juice products from the plant.
<b>The Walt Disney Co.</b> Lake Buena Vista	Tourism	The Walt Disney Co. spearheaded a public/private partnership for a \$300 million road program critical to Disney's and the community's success.
<b>Port of Tampa</b>	International Port	Land rich, with quick access to interstate highway and railway connections, this port is investing in facilities today to prepare for tomorrow's opportunities.
<b>Dairyman's Supply Company Florida, Inc.</b> Wildwood	Wholesale Building Supply	The main reason this company chose to locate in Wildwood was its close proximity to interstate and intrastate highways and rail service.
<b>Publix Super Markets, Inc.</b> Lakeland	Food Retailer	The nation's seventh largest volume supermarket chain relies heavily on Florida's highways to get the job done.
<b>Jaxport</b> Jacksonville	International Airport/Seaport	Jaxport is working to catch a bigger share of the international trade pie, marketing its location as the international crossroads of the Southeast.
<b>Metro-Dade Transit Agency</b> Miami	Joint Development	This agency's joint development program is attracting solid private-sector development around publicly-owned transit stations.
<b>Orlando International Airport</b>	International Airport	Having grown up closely related to its local economy, this airport has been described as the economic engine that drives its surrounding community.
<b>St. Johns County</b>	Economic Development	Construction of J.T. Butler Boulevard and improvements to Highway A1A opened up St. Johns and southeast Duval counties to high-end development, with a resulting positive effect on the area's tax base.
<b>Hernando County</b>	Industrial Recruitment	Transportation deficiencies mitigated by highway improvements through state grant money have been crucial to Hernando's industrial recruitment efforts.
<b>Broward County</b>	Economic Development	When Broward Economic Development Council officials go out to "sell" the county, transportation is a key tool in their sales kit.
<b>Sunbeam Corporation</b> Ft. Lauderdale	Consumer Products Manufacturer	Good airport service played a key role in Sunbeam's decision to locate its national headquarters in Ft. Lauderdale.



## How Does Florida's Economy Depend on Transportation?

Florida's transportation system is the engine that runs our economy. Fourteen million Floridians—expected to number nearly 20 million by the year 2020—rely on a statewide network of roads, seaports, airports, and rail to get themselves and their products and services to important destinations and markets every day. Over 41 million visitors a year—projected to be at least 80 million by the year 2020—rely on this “multi-modal” network to get themselves into and around Florida.

International trade and tourism are Florida's top two industries in dollar volume, and both are highly dependent upon a sound transportation system. Florida's agricultural and construction industries are mainstays of the economy, which, along with strong manufacturing, retail, and service sectors, rely on transportation for timely receipt and delivery of materials and products and access to labor, markets, and customers.

*“Transportation was a back room function in corporate America until the last decade when it became recognized as a tool and a weapon. Today, corporations understand that ‘getting it there’ is an essential part of their marketing process.”*

Richard S. Bruce, Manager-Trade Development,  
Jaxport, Jacksonville

The economy's reliance on transportation is evident from national trends strongly suggesting that declines in the business productivity growth rate accompany declines in public works spending—with transportation infrastructure being the biggest compo-

nent of that spending. Because transportation is a significant cost for most businesses, it is a key ingredient to increased business productivity. Transportation improvements that allow businesses to make more efficient use of highways, seaports, airports, and rail have a positive impact on overall business productivity—a beneficial impact that is quantified in this report.

Without exception, all of Florida's economic sectors depend daily on an interconnected, multi-modal transportation system. In one way or another, transportation supports all businesses and all 6.9 million jobs in Florida. (Case studies at the back of this report describe how individual Florida enterprises depend on transportation to get the job done and how, in turn, they contribute to Florida's economic strength.)

*“The real key to us is to get the product to the customer when he needs it . . . a delay can shut down his operations while he waits on a delivery.”*

Howard Burtman, Logistics Manager-Juice Products,  
Cargill Citro-America, Inc., Frostproof

### Florida's Top Markets— International Trade and Tourism

Florida's international trade totaled \$52.1 billion in 1995, having grown over 70 percent during the previous five-year period. Trade volume is expected to grow substantially in the next decade with passage of the North American Free Trade Agreement (NAFTA) and further relaxation of U.S. trade policy under the General Agreement on Tariffs and Trade (GATT).

**In a survey conducted by Florida International University, 98 percent of the 2,500 respondents said that an efficient transportation system is important to the state's future economic prosperity.**

Our geographic location gives us a competitive edge for increased trade with Central and South America and the Caribbean. In order to take full advantage of these growing markets, we must expand the handling capacity of our seaports and airports and provide needed intermodal connections in the form of road and rail access. Florida's substantial trade volume with Europe, Asia, and other world markets is equally dependent on adequate seaport and airport capacity and modern, efficient connections between transportation modes.

**The number of Florida's visitors—41 million annually—is expected to reach at least 80 million by the year 2020. Perhaps the single most vital part of our economy, the tourism industry requires a solid transportation system in order to flourish.**

Florida's tourism industry continues to grow and to be, perhaps, the single most vital part of our economy. Florida ranks among the top tourist destinations in the world. Over the last 15 years, the number of visitors to the state doubled to over 41 million and is expected to reach at least 80 million by the year 2020—about four times our projected resident population.

Half of our visitors arrive by air, and the other half by highway. Some 7.1 million people use our seaport facilities for vacation cruises. For the tourism industry to flourish into the next century, we must provide visitors with high quality service, including safe, convenient, and efficient transportation service.

## **Florida's Future— A More Diversified Economy**

Along with strengthening already robust industries, Florida must diversify the economy in order to better insulate against national and global business cycle contractions or "economic downturns." To

broaden the economic base, Florida must successfully compete for quality industries and must attract and retain high-value-adding companies.

***"When businesses are considering relocating to Florida, they ask about our education system and our transportation system. Transportation is key to our ability to attract new businesses and to retain existing companies here in Florida."***

Dick Nunis, Chairman,  
Florida Council of 100

In general, these companies, such as computer services and high-tech manufacturing firms, are environmentally "clean" and tend to generate high-paying jobs, resulting in increased disposable income, more demand for goods and services, and a positive impact on the tax base. Their need for supplies and services also creates additional markets for existing businesses. Overall, they make a positive contribution to Florida's quality of life—hence, the term "value-adding."

**Business leaders consistently rank highway accessibility as one of their top site selection criteria when locating or relocating a business.**

An efficient, multi-modal, and "seamless" transportation system is a key advantage in the competition among states for quality companies, because it improves quality of life which, in turn, attracts and retains high-paying jobs in value-adding companies. Business leaders consistently rank highway accessibility as one of their top site selection criteria when locating or relocating a business.

***"We could have located virtually anywhere we wished, but a combination of lifestyle, tax structure, available office space, and good airport service created a winning combination for Ft. Lauderdale."***

David C. Fannin, Executive Vice President and  
General Counsel, Sunbeam Corporation, Ft. Lauderdale

## Why Should We Invest in Transportation?

**T**he strength of Florida's major market sectors is testament to the strong transportation network that has supported and fueled our varied enterprises. Florida's transportation system is a solid foundation on which to build, but it is a system that is showing the strains of Florida's rapid growth (our population has doubled since 1970) and sharply escalating traffic demands on available capacity.

Virtually all key components of the transportation system that are critical to achieving Florida's economic potential have serious and growing unmet needs. Years of "underfunding" this economic engine are beginning to take a toll, and the evidence is apparent. As Floridians, we must begin to correct this deficit by increasing investment in transportation infrastructure. Failure to do so will jeopardize Florida's economic momentum and attractive quality of life as we move into the 21st century. All market sectors will increasingly feel the adverse effects on business productivity resulting from a deteriorating, congested transportation system—a system that slows us down instead of fueling our economic progress.

*"Our state's economic potential is great, but our transportation needs are also great. We come to the task seriously underfunded."*

Malcolm Kirschenbaum, Chairman,  
Florida Transportation Commission

According to an analysis conducted by the Center for Urban Transportation Research (CUTR), if we fail to preserve just the current quality of service on our

roads, the people and businesses that use Florida's highways will experience a \$61 billion increase in costs over the next 20 years. This increase in costs will occur because it will take Floridians longer to "get there," they are likely to have more crashes en route, and they will spend more on fuel, tires, and other vehicle maintenance. This amounts to an average annual increase of \$219 for every licensed driver in Florida.

