



WHITE ELEPHANT WATCH: VOL. 1

Gulf Coast Parkway, Bay County, Florida

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Infrastructure is the foundation of America's society and economy. Yet not all investments are worthwhile. In fact, unnecessary projects create a long-term, unproductive cost burden—a form of infrastructure overhang. The “White Elephant Watch” series profiles projects that demonstrate the failures of the current U.S. policy approach to transportation infrastructure.

Federal surface transportation policy lacks accountability. Each year, states receive federal highway funding based on formulas set in law, which reflect political negotiations as opposed to objective measures of need or return on investment. This means that states are not required to demonstrate the social, environmental, or economic value of their projects. Federal funds operate as a largely unrestricted block grant, provided states meet certain procedural and design requirements. As a result, states often prioritize projects that fail to provide clear benefits or to advance national transportation policy objectives.

The steady flow of dedicated highway funds means that even dubious projects can advance. Take, for example, the proposed Gulf Coast Parkway outside Panama City, Florida, which has an estimated cost of \$420 million.¹ In an attempt to justify the parkway, the Florida Department of Transportation, or FDOT, is relying on highly problematic traffic growth estimates and simplistic economic development claims, making the project a poor use of federal highway funds.

Conjuring congestion in the absence of growth

The proposed parkway would be located to the east of Panama City. While FDOT has not selected a final alignment, the various alternatives all run essentially north-south for 29 miles from U.S. Route 231 through rural portions of Bay and Gulf counties, terminating in a small town called Mexico Beach that sits along U.S. Route 98. Currently, U.S. 98 serves as the principal highway for Panama City, Tyndall Air Force Base, and the surrounding beach communities.²

Gulf Coast Parkway alignment alternatives



Source: Florida Department of Transportation, "Alignments Map" (2009), available at http://gulfcoastparkway.com/pdf/gcp_alignsonly.pdf.

The most common justification for new highway projects is congestion relief. In the Panama City region, the most obvious candidate for increased congestion is U.S. 98. Typically, highway planners base their claims about future travel demand on two closely related factors: population growth and overall increases in driving. However, project documents, state records, and data from the Bureau of the Census tell a story about this region that significantly undermines the rationale for the parkway.

Panama City is a small urban center that has seen hardly any population growth in recent years. In 2000, according to the Bureau of the Census, the city had a population of 36,417.³ By 2013, the population had increased to only 36,877—meaning that the city grew by just 1 percent in almost a decade and a half.⁴ The entire population of Bay County, which contains Panama City and covers a massive 758 square miles,⁵ has grown by a little less than 27,000 people, or approximately 1 percent per year, since 2000.⁶ Outside Panama City, development drops off quickly. A traffic study commissioned by FDOT notes that the parkway would pass through an area so underdeveloped that between “US 231 on the west and SR 71/SR 73 on the east, there are no northbound paved roads that connect to the major roadways in the regional transportation network.”⁷

Yet even with essentially zero population growth within Panama City and only modest growth in Bay County, FDOT assumes the region will experience dramatic increases in driving. In fact, FDOT’s study predicts there will be so much travel growth that even after completion of the \$420 million parkway, traffic along U.S. 98 will increase by 40 percent to 90 percent by 2035.⁸

This finding is deeply problematic for two reasons. First, if one takes FDOT’s traffic predictions at face value, the state is pushing forward with a major highway project that will fail to deliver meaningful congestion relief. A major reason is that the proposed parkway would not connect most people to where they need to go. The various alternative alignments under consideration would all be far to the east of Panama City, which is the origin or destination for the majority of vehicle trips in the area. In short, the parkway would not provide a viable alternative to U.S. 98 for many drivers.

Second, the travel demand growth estimates used in the FDOT study are especially confounding when compared with stagnant or falling overall driving levels in Florida. From 2004 to 2013, the most recent year for which data are available, total driving in Florida fell by 1.7 percent.⁹ During this same time period, Florida’s population grew by more than 2.4 million people.¹⁰ These statistics point to a substantial structural shift in driving patterns that undermines the rationale for the parkway. In order for FDOT’s assumptions to be valid, the state would need to demonstrate why the Panama City region is expected to be such a significant outlier compared with the rest of the state.

