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SPECIAL REPORT

One-Ticket Town: The Costs of a Tourism Economy

Part 1 in a 5-part series

Tourists grab thrills — locals ride same old economy

By MARY SHANKLIN and TIM BARKER
SENTINEL STAFF WRITERS

Texas has the oil barrel. Detroit has the automobile. Silicon Valley has the microchip.

Orlando has the Gonzalez family.

Last August, Jon and Jeanne Gonzalez and their children, Allison, Stephanie and Randy, spent eight days away from their home in Edison, N.J., for a vacation in Orlando. They came to have fun. But they also allowed *Orlando Sentinel* reporters and photographers to use their trip as a window to how a typical tourist family affects our local economy.

For the next few days, you'll follow the Gonzalezes' trip in words and pictures — and get to know them not as a family but as what an economist might call a basic unit of production. You'll meet the service workers whose jobs depend on them and gauge how every dollar the family spends reverberates through our economy. You'll also see how dream vacations such as theirs strain local resources such as roads and law enforcement.

One family's journey

The Gonzalez family and millions like it provide the fuel that makes Orlando run. The family's credit cards and bulging billfolds give jobs to one of every four residents of metropolitan Orlando. Vacationers are the reason Orlando has been

PLEASE SEE **JOURNEY, A14**

ED SACKETT/ORLANDO SENTINEL

Wake-up call. A flag flies at half-staff at Walt Disney World on Sept. 12 as terrorism sends shock waves throughout Central Florida's tourism-dependent economy.

By MARY SHANKLIN and TIM BARKER
SENTINEL STAFF WRITERS

For three decades, Orlando has been transformed, built and defined by an industry that creates fantasy vacations for the world.

Tourism has given this city its modern identity, turning a collection of orange groves into an international vacation spot with amenities serving visitors and residents alike.

But there is another reality for those who live in the industry's shadow. Orlando's tourism-dominated economy has taken a toll on the region's quality of life. An *Orlando Sentinel* study has found the metropolitan area trailing comparably sized cities where jobs pay more, schools are stronger, crime rates are lower and roads are less crowded.

The *Sentinel* analyzed how Central Florida stacks up against 20 other cities — 10 larger and 10 smaller — in everything from classroom sizes to wages. What is clear is this: The nation's 27th-largest metropolitan area excels at little beyond being one of the world's top tourist destinations, and it lags behind most comparably sized U.S. cities in virtually every category studied.

The Orlando region is on an economic plateau it reached through three decades of tourism successes. This landscape is continually dotted with new theme parks, hotels and an expanding convention center. But with each new tourism endeavor, Orlando's dependence on the industry grows.

Among the consequences:

- Orlando's failure to diversify has left it more vulnerable to economic downturns and recession. As a result, the area was among the hardest hit in the nation in the aftermath of Sept. 11.

PLEASE SEE **ECONOMY, A16**

JESSICA MANN/ORLANDO SENTINEL

Diving into economy. The Gonzalezes, Allison, Randy (front); mom Jeanne, Stephanie (middle); and dad Jon, near the finale at Splash Mountain on Aug. 18.

KEVIN FRAYER/ASSOCIATED PRESS

Closing in. Anti-Taliban soldiers watch U.S. bombs fall Saturday near Tora Bora, Afghanistan.

Taliban fighters look for way out

Bombing continues amid surrender talks

By DAVID LAMB and MEGAN K. STACK
FOREIGN CORRESPONDENTS

TORA BORA, Afghanistan — After another night of relentless U.S. bombing, anti-Taliban forces took the ground above the trapped remnants of Osama bin Laden's personal army Saturday, and commanders from both sides began a new round of surrender negotiations.

The peasant militias that make up the anti-Taliban forces here in eastern Afghanistan claimed to have advanced more than one mile up the rugged White Mountains around Tora Bora. The bombing was taking a heavy toll on the trapped al-Qaeda fighters, they said. One front-line commander said he had seen many bodies and, "They were in pieces from the bombing."

But despite the advances, which were backed by an estimated 300 U.S. and British troops, the grand prize still eluded the ragtag militiamen: the destruction of the al-Qaeda terrorist network in Afghanistan and the capture or death of bin Laden, the Saudi millionaire who has become the world's highest-profile terrorist.