**Failure to invest in improvements to Florida's transportation system will result in a future of missed opportunities as travel congestion worsens, new markets are lost, tourists fail to return, and our quality of life declines.**

### Florida's Transportation Forecast

*"We are falling further behind. We are not catching up, we are not staying even. We are falling behind."*

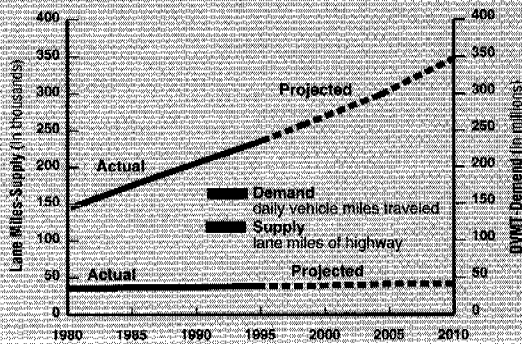
Ben G. Watts, Secretary,  
Florida Department of Transportation

### Highways

Highways will continue to be the backbone of Florida's transportation system—both for movement of freight and mobility of Floridians and visitors. Trucks are the primary mode for freight movement in the state, hauling about 70 percent of all manufactured freight tonnage—some 230 million tons annually, more than double the tonnage hauled by all other modes combined. In 1993, 82 percent of Florida communities were served exclusively by truck.

Florida has been unable to keep pace with demands on highway capacity, and demand continues to grow faster than supply (new roads or new lanes on existing roads). From 1980 to 1995 the demand (total

### State Highway System Supply versus Demand



vehicle miles traveled) on state roads increased 83 percent, while the supply increased only 18 percent. Over the next 15 years, vehicle miles traveled will increase an estimated 58 percent, while supply will increase an estimated 10 percent; that is, demand will outpace supply by almost a six-to-one margin.

The Florida Department of Transportation reports that 49 percent of the Florida Intrastate Highway System, made up of key state roads, does not meet current standards based on 1995 conditions. This results in higher business costs, lower productivity, and increased commute times.

#### The Florida Intrastate Highway System: Backbone of Florida's Transportation Network

The Florida Intrastate Highway System (FIHS) was designated by the Florida Legislature in 1990 as a high-volume, high-speed network of controlled access and limited access highways—a goal to be achieved primarily through improvements to existing highways. The FIHS is 3,750 miles of existing intercity and inter-regional highways, including all interstates, the Turnpike, and other major state highways (map, page 8). It carries 70 percent of all heavy truck traffic using the state highway system. A road on the FIHS carries about 10 times the traffic volume of a typical Florida public road.

In keeping with legislative guidance, minimum operating standards have been adopted for roads on the

FIHS, and the Department has evaluated needs through the year 2010. The identified improvements needed will cost an estimated \$28 billion. Projected available funds total \$6 billion, leaving a shortfall of \$22 billion; that is, for each \$1.00 of need on the FIHS, we will have less than 25 cents to fix the problem.

*“At current funding levels, it will take some 75 years to complete improvements to the Florida Intrastate Highway System, which contains our primary commercial arteries. That is simply unacceptable.”*

David Kerr, Commissioner,  
Florida Transportation Commission

### Seaports

Florida's 14 deepwater seaports are strategic state assets that generate substantial economic benefits for the state. In 1995, Florida's seaports handled a record 108 million tons of international and domestic cargo. Today, the seaport industry and port-dependent businesses generate approximately \$25 billion annually in economic activity and create over 300,000 jobs, producing state and local tax revenues well in excess of \$600 million annually. Yet they face serious and immediate road and rail access needs and capacity shortages. Failure to continue to invest in additional facilities and efficient landside linkages will result in loss of business and inability to capitalize on new cargo and cruise opportunities.

Florida's strategic location creates the potential for it to become an international trading center, the patterns of today's global economy having placed it at the crossroads of international commerce. Florida's seaports have become transshipment hubs, distributing goods coming from and destined to markets all over the world.

Competition for new transshipment markets is keen, as evidenced by plans to develop Freeport Harbor on Grand Bahamas Island as a major container transshipment port that could be operational as early as



the end of 1996. Another transshipment hub is planned in San Juan, Puerto Rico. These developments underscore the need for Florida's seaports to remain competitive.

Florida's seaports also face serious competition from neighboring states in their efforts to capture new business and an increasing share of the growing international trade market. Louisiana recently invested \$100 million in its seaports, with a separate annual appropriation of \$20 million to the Port of New Orleans. Over the last 20 years, Georgia has provided \$285 million to enhance its two seaports.

### Florida's Seaports: Are the Improvements Worth the Investment?

The state of Florida currently invests a total of \$10 million annually for capital expansion at seaports. Our seaports have identified \$1.5 billion in capital improvements needs over the next five years and \$1.05 billion of "immediate" needs for improved road and rail connections. The seaports have requested a total of \$175 million in state funding over five years, to be matched by the seaports to fund expansion of \$350 million—enabling them to handle an additional 5.8 million tons of cargo and some 3.9 million additional revenue passengers annually.

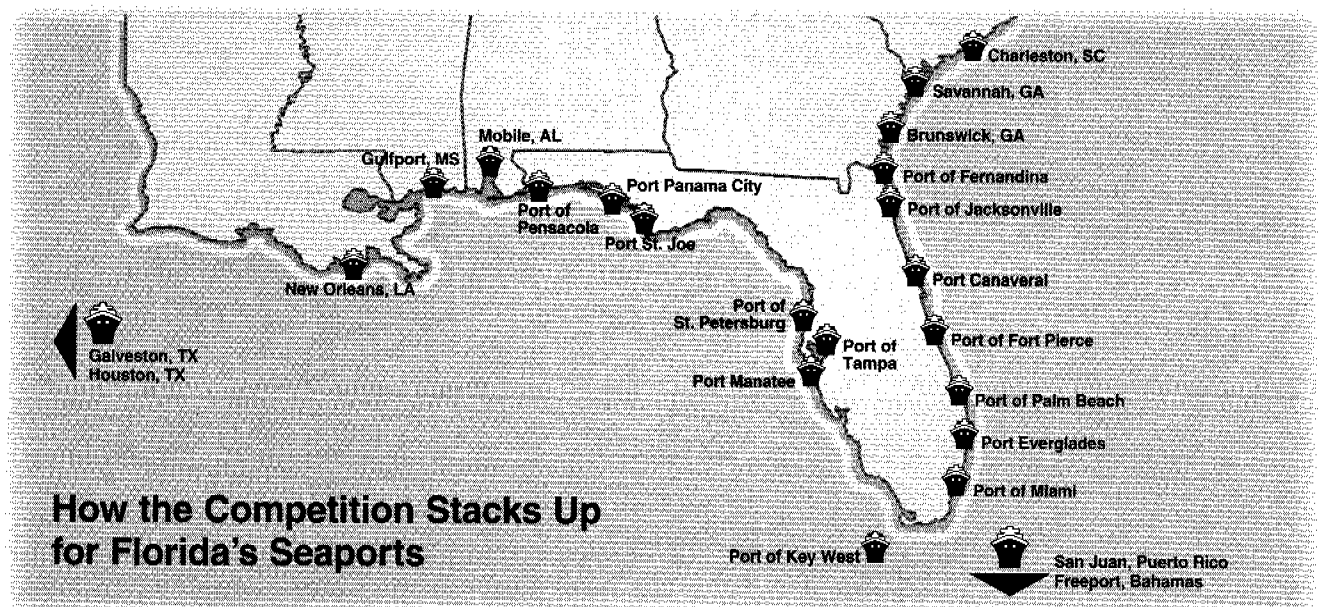
A study by Boyd, Barrese, and Associates shows that this investment will return an annual economic benefit of \$2.4 billion, including 36,000 new permanent jobs. State and local governments would realize additional tax revenue of \$92 million annually, of which \$50 million would accrue to the state.

*"The competition grows fiercer every day. If we are not ready when these opportunities occur, if we do not have the facilities needed to move goods faster and more cheaply than ports in other locations, we will find our shippers looking elsewhere."*

Carmen Lunetta, Chairman,  
Florida Seaport Transportation and Economic  
Development Council

### Airports

Florida has 19 commercial passenger service airports to meet the needs of its residents and visitors, 13 of which provide international service (map, page 6). In addition, 24 reliever airports and 60 general aviation airports serve Florida's business, air cargo, maintenance, and other general aviation needs. The Florida Aviation System Plan reports that aviation generates approximately \$47 billion annually in economic activity and supports almost 768,000 jobs in Florida.