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Economic development fallback

In the absence of any defensible findings to support the parkway project, FDOT turned to an all-purpose and politically expedient justification: economic development. The state of Florida has designated Gulf County as one of eight counties in Northwest Florida that are rural areas of “critical economic concern”—defined as areas that have been “adversely affected by an extraordinary economic event or natural disaster, or present a unique economic development opportunity of regional impact that would create more than 1,000 jobs over a five-year period.”¹¹ This designation is questionable given that the poverty rate in Gulf County is below both the Florida¹² and U.S. averages.¹³ Even accepting this designation, however, the more troubling question is how a highway located in an area so rural that it lacks any paved north-south roadways could possibly generate any economic development beyond temporary construction jobs.

FDOT states that the parkway is needed to provide “direct access to major transportation facilities (regional freight transportation routes and intermodal facilities); improved mobility; and direct access to tourist destinations in south Gulf County.”¹⁴ Essentially, FDOT is arguing that providing “direct access” between U.S. 231 and U.S. 98 for trucking companies will produce local economic development. However, FDOT’s own analysis shows that the average travel time on the parkway would actually be three minutes slower than on U.S. 98.¹⁵ In short, it is saying that a parkway slower than an existing highway intended to support through freight traffic will bring local economic development.

Conclusion

Unfortunately, under current federal policy, projects such as the Gulf Coast Parkway may advance with little to no scrutiny. In the future, states should be required to demonstrate how their projects will deliver economic, social, and environmental benefits prior to making major investments. Furthermore, states should be required to track and report the accuracy of their travel demand forecasts. Finally, a larger share of federal funding should be distributed on a competitive basis rather than by formulas set in law. The time has come to reform transportation policy to hold states accountable for how they spend limited funds.

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Endnotes

- 1 Results are based on author's calculation from Florida Department of Transportation, "Corridor Alternatives Evaluation Summary Report" (2009), available at <http://gulfoast-parkway.com/pdf/FINAL%20Gulf%20Coast%20Parkway%20CAESR.pdf>; The White House, *Table 10.1—Gross Domestic Product and Deflators Used in the Historical Tables: 1940–2020* (Executive Office of the President, 2015), available at <https://www.whitehouse.gov/sites/default/files/omb/budget/fy2016/assets/hist10z1.xls>.
- 2 Florida Department of Transportation, "Project Development and Environment Study: Gulf Coast Parkway, Gulf and Bay Counties: Draft Traffic Report" (2013), available at http://gulfoastparkway.com/pdf/Documents-for-Public-Hearing-2014/Gulf%20Coast%20Parkway%20Draft%20Traffic%20Report_.pdf.
- 3 Bureau of the Census, *Census 2000 Summary File 1 (SF 1) 100-Percent Data: P001: TOTAL POPULATION [1] - Universe: Total population* (U.S. Department of Commerce).
- 4 Bureau of the Census, "State & County QuickFacts: Panama City (city), Florida," available at <http://quickfacts.census.gov/qfd/states/12/1254700.html> (last accessed June 2015).
- 5 Bureau of the Census, "State & County QuickFacts: Bay County, Florida," available at <http://quickfacts.census.gov/qfd/states/12/12005.html> (last accessed June 2015).
- 6 Based on author's calculation from *ibid.*; Bureau of the Census, *Census 2000 Summary File 1 (SF 1) 100-Percent Data: P001: TOTAL POPULATION [1] - Universe: Total population*.
- 7 Florida Department of Transportation, "Project Development and Environment Study: Gulf Coast Parkway, Gulf and Bay Counties."
- 8 *Ibid.*
- 9 Results are based on author's calculation from Florida Department of Transportation Office of Policy Planning, "Florida Annual Vehicle Miles Traveled on Public Roads," available at <http://www.floridatransportationindicators.org/index.php?chart=6b&view=detail> (last accessed July 2015).
- 10 Results are based on author's calculation from Bureau of the Census, "State & County QuickFacts: Florida," available at <http://quickfacts.census.gov/qfd/states/12000.html> (last accessed July 2015); Bureau of the Census, *2005 American Community Survey, B01003 TOTAL POPULATION [1] - Universe: Total population* (U.S. Department of Commerce).
- 11 Florida Department of Transportation, "Corridor Alternatives Evaluation Summary Report."
- 12 Bureau of the Census, "State & County QuickFacts: Bay County, Florida."
- 13 Bureau of the Census, "State & County QuickFacts: USA," available at <http://quickfacts.census.gov/qfd/states/00000.html> (last accessed June 2015).
- 14 Florida Department of Transportation, "Project Development and Environment Study: Gulf Coast Parkway, Gulf and Bay Counties."
- 15 *Ibid.*