BACKGROUND: The Minerals Management Service, in the Proposed Outer Continental Shelf Oil and Gas Leasing Program for 1997-2002, stated its intention to lease an area for development in the western edge of the Eastern Planning area of the Gulf of Mexico in the year 2001. Because the experience of Texas and Louisiana has indicated substantial social and economic impacts onshore from Outer Continental Shelf (OCS) activity are possible, the Minerals Management Service wanted to investigate the potential impacts on affected communities in the Eastern Gulf of Mexico.

OBJECTIVES: The purpose of this study was to develop a projection of the effects of potential offshore activity on the Florida Panhandle. The Minerals Management Service asked the RPC team to develop a baseline socioeconomic description for Panama City, Pensacola, and Ft. Walton Beach and to develop projection models to investigate the
possible socioeconomic consequences of various onshore support scenarios on these communities. The project also includes studies on four local industries that could be impacted by the operations of a support base in the Florida Panhandle: fishing, military, ports, and tourism. The project also analyzes possible user-conflicts or benefits that these industries might encounter with the operations of the support base located in the Florida Panhandle.

The team developed an economic-demographic model to assess the impacts of alternative OCS development scenarios on population for the Panama City and Pensacola areas. It also assessed the impacts on employment, revenues and expenditures of local governments, school enrollments, and demands on selected public services.

DESCRIPTION: If the oil industry were to locate an onshore service base in the Florida Panhandle, the projected socioeconomic impacts on the Florida Panhandle would depend on: 1) the size of the hydrocarbon potential in the Eastern Gulf of Mexico; 2) the intensity with which the industry could exploit it; and 3) the range of goods and services that an onshore support base in the Florida Panhandle could provide the offshore oil industry.

SIGNIFICANT CONCLUSIONS: The Minerals Management Service Florida Panhandle Model was developed to enable users to prepare plausible quantitative projections of the implications of various OCS development scenarios for selected counties and communities. The model is structured as a set of three economic-demographic sub-models, representing the metropolitan areas of Fort Walton Beach, Panama City, and Pensacola, Florida.

The model assesses three development scenarios within the Florida Panhandle. The first two scenarios involve alternative levels of OCS production from Lease Sale 181. The third scenario assumes that Chevron's Destin Dome project will be supported, in part, by facilities located in the panhandle. Each scenario is analyzed assuming the onshore support base will be located in the Panama City area or in the Pensacola area since the Fort Walton Beach area lacks a deep water port and is therefore deemed unsuitable for OCS support facilities.

The peak year is 2020, in terms of the cumulative number of persons added to the population due to the sum effect of Lease Sale 181 and the Destin Dome project. In that year the reasonable maximum effect would be between 1,018 and 1,561 persons because of both projects.

Findings of this research indicate that the level of proposed OCS activity that might be serviced by an onshore base in the Florida Panhandle probably would not affect the level of military or tourism activity in the region. However, tourism stakeholders view the benefits of an onshore support base as very small compared to their perceived risks of environmental degradation. Strong peer pressure exists in the Florida Panhandle to oppose anything related to OCS development. Additionally, a support base could cause
potential user conflicts with the military. Support boats and helicopters based in the Florida Panhandle would cross the aerial operations area of three military installations. There are concerns on how additional boat traffic might interfere with operations if the support base grew beyond a certain size.

Long term estimates suggest that even if both Lease Sale 181 and the Destin Dome project are supported by a base in the Florida Panhandle, the increase in the population due to this support will be less than two percent of the increase due to immigration from 2000 to 2035. The projected size of an onshore support base therefore would have relatively little impact on employment, public services and infrastructure. Impacts due to OCS development would be small relative to increased demands associated with projected baseline growth in the region’s economy and population.

**STUDY RESULTS:** Few economic incentives are present to drive OCS support industries into the Florida Panhandle at the projected levels of OCS development in the Eastern Gulf of Mexico because support bases are most efficient when close to offshore wells. Concerns among stakeholders in the area’s tourism industry about the risks of offshore oil and gas production have lent support to the Governor of Florida’s public position that the Federal Government should not sell new oil and gas leases in Florida Federal waters within 100 miles of the Florida coast. If made law by Congress, this restriction would limit future appeal and opportunities for onshore OCS-related industry in the Florida Panhandle.


*P.I.’s affiliation may be different than that listed for Program Manager(s).*