Despite downward national trends, Florida's air traffic demands are growing. In 1994, approximately 94 million people passed through the gates of our commercial airports. This number is expected to increase to 196 million by 2010. Also pushing capacity is the increase in air cargo activity. In 1994, Florida's airports shipped 2.0 million tons of cargo. This is expected to increase to 3.2 million tons per year by 2010.

### Florida's Airports: Crowded Skies Clog Our Gateways to the World

Florida is facing an estimated \$6 billion in airport capacity improvement needs over the next 10 years. Congestion at our major airports, 60 percent of which are nearing capacity, will adversely affect business travel, tourism, and time-sensitive cargo shipments. Aircraft traffic delays due to airspace congestion and limited airport capacity already cost airlines over \$124 million per year in service, maintenance, and production costs—costs that are passed on to the traveler. Without aviation system improvements, those costs will nearly quadruple to \$473 million per year over the next 10 years, according to the Florida Aviation System Plan.

*“The problems of congestion facing our aviation system, both in the air and on the ground, are rapidly approaching unacceptable levels. If this situation is not properly addressed soon, we must all surely expect serious economic and safety consequences.”*

Jim Johnson, Senior Director of Airports,  
Hillsborough County Aviation Authority

### Intercity High Speed Rail

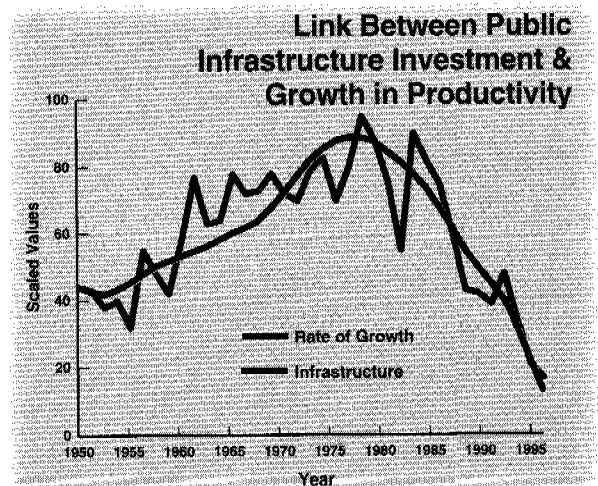
It is now generally accepted that Florida cannot build enough highways to accommodate future demand for tourist, business, and other travel. To relieve some of this demand, Florida is developing a high speed rail system from Miami to Orlando and from Orlando to Tampa. In February 1996, the Florida

Department of Transportation awarded the exclusive franchise to Florida Overland eXpress (FOX), whose proposal provides a high speed rail system in 10 years, utilizing technology that is proven to be reliable and safe. It is a public/private partnership, with the state having committed \$70 million a year for 30 years beginning in the year 2000. A high speed rail system would enhance our ability to move people and goods in these heavily congested travel corridors.

### Florida's Return on Transportation Investment

Traditionally, the economic benefit of transportation investments has been considered to be primarily the construction-period jobs that are created. The benefits from these jobs are significant and are directly and indirectly received by all Floridians. But we now know that there is much more to the story: increases in benefits to users and business productivity resulting from transportation improvements have pervasive and long-lasting positive impacts on the economy.

At the national level, recent studies conducted by the Economic Policy Institute in Washington, D.C., suggest that more than half the decline in productivity growth (growth in goods and services produced per hour worked) in the United States over the past two decades can be explained by lower public infrastruc-



ture spending. Increases and decreases in public infrastructure spending have been accompanied by corresponding increases and decreases in productivity growth. Transportation facilities comprise the largest component of non-military public infrastructure in the United States.

Analysis conducted by CUTR also suggests a strong link between investments in public infrastructure and economic growth. Of particular interest is the return on investment in state and local roads.

### Increased User Benefits

The most important and comprehensive overall measure of the value of investments in state and local highways is the net benefits received by users in time savings, lower vehicle operating costs, and improved safety. But while these benefits accrue initially to users

of the highway system, they continue to flow into virtually every sector of the economy, creating improved productivity and competitiveness for businesses, higher real wages for workers, and stronger growth for the state economy overall. Time savings for businesses travelers and shippers mean more hours of productive work and faster deliveries to factories and thus more output per hour and less fuel consumption per hour of productive work.

According to CUTR, every \$1.00 invested into just maintaining current highway conditions for the next 20 years results in an increase in user benefits of \$2.86. The resulting net gain of \$1.86 includes the value of vital economic resources—such as the individual’s time savings and a reduction in traffic deaths—that are not normally included in the accounting framework for state economic growth.

### Increased Business Productivity

Transportation investment contributes in a major way to Florida’s economic growth and vitality. Research conducted by CUTR shows that each \$1.00 invested in capital improvements to transportation facilities for the next 20 years leads Florida’s Gross State Product to grow by \$0.35 annually, a rate of return of 35 percent.

CUTR’s analysis used a multiple regression model to examine how productivity has changed in Florida in response to changes in investments in infrastructure. Similar studies of changes in productivity at the national level conducted by economists with the Federal Reserve Bank (Alicia Munnell and David Aschauer) have found substantially higher rates of return.

The returns occur in a variety of forms, including the ability of businesses to:

- free up inventory space and reduce inventory costs through use of just-in-time production technologies, rolling warehouses, stockless purchasing, and other productivity-enhancing innovations;

#### Return on Transportation Investment Measured in User Benefits



Invested in

State & Local Highway System

Results in

Time Savings Value	\$1.49
Vehicle Operating Cost Savings	\$0.83
Accident Cost Savings	\$0.54
<b>Total User Benefits</b>	<b>\$2.86</b>

- reduce delay costs of vehicles trapped in traffic, thus reducing slowdowns on the production line and improving customer service;
- gain more reliable access to supplies and customers, creating better sales and more repeat business; and
- improve access to qualified labor.

**Return on Transportation Investment**  
*Measured in Business Productivity*



Invested in

- State Highway System
- Seaports
- Airports
- Rail

Results in

**\$1.35**  
*In Business Productivity*

If, in addition to the above returns, the value of gains from transportation investment that are not normally included in Gross State Product are accounted for (such as the reduction in traffic deaths), the rate of return on Florida's transportation dollar would be substantially higher. Greater returns are likely from higher levels of investment.

*"We depend on just-in-time delivery over Florida's highway system to get the job done. For us, a solid highway system is key to our success in achieving our goals."*

Mark C. Hollis, President,  
 Publix Super Markets, Inc., Lakeland

*"Our biggest nightmare is delays due to traffic tie-ups. If a driver is held up two hours in traffic, that's still two hours of driving and counts against the legal number of driving hours he can log."*

James Stout, Traffic Manager,  
 Dairyman's Supply Company, Wildwood

## The Choice is Florida's: Missed Opportunities or Economic Strength?

**T**ransportation improvements lead to reduced transportation costs for companies, which translates to higher business profits, lower prices, and better quality products for the consumer; the potential for increased earnings and more jobs for individuals; and an improved tax base for communities, as our ability to attract diverse, high-value-adding companies strengthens.

*"After 13 years in the business of industrial recruitment, I am convinced that transportation is the key ingredient in any community's economic development program."*

Al Fluman, Marketing Director,  
Pearson Industries, Inc., Former Hernando County  
Economic Development Director

Investment in transportation allows our seaports and airports to go after new business in trade and tourism. It gives our state and local business development councils the support they need to attract and

retain value-adding businesses. It improves the ability of agriculture and outlying manufacturers to compete internationally.

### The Bottom Line

Failure to invest in improvements to Florida's transportation system will result in a future of missed opportunities—a future of increasing congestion and delays, where new markets are lost, tourists don't return to Florida, and our quality of life declines.

Willingness to invest additional revenues in transportation will result in increased economic strength through improved overall business productivity, diversification of the economy, flourishing international trade and tourism, and an attractive quality of life for Floridians.

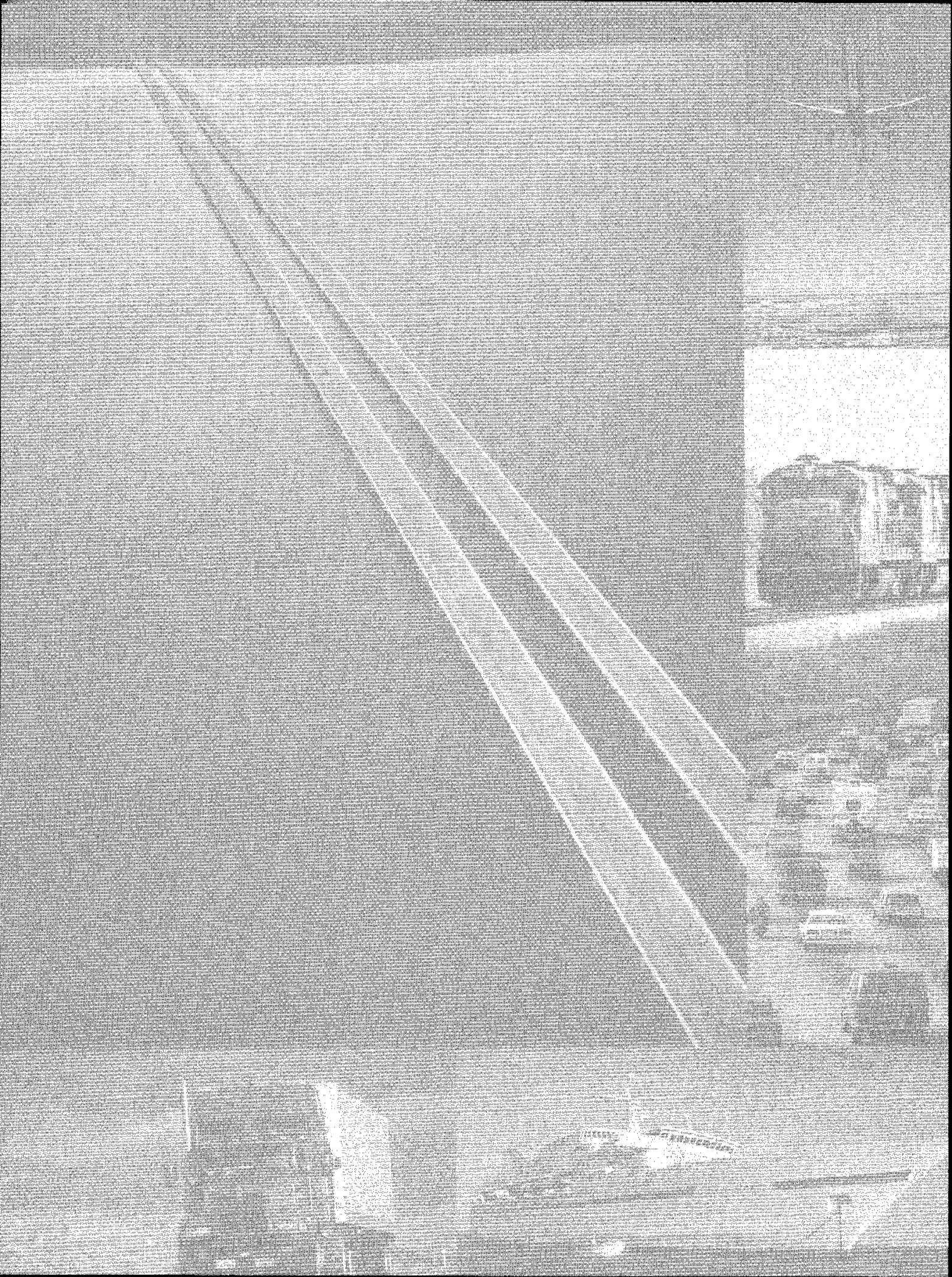
*The choice is ours.*

*"We're going to have to face up to our transportation needs—we have to catch up. It'll take a gas tax increase, but it's a 'user pay, user benefit' tax that I think taxpayers can support."*

Sen. Malcolm E. Beard, Chairman,  
Florida Senate Transportation Committee

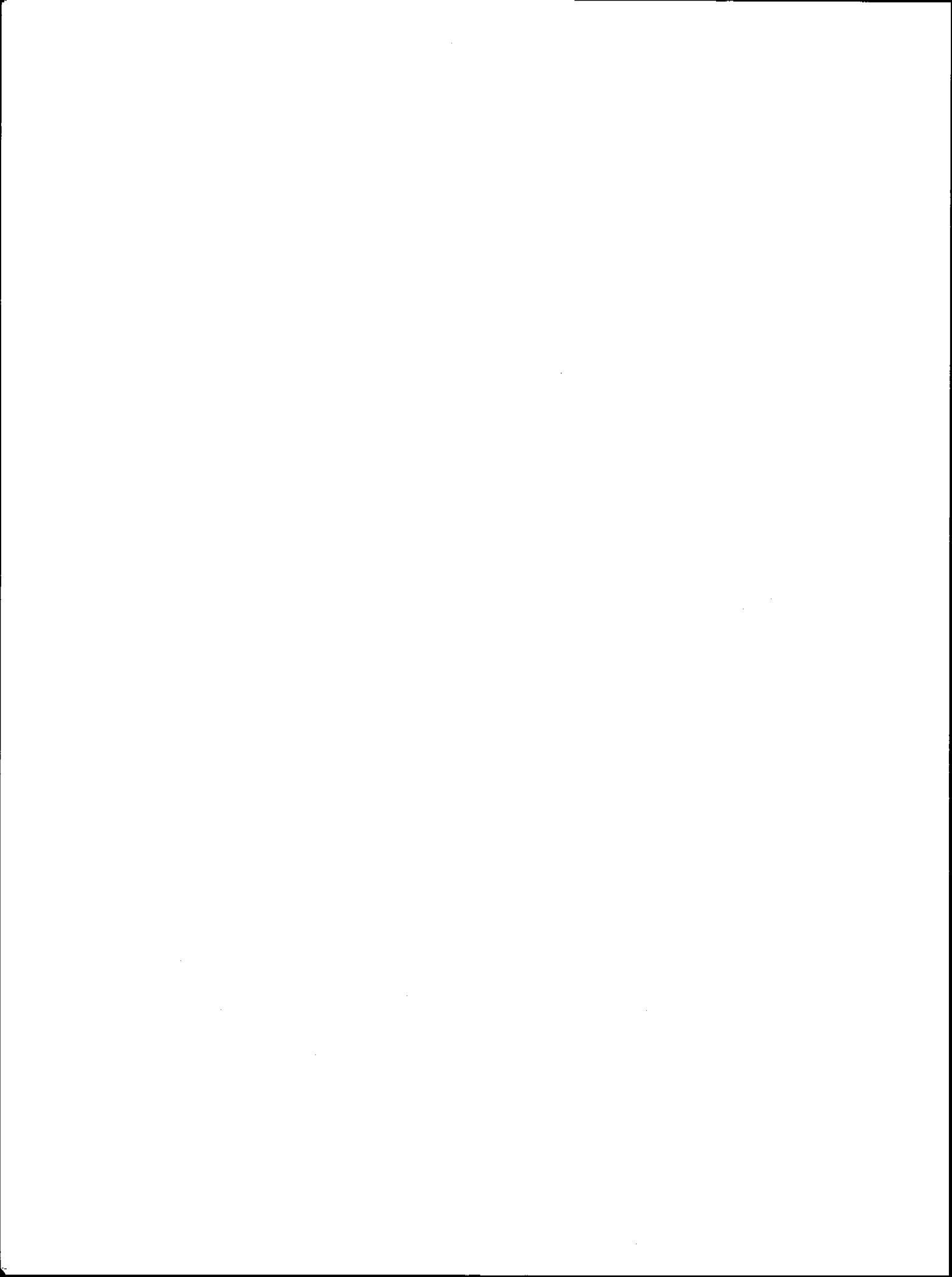
*"I really believe that, given a good plan of what their money can buy, most Floridians will support investment in transportation improvements."*

Rep. Kelley Smith, Chairman,  
Florida House of Representatives Transportation Committee



## Case Studies Examples of How Transportation Drives Florida's Economy

The following case studies focus on selected Florida companies, communities, and transportation entities in an effort to show how they affect Florida's economy and specifically how they depend on Florida's transportation system to get the job done. It is significant that many of them are located in areas that have enjoyed substantial transportation improvements in recent years. Imagine what they can accomplish with future transportation improvements; imagine how they will be stalled without them.





## **GLOBAL DELIVERIES**

### ***Berg Steel Pipe Corporation***

*This international manufacturer relies on a solid transportation complex at the Port of Panama City to reach global markets. "Port officials work very closely with us to meet our need for barge facilities and access to other modes." -- Carl Seigler, Vice President.*

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In business since 1979, Berg Steel Pipe Corporation, headquartered in Panama City, has quietly achieved the status of one of the most widely acclaimed manufacturers of double-submerged arc welded pipe in the world. Specializing in the manufacture of large diameter steel pipe for the gas and liquids transmission industry, this multi-million dollar operation requires accessibility to truck, rail, and deepwater transportation facilities in order to efficiently meet customer expectations.

During an average year, the company's manufacturing facility at the Port of Panama City receives about 120,000 tons of flat steel plate; an equal amount of pipe is shipped out to customers in the United States, Canada, the Middle East, and other world markets.

Whether they are delivering orders as large as 250 miles of pipe at the rate of two miles per day or meeting orders for just a few pieces, Berg Steel's 200 employees pride themselves on quality and efficient turnaround of product to the customer. Those goals are supported by a solid transportation complex at the Port of Panama City. Flat steel plate arrives by sea and rail. Finished pipe is loaded directly onto trucks, railcars, barges, or deepwater vessels from the Berg complex.

"We ship primarily by every mode," says Jack Stockwell, Shipping Superintendent. "We have direct access to a local shortline railroad, which links us to major carriers, and U.S. Highway 231 connects us directly to Interstate 10 for truck transport."

Berg's transportation department arranges the mode of transportation, routing, and logistics, and monitors activities until pipe is safely in the customer's hands. The company also works closely with the customer who chooses to handle transportation of the product.

"Port officials work very closely with us to meet our need for barge facilities and access to other modes," says Carl Seigler, Vice President. "A combination of things played into our decision to locate in Panama City, including a positive business atmosphere, the availability of adequate labor, and good port facilities."

Because there are few companies requiring pick-up and delivery of goods by the flatbed tractor-trailer rigs required by Berg Steel, the company must often require truckers to "deadhead in" (arrive empty) to pick up pipe for delivery.

"That results in our paying higher freight rates simply because of lack of availability of equipment," notes Stockwell. "However, shipping and receiving by water helps us make up the difference. I think this is a great area to do business, and as more industry locates here, there will be mutual benefits in both increased availability of equipment and reduction of transportation costs."

## **WORLD WIDE MARKETS**

### ***Cargill Citro-America, Inc.***

***Cargill's international customers build their schedules around just-in-time delivery of juice products from the Cargill plant. "The real key to us is to get the product to the customer when he needs it, because he depends on us to meet his schedules." -- Howard Burtman, Logistics Manager***

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A global company the size of Cargill relies on a complex network of rail, road, inland waterway, and ocean-going routes to get the job done. Together with its subsidiaries and affiliates, Cargill is involved in nearly 50 individual lines of business in 58 countries worldwide.

One of those operations is Cargill Citro-America, Inc., headquartered in Frostproof. Approximately 15.4 million boxes of oranges a year are handled at its Frostproof juice processing plant, and most of the fruit arrives by truck from Florida orange groves. Processed juice is delivered over-the-road in insulated tankers to customers in North America and Canada. Occasionally, refrigerated railroad boxcars are used. Bulk product is also shipped over-the-road to Florida ports for shipment to customers in Europe and Japan. Product goes directly to container at the plant and then to the vessel for shipment to Puerto Rico and Korea.

"The real key to us is to get the product to the customer when he needs it, because he depends on us to meet his schedules," explains Howard Burtman, Logistics Manager-Juice Products. "Our customers plan right down to no extra storage, and a delay can shut down their operations while they wait on a delivery. On our end, if we are ready for a truck that has not arrived, it holds up our loading facility and keeps other customers waiting. There is a true ripple effect."

One of several processing plants Cargill operates in the U.S., Brazil, and Pakistan, the Frostproof facility primarily wholesales concentrate to national brand companies, dairies, and supermarket chains. Strategically located near Florida's major orange growers and ports at Tampa, Canaveral, and Jacksonville, the company contracts with trucking companies for receipt of oranges into and delivery of finished product out of its plant.

"With access to U.S. 27 and Interstate 4, we are in a good position to receive fruit and deliver juice to our North American customers quickly," notes Burtman. "We are also well located to reach Florida's ports and our worldwide customers. For the most part, Florida's transportation system is working well for us. Some of the ports are hard to get into, and sometimes a trucker has to wait to unload. Storage at the port can also be a problem, since all of us wait for the best ocean rate. This is a competitive business, and everyone wants to be the least-cost supplier."

At Cargill Citro-America, Inc., they like to say, "Because of our customers, we exist." Those customers expect just-in-time delivery of a competitively priced, high quality product.

## **PUBLIC/PRIVATE PARTNERSHIPS**

### ***The Walt Disney Company***

*The Walt Disney Company spearheaded a public/private partnership for a \$300 million road program critical to Disney's and the community's success. "Public/private partnerships are clearly the wave of the future in transportation." -- Tom Lewis, Jr., Vice President-Development.*

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When the late Walt Disney flew over Florida in search of a site for Walt Disney World, land and transportation topped his priority list. Spotting available land in the center of Florida just south of the confluence of Interstate 4 and the Florida Turnpike, Disney recognized the perfect fit for what would ultimately become a 28,000-acre theme park, resort, and entertainment complex.

Today, the Walt Disney World Resort is central Florida's largest employer, with about 35,000 employees. Work is under way on the town of Celebration, and Disney Cruise Vacations are scheduled to begin in 1998. As Disney has grown, so has central Florida.

"Tourism and related businesses account for 30 percent of the central Florida sales tax revenue," notes Tom Lewis, Jr., Vice President-Development, Disney Development Company. "These revenues reduce the annual tax burden on central Florida permanent residents by about \$120 per resident."

The Walt Disney Company has been operating under a 20-year plan that outlines its development goals and the transportation infrastructure required to achieve them. "At Walt Disney World Resort in Florida, we estimate about 85 to 90 percent of our visitors arriving from off-site come by automobile—most by personal or rental car, some by taxi," says Lewis. "We also receive 312,000 shipments of merchandise, food, and other items annually, the vast majority arriving by land carriers."

Although well served by I-4, the Turnpike, S.R. 528, and U.S. 27, Disney recognized that additional improvements would be needed to keep infrastructure consistent with its development plans—improvements the state was not financially able to complete. So Disney took the lead role in establishing a public/private partnership with three other major landowners (Osceola County, the Reedy Creek Improvement District, and Florida's Turnpike) to construct a \$300 million road program. The program included Osceola Parkway, a 14-mile expressway connecting the Florida Turnpike to Walt Disney World, and the Southern Connector Extension, which completed the missing southeastern link of the Orlando Beltway and connected the Orlando airport to the southwest tourism corridor.

"The private sector is going to pay for transportation infrastructure improvements—either through the negative effects of having them go uncompleted, in some form of taxation for a project that might be outdated by its completion, or by putting the infrastructure in place and benefiting as soon as possible," notes Lewis. "As a major corporate citizen, we wanted to help the region fulfill its priorities while we worked to fulfill our own. Public/private partnerships are clearly the wave of the future in transportation."

## **INTERNATIONAL PORTS OF CALL**

### ***Port of Tampa***

***Land rich, with quick access to interstate highway and rail connections, this port is investing in facilities today to prepare for tomorrow's opportunities. "A port and its infrastructure provide a tremendous part of the economic engine that drives a region." -- Robert Steiner, Port Director.***

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With international trade and tourism emerging as Florida's hot markets, the leadership of the state's largest tonnage port sees tremendous opportunity over the horizon. "We are North America's fastest growing cruise port, but first and foremost, we're here to promote cargo development," notes Charles Towsley, Senior Deputy Director.

During the 1993-94 fiscal year, the Port of Tampa's top 10 trading partners were China, Mexico, Japan, Korea, Australia, Trinidad, Netherlands, Canada, Brazil, and India. The port handled some 49 million tons of cargo and served over 300,000 cruise ship passengers. Top bulk cargoes are petroleum, phosphate chemical and rock, coal, and liquid sulphur.

Blessed with 2,000 acres of land, the port is located in the center of Florida's west coast in close proximity to Latin American markets. Quick access to Interstates 4, 75, and 275 and the CSX Railway System make it an excellent location for intermodal cargo movement.

"Many other ports are restricted in terms of expansion, while we are positioned to take advantage of growth opportunities," notes Towsley. "That's why we're putting money in the ground now, building facilities that will build future revenue streams."

Recent expansion programs added new berth and warehouse space, equipment, and dockside rail access.

A 10-year master plan calls for a major container port on over 100 acres at the extreme south end of Hooker's Point. Badly needed road access improvements are on the drawing boards. The Garrison Seaport Center, a multi-million dollar festival marketplace and cruise port, opened in Spring 1995 with the unveiling of the Florida Aquarium and a new terminal. A movie theater complex, restaurants, and retail shops are planned.

"Florida's ports fuel their regional economies, because the money we spend spins off and recycles dollars," says Towsley. Indeed, according to a University of South Florida study, \$10.6 billion in gross sales in Tampa and its five surrounding counties in 1994-95 was attributable to the Port of Tampa. During the same period, over 93,000 jobs were attributed to port activity in the region, as was over \$1.3 billion in taxes paid to all levels of government.

"A port and its infrastructure provide a tremendous part of the economic engine that drives a region," agrees Robert Steiner, Port Director. "Slow the engine, and you slow the economic impact on the entire area. Legislative support is needed to ensure that funding can flow to the ports and back out into the community in the form of jobs, sales, manufacturing and transportation contracts, and taxes."

## **STRATEGIC LOCATION**

### ***Dairyman's Supply Company Florida, Inc.***

*The main reason this wholesale distributor chose to locate in Wildwood was its proximity to interstate and intrastate highways and rail service. "How we deal with the customer, and how soon we deliver his product is what counts. Anything that slows us down hurts." -- James Stout, Traffic Manager.*

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"The biggest thing our company has to offer is service," says James Stout, Traffic Manager. "Price does not get it every time. How we deal with the customer, and how soon we deliver his product is what counts." To get the job done, the Wildwood-based wholesale building supply company relies on Florida's interstate system and the railroads. "The main reason we located here was close proximity to I-75, the Florida Turnpike, and the local CSX station," notes Stout. "We also have a rail spur running right to our back door."

Seventy years ago, Dairyman's Supply (DSC) opened to sell feed and seed to dairy farmers. Over the years, the name stuck, but the business shifted to distribution of wholesale building supplies to retail lumber yards. Today, Dairyman's Supply Company Florida, Inc., and sister companies in Kentucky and Alabama continue to serve small or family-owned building supply firms. DSC Florida works a 250-mile radius of Wildwood, serving about 300 active accounts and occasional spot buyers.

The company runs four tractor-trailer rigs daily to pick up supplies from various mills in Georgia and Florida and to deliver orders. "We can jump on the Interstate and be anywhere we need to be in two to three hours," says Stout. "We backhaul (drop an order and pick up supplies for the return trip) whenever possible to avoid running empty. Our biggest nightmare is

delays due to construction or traffic tie-ups. If a driver is held up two hours in traffic, that's still two hours of driving and counts against the legal number of driving hours he can log."

Stout also depends on common carriers and good rail service for delivery of supplies to the yard in Wildwood. "I have a program on my computer that allows me to track my rail cars and know exactly where they are," explains Stout. "If a customer calls asking about a shipment, and I can't tell him when it will arrive, the customer is likely to call someone else. If I can tell him when to expect the shipment, he's generally willing to wait."

Right now, business is good for DSC, which opened its Wildwood location four years ago and employs about 20 people. While increased tolls on Florida's Turnpike and traffic tie-ups between Ocala and Wildwood on I-75 are a concern, Stout finds the interstate system reliable, and the trains continue to run on time. However, just as transportation played a big role in bringing DSC Florida to Wildwood, increased highway congestion or a slowdown in rail service could just as easily send the company away. As Stout puts it, "Anything that slows us down hurts."

## **FROM FARM TO MARKET** ***Publix Super Markets, Inc.***

***The nation's seventh-largest volume supermarket chain relies heavily on Florida's highways to ensure timely arrival of employees, easy access for customers, and speedy delivery of fresh products. "The better the transportation system, the fresher the product." -- Mark C. Hollis, President and COO.***

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The fact that Publix Super Markets, Inc. is the largest employee-owned supermarket chain in the United States has everything to do with its 1993 Consumer Reports rating as the number one supermarket in America for cleanliness, customer service, and fast checkout. "Our associates have a personal stake in the business," says Howard M. Jenkins, CEO. "They know their extra enthusiasm and additional attention to detail is earning them profits in the long run."

Over 95,000 employees serve over 440 supermarkets in Florida, 50 in Georgia, and 10 in South Carolina. Each store is operated like a home-town business; together, they generated over \$8.6 billion in retail sales in 1994, and the company was ranked seventh largest-volume supermarket chain in the United States.

Publix prides itself on a wide variety of high quality products. Fresh and hard-to-find produce is bought from all over the world. Company-owned dairy processing plants in Florida and Georgia make ice cream, yogurt, and milk. Grocery shelves and meat cases are stocked with goods that come through distribution centers in Atlanta and Lawrenceville, Georgia, and Boynton Beach, Deerfield Beach, Jacksonville, Lakeland, Miami, Orlando, and Sarasota, Florida.

It is a system that relies heavily on Florida's transportation system. Publix receives and ships all its mer-

chandise by truck, with over 434 tractors and 957 trailers used to deliver goods to stores. Some produce comes by containerized shipping, and the company ships the majority of its recycled cardboard out by rail.

"The better the transportation system, the fresher the product," notes Mark C. Hollis, President and COO. "We depend on just-in-time delivery over Florida's highway system to get the job done. Equally important is our ability to get associates to work in a timely fashion and to provide easy access for our customers."

While lauding the state's highway system, Hollis notes that it sometimes takes too long to get a traffic problem corrected. "Established companies like ours work through these problems, because we must," he says. "However, red tape or slow decisionmaking will shut down most business growth. We would particularly like to see more limited access highways in order to reduce heavy, stop-and-go traffic."

Profitable, expanding, noted for quality products and customer service, Publix is the kind of company Florida wants to retain. "As long as a business can increase its ability to make a profit and build a sound customer base, it will grow and pay its fair share of taxes," says Hollis. "For us, a solid highway system is key to our success in achieving our goals."

## INTERNATIONAL CROSSROADS

### *Jaxport*

*Marketing its location as the international crossroads of the Southeast, Jaxport is working to catch a bigger share of the international trade pie. "Our success lies primarily in our strategic location and intermodal linkages." -- David Kaufman, Manager-Marine Planning.*

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Located at the center of an extensive transportation network, Jacksonville might arguably be called the international crossroads of the Southeast. Indeed, several nationally recognized companies announced corporate relocations or expansions to Jacksonville in 1994, specifically because of the city's transportation capabilities.

"Transportation was a back room function in corporate America until the last decade when it became recognized as a tool and a weapon," says Richard S. Bruce, Manager-Trade Development. "Today, corporations understand that 'getting it there' is an essential part of their marketing process."

With three marine terminals and three airports under its purview, Jaxport views itself as uniquely positioned to assist corporate America in transporting cargo to and from world markets, particularly those in Latin America, the Caribbean, Europe, and Asia. "Containers continue to represent most of our business, with automobiles and petroleum our next largest commodities," says David Kaufman, Manager-Marine Planning and Development. "Our success lies primarily in our strategic location and intermodal linkages with three major rail carriers and four interstate highways," he adds. "In many cases, shippers can reduce inland costs by shipping out of our port. Also, water shipments from Asia to the U.S. East Coast via the Suez Canal are attracting carriers interested in shaving eight to 14 days off delivery times."

Another competitive advantage is the connection between the air and ocean sides of Jaxport, which operate under a single authority and board of directors. "Let's say you have an aircraft manufacturer who wants to bring in avionics materials by air and bulk metal items by sea," explains Charles Snowden, Manager-Aviation Planning. "We can put together a package and offer service in a single process."

Having the capability to constantly improve facilities is critical to Jaxport's ability to take full advantage of its competitive strengths. A new 10,000 foot runway enables Jacksonville International Airport to handle new widebody, long-haul jets. New bulk terminals on Dames Point allowed Jaxport to retain Martin Marietta's business and attract new tenants.

At the same time, the port's inability to provide additional expansion space and competitive rail service on Blount Island for Maersk Lines forced them to relocate to Charleston, S.C. State investment in the Savannah Harbor was one of the main reasons cited for The Home Depot's decision to locate there over several other southeastern cities, including Jacksonville. "There is keen competition for business from Alabama, Georgia, and South Carolina, where ports receive significant business development support from their respective states," says James Robbins, Marketing Research Analyst.

## Transportation & Return on Investment

Jaxport currently has \$50 million available for a 20-year \$680 million development program, which includes deepening the harbor from 38 feet to 42 feet to handle the world's new generation of larger ships. That money must come out of a budget that relies primarily on operating revenues, receiving only about \$1.2 to \$1.5 million in state funds annually. "Improved state investment is needed if we are to continue to grow and compete as an international trade port," says Kaufman.

"We are each trying to catch a piece of the growth in international trade," adds Neal J. Ganzel, Jr., Director-Public Relations. "However, the decision-makers in other states buy the position that building ports increases employment in their states. In Florida, with our rich port opportunities, we are still having this discussion."

Jaxport employs 344 people, approximately 15,000 more are directly employed by tenants of its

aviation and marine facilities, and approximately 12,000 jobs are indirectly created by those activities. Economic impact on northeast Florida is estimated at \$2.7 billion annually. Development of a third port terminal at Dames Point and improvements at Blount Island and Talleyrand Marine terminals would create 10,000 new jobs and increase economic impact to about \$ 3.1 billion within about seven years.

"Every dollar spent on port infrastructure creates something that generates income," agrees Ganzel. "Given our geographic location and multi-modal transportation network, Jacksonville and this port are uniquely positioned to truly compete as the Southeastern international gateway. That's good for our business, and good for the business of this community."



## **JOINT DEVELOPMENT Metro-Dade Transit Agency (MDTA)**

*This agency's joint development program is attracting solid private-sector development around publicly-owned transit stations with mutual benefits to both the public and private sectors. "We believe transit stations will soon be as prized as intersections and highway interchanges as places to do business." -- Gregory Jones, Consultant to MDTA.*

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A privately-owned development on county-owned land in south Florida is home to a mix of office, retail, parking, and luxury hotel space; a conference center is planned. Across the street, Homart and Office Depot are planning to develop a mixed-use project incorporating a second hotel, restaurants, movie theaters, and retail enterprises. What is the drawing card? The Dadeland South Metrorail Station at the southern terminus of Metro-Dade County's Metrorail system.

"We believe transit stations will soon be as prized as intersections and highway interchanges as places to do business," says Gregory Jones, joint development consultant to the Metro-Dade Transit Agency (MDTA).

Companies doing business in the Datran and Homart projects described above enjoy a ready customer base from Metrorail riders. Indeed, the Marriott Hotel in the Datran development has the highest occupancy rate (96 percent) in South Florida. Developers of the projects will pay the cost of the skybridge linking their projects with the Metrorail station; the county will grant credits against impact fees in return. The Datran project alone provides some \$750,000 annually in new revenue to the county.

The projects are the result of a joint development program undertaken by MDTA for its Metrorail, Metromover, and Metrobus systems. "The idea is to

attract private sector development around our transit stations and take advantage of the economic opportunities created by our transit investments," says Ed Colby, MDTA Executive Director.

"From a business person's perspective, the Dadeland South Station provides safe and economical accessibility to the customer base," says Jack L. Goodrich, Vice President Operations, Datran Management, Inc. "The result is higher profitability for businesses and increased revenues for both Dade County and the state. Participation of both the private and public sectors assures a higher level of services, including increased security and maintenance."

Lease of 9.2 county-owned acres next to the Dadeland North Metrorail Station has been approved for development of a three phase mixed-use project. The developer foresees employment opportunities of up to a possible 900 jobs from phases one and two with annual wages of over \$10.5 million. Future projects are planned around other county Metromover and Metrorail stations.

"Joint development projects help a community focus on urban vitality, while both the public and private sectors enjoy economic advantages in the process," says Jones. "In our area, we see it as good business for the state, the county, and the community."

## **FUTURE FLIGHTS**

### ***Orlando International Airport***

***Having grown up closely related to its local economy, this airport has been described as the economic engine that drives its surrounding community. "An investment in transportation is an investment in Florida's future." -- Robert Bullock, Executive Director.***

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"Ours is an airport that has grown up closely related to a local economy," says Robert Bullock, Executive Director, Orlando International Airport (OIA). "We've been described as the economic engine that drives the community." A recent study put the airport's economic impact on the community at \$5.4 billion annually overall and \$1.9 billion in direct impact.

OIA's ground transportation figures are one measure of this impact. The airport ranks first in the country for rental car markets, and 85 percent of arriving passengers need ground transportation which "will always be a driving factor in this airport's operation, because we are a destination airport," says F. Lee Tillotson, Deputy Executive Director-Planning & Development. "We are participating in a local study of the feasibility of a light rail system flowing through town and connecting at the airport. Also, we've made provisions at our north terminal for high speed rail. At the same time, we're planning for planes not yet built—planes that will carry 800 to 1,000 passengers."

That kind of visionary planning is rapidly moving OIA toward becoming a true international gateway, currently serving nearly 23 million people annually, with about 12 percent international travelers. Of close to 245,000 short tons of cargo handled the 12 months ending June 1995, about 34,000 were international.

"Eighty percent of cargo is carried in the belly of passenger airplanes, and this component of the cargo/airline revenue is expected to continue to be of great importance," says Bullock. "Also, just-in-time air delivery and plane warehousing of time-sensitive goods are crucial in the world marketplace. We are well positioned to respond to those growing needs."

Orlando International is currently the world's 26th largest airport, ranking 18th among U.S. airports, with flights to over 100 U.S. destinations as well as landfalls in Europe, Japan, Central and South America, Canada, and the Caribbean. A nearby Tradeport serves private industry; there is also a 250-acre Foreign Trade Zone.

OIA's current five-year, \$760 million expansion plan includes a fourth runway, provisions for rail systems with corridors already designed, an intermodal cargo center, and possibly a new 24 gate terminal. "The way to provide a better environment for business is to transition from an airport to a transportation center where aviation is a component, along with highways and rail," notes Bullock. "I believe international airports will serve the same role in the global economy that rivers did in America in the 1700s and 1800s, as communities grow up around international gateways. An investment in transportation is an investment in Florida's future."

## **ROAD TO SUCCESS** **St. Johns County**

*Construction of J. T. Butler Boulevard helped open up St. Johns and southeastern Duval counties to high-end development with a resulting positive effect on the area's tax base. "It opened the door for people to come enjoy our pleasant lifestyle." -- Andrew D. Campbell, Assistant County Administrator.*

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Sixty years ago, the community of Ponte Vedra in St. Johns County began as a quaint beachside weekend and vacation retreat. Over the years, fishing cottages and small vacation homes dotted the landscape, and the Ponte Vedra Club drew golfers. Access to the beaches was along highly congested Atlantic and Beach Boulevards from the west and A1A running north-south along the coast. "St. Augustine was the heart and soul of St. Johns County, and there was a little village up the road called Ponte Vedra," says Andrew D. Campbell, Assistant County Administrator.

Today, Ponte Vedra is home to corporate executives, physicians, and other professionals who work in Jacksonville and come home to large, high-end family residences. The Tournament Players Club at Sawgrass is a national calling card to an area known for its natural beauty and environmentally sensitive planning. "With a population of about 20,000 out of a county-wide range of 96,000 to 100,000, Ponte Vedra represents 32 percent of our ad valorem tax base," says Campbell. "They are paying the majority of the tax percentage-wise."

A number of things contributed to this county's success story: the lure of Florida's natural beauty, the interest of the PGA Tour, the arrival of the Mayo Clinic and other large businesses in Jacksonville with professionals seeking accessible luxury living, the absence of a state income tax, and the construction of J. T. Butler Boulevard in nearby Duval County. "You're never

going to find a better example of what one piece of infrastructure can do to enhance the quality of life of a community," says James E. Davidson, Jr., President, Davidson Development, Inc. "That road made the amenities of Jacksonville and the First Coast accessible; it made living at the beaches a possibility; it was a significant player in Jacksonville's ability to compete nationwide for business."

Built in the mid-1970s, J. T. Butler Boulevard is an east-west corridor connecting I-95 with A1A and the beaches. Along with improvements to A1A, the connector significantly improved access to southeastern Duval and eastern St. Johns counties. "It opened the door for people to come enjoy our pleasant lifestyle," says Campbell.

Along with success comes increased responsibility. St. Johns has grown as a primarily residential area, while Jacksonville and Duval County have enjoyed the sales and business taxes generated in new shopping areas and office and industrial parks that have sprung up in close proximity to Butler Boulevard. "We get the kids who require schools and soccer fields, but we don't get the sales taxes," notes Campbell.

However, with 278,000 acres of developable land available, the county is working on a new land use plan designed to protect its forest and agricultural lands, encourage industrial and business development along its I-95 corridor and the urban core around St.

Augustine, and continue to attract the kind of residential and resort development capable of paying its tax bill. "If we adopt and commit to good land use regulations, then we can control our destiny," says Campbell. "We have large property owners looking at planned unit development rather than scattered developments, and we envision commercial nodes on travel corridors away from sensitive areas."

Mixed use development is expected in connection with the 6,300 acre Saint Johns Project, which is designed to include 6.5 million square feet of office, industrial, and retail space, along with the World Golf Village and its hotel, conference center and World Golf Hall of Fame, 7,200 residential units, and 54 holes of golf.

Again, transportation fits heavily in the developer's plans. "We built a \$9 million interchange on I-95

because the federal government is no longer doing new interchanges on federal interstates," says Davidson whose company is the exclusive development manager/marketer of the project. "Our project will only use 28.5 percent of the capacity of that interchange, but if people cannot get into and around our community, we're not going to sell any homes or office space," explains Davidson. "Good transportation adds tremendous value."

Campbell agrees, noting that transportation will be at the heart of future planning in St. Johns County. "If you don't have good transportation, there is no need to attempt good planning," says Campbell. "J. T. Butler Boulevard opened the door to St. Johns County. With good transportation planning, we can continue to enjoy a community that is both a pleasant and practical place in which to live."

## **RETURN ON INVESTMENT**

### ***Hernando County***

*Transportation deficiencies mitigated by highway improvements through state grant money have been crucial to Hernando's industrial recruitment efforts. "Investment in transportation infrastructure has come back to the county in a significant and positive way." -- Al Fluman, Pearson Industries; former Hernando County Economic Development Director.*

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"After 13 years in the business of industrial recruitment, I am convinced that transportation is the key ingredient in any community's economic development program," says Al Fluman, Marketing Manager, Pearson Industries, Inc. and former Hernando County Economic Development Director. "In particular, transportation deficiencies mitigated by highway improvements through grant money from the Florida Department of Commerce have been critical to Hernando's industrial recruitment efforts."

The Department's Economic Development Transportation Fund (EDTF) uses state gas tax monies to help localities alleviate transportation impediments to industrial location. Projects must serve to induce a specific company to locate in Florida, remain in or expand a project in the state, and create or retain job opportunities for Floridians. "The transportation project might be an access road, a railroad spur, or a taxiway," explains Steve Mayberry, Director, Division of Economic Development, Florida Department of Commerce. "The fund helps the state and localities close the deal."

Among Hernando's success stories are the attraction of both Sparton Electronics and Wal-Mart to the county, and expansion of the county's Airport Industrial Park. "Transportation fund grants played an

important role in each of these developments, which have impacted the county in job growth and improved tax base," says Fluman.

A \$600,000 road grant helped attract Sparton Electronics where the 1994 real property and tangible tax assessment was \$2,798,000 which equates to over \$63,400 in annual local tax revenue.

A road grant helped accommodate the location of Wal-Mart's 1.1 million square foot Florida distribution center, bringing in 900 jobs. The 1994 real property and tangible tax assessment was \$51,311,000, equating to over \$984,600 in annual tax revenues.

An \$860,000 road grant helped accommodate relocation of industry at the Airport Industrial Park. Since 1988, over 23 companies have located there, employing over 405 people. Also, grants totaling over \$1 million were a vital funding source in achieving the goals of the airport's \$5 million capital improvement program. The airport's new master plan estimates that the combined economic impacts of the airport and its industrial park in 1995 will be over \$33,000,000, with employment for 713 persons.

"Clearly, investment in transportation infrastructure has come back to the county in a significant and positive way," says Fluman.

## **TRANSPORTATION RICH** ***Broward County***

*When Broward Economic Development Council officials go out to "sell" the county, transportation is a key tool in their sales kit. "Our challenge will be the ability to continue to provide excellent air, sea, and surface transportation ... because we sell location, transportation will be key to our success." -- James A. Garver, President and CEO.*

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When Broward Economic Development Council officials go out to "sell" Broward County, transportation is a key tool in their sales kit. "We are centrally located in a tri-county region with three airports, three seaports, and a solid surface transportation system," says James A. Garver, President and CEO. "We offer a tri-county population of over 4 million and a labor force of over 2 million, all within an hour's drive, as well as an excellent geographic location to Latin American markets." Add comparatively low wages and real estate costs, a strong cultural community and an attractive quality of life, and you have a winning combination.

Broward County businesses have access to three international airports in Ft. Lauderdale-Hollywood, Miami, and Palm Beach—and three major seaports—Port Everglades, the Port of Miami, and the Port of West Palm Beach. Interstate 95 and the Florida Turnpike provide north-south high-speed travel, and Interstate 595 offers a critically important east-west corridor connecting downtown Ft. Lauderdale, its airport, and Port Everglades with I-95, the Florida Turnpike, and I-75 to the west, and the Sawgrass Expressway looping to the north of Ft. Lauderdale.

"Prior to the construction of I-595, very few companies were attracted to the western part of the county

because it was stop-and-go traffic all the way," notes Garver. "I-595 has opened up that area to companies like Northern Telecom, Baxter Healthcare, and Federal Mogul, which want an outlying, campus-style setting. The connector is also attractive to companies needing to access the western part of the state. It has given us more to sell, more options to offer our prospects."

Over the past five years, more than 100 companies have relocated, consolidated, expanded, or started new operations in or near the I-595 corridor, resulting in the purchase or lease of over three million square feet of space, and the creation or retention of nearly 8,000 jobs for Broward County.

"All that translates into good news for our economy and tax base," adds Garver. "While we continue to seek manufacturing firms, we are showing an increase in value-added service businesses—health care, marine industries, printing and publishing, technology, back-office operations—and we are home to the world's fastest growing cruise port, Port Everglades.

"I-595 has become a lifeline running through the middle of Broward County. Our challenge will be the ability to continue to provide excellent air, sea, and surface transportation—and that includes improved rail service and mass transit. Because we sell location, transportation will be key to our success."

## **WINNING COMBINATION**

### ***Sunbeam Corporation***

*Good airport service played a key role in Sunbeam's decision to locate its national headquarters in Ft. Lauderdale. "It is absolutely crucial for all of us that we have the ability to catch frequent flights, so we don't have to spend time planning our meetings around limited flight opportunities." -- David C. Fannin, Executive VP and General Counsel.*

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With the majority of its manufacturing and distribution facilities located in the Southeast, it made sense for Sunbeam Corporation (formerly known as Sunbeam-Oster Company, Inc.) to relocate its headquarters operation from Providence, Rhode Island, following a change in senior management in 1993.

"We looked at Atlanta, Charlotte, Orlando, Tampa, and other locations," says David C. Fannin, Executive Vice President and General Counsel. "We could have located virtually anywhere we wished, but a combination of lifestyle, tax structure, available office space, and good airport service created a winning combination for Ft. Lauderdale."

Sunbeam Corporation is the kind of company Florida wants to attract. With 1994 sales of \$1.2 billion, the international firm is a leading designer, manufacturer, and marketer of consumer products—outdoor grills and furniture, household, health and personal care products, small appliances, animal care products, clocks, and weather instruments.

Sunbeam-Oster Intercontinental, Ltd. exported \$45 million in goods from the Port of Miami in 1994, and \$2 million through the Miami International Airport.

The company's 55-employee headquarters operation brings an attractive per capita income level and corporate commitment to the Ft. Lauderdale area its executives now call home. "Air service was a key qualifying factor in our decision to locate our corporate headquarters here," notes Fannin.

"Our CEO travels about three days or more a week on a variety of visits to our operations, customers, and prospects," he explains. "It is absolutely crucial for all of us that we have the ability to catch frequent flights, so we don't have to spend time planning our meetings around limited flight opportunities. We are about ten minutes from the Ft. Lauderdale-Hollywood airport and about 30 minutes from either Miami International or the airport at West Palm Beach.

"Obviously we would not be interested in being here on a long-term basis if there were a major decline in the quality of air service. I think the south Florida area has an excellent opportunity to attract and retain more corporate headquarters types of operations. For us, air service is the key."

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