U.S. Defense Secretary Donald Rumsfeld,

PLEASE SEE **TRAPPED, A8**

Quick Read

A one-minute take on the news

Anthrax probe eyes CIA contractor
Anthrax mailed to Capitol Hill is identical to that from a U.S. military research institute at Fort Detrick, Md., studies show. **NATION, A11**

Philippine rescue has deadline
Thousands of soldiers are scouring the mountains of Basilan island in the Philippines for the Abu Sayyaf and their hostages. **WORLD, A20**

Sentinel Santa helps shelter family
Anthony House in Zellwood has been a haven for a struggling couple and their children who endured a punishing year. **LOCAL & STATE, B1**

'Rings' made to scale
Depicting Hobbits and wizards (Sir Ian McKellen as Gandalf, at right) in perspective was a challenge. **A&E, F1**

Today's Weather

HIGH **80**

UV Index: 4

Partly cloudy and mild. Winds east at 5-10 mph. Low, 62. **FORECAST, A24**

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RC

Date: Sunday, December 16, 2001 Section: A SECTION
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TOURISTS GRAB THRILLS -- LOCALS RIDE SAME OLD ECONOMY

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But there is another reality for those who live in the industry's shadow. Orlando's tourism-dominated economy has taken a toll on the region's quality of life. An Orlando Sentinel study has found the metropolitan area trailing comparably sized cities where jobs pay more, schools are stronger, crime rates are lower and roads are less crowded.

The Sentinel analyzed how Central Florida stacks up against 20 other cities -- 10 larger and 10 smaller -- in everything from classroom sizes to wages. What is clear is this: The nation's 27th-largest metropolitan area excels at little beyond being one of the world's top tourist destinations, and it lags behind most comparably sized U.S. cities in virtually every category studied.

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Among the consequences:

Orlando's failure to diversify has left it more vulnerable to economic downturns and recession. As a result, the area was among the hardest hit in the nation in the aftermath of Sept. 11.

Workers in Orlando are among the lowest paid in cities of comparable size, even when cost of living is considered. And those salaries have generally been slower to grow.

The economy is dominated by an industry that makes its money here but keeps its headquarters elsewhere. This absence of corporate bases in the area means less power and prestige, while allowing much of the cash spent here by tourists to trickle away to cities that sell more than vacations.

Central Florida's features that draw tourists -- warm weather, outdoor living and relaxed atmosphere -- make life pleasant for residents as well. But by many other traditional "quality of life" indicators, Central Florida trails most of the comparison cities. The metropolitan area is at or near the top of the list of cities in crime rates, traffic-fatality rates and long commutes. It has some of the most crowded classrooms. And while metro Orlando was in the nation's top five cities for high home-ownership rates in the 1980s, it has since lost a greater percentage of homeowners than any other city studied. It now ranks 19th in homeownership among the 21 cities.

Putting all of Central Florida's problems on the local tourism industry's doorstep would be wrong. Many of the problems are fundamental to Florida's economy as a whole. Funding decisions about

schools and roads are made in Tallahassee or Washington. Local leaders have a chronic inability to accommodate the growth spawned by tourism. Last week, many of those local leaders acknowledged as much in unveiling a two-year plan, called myregion.org, aimed at promoting economic diversity and improving quality of life.

Orange County Chairman Rich Crotty said tourism has brought Central Florida a long way but it's not enough by itself. He favors doing whatever is needed to support the industry, but he said the lesson of Sept. 11 for metro Orlando is that it needs a more diverse economy. "Tourism has been hugely successful," he said. "But we cannot depend, as a county, on any one industry -- especially one that doesn't offer high-paying jobs."

A PROFOUND INFLUENCE

Tourism's impact has been tremendous. It has given the community its identity. It has taken Orlando from small-town status to that of an international destination with a top-flight airport, a major convention center, jobs aplenty and unemployment rates well below national averages.

Many people reading this story would not be living in Orlando were it not for the growth fueled by tourism. The region's population has more than tripled from 453,000 in 1970 -- the year before Walt Disney World opened -- to 1.6 million today.

But what has come to haunt Orlando most since disaster struck America on Sept. 11 is the area's dependence on an industry that lives and dies by public perception. The attacks on New York and Washington hit tourist-dependent Orlando and Las Vegas harder financially than any other cities.

Sept. 11's toll extends beyond the 1,500 Orlando-area hotel and restaurant workers who have lost their jobs since August. Unemployment rates are still below the national average but have almost doubled in size with 4.4 percent of area residents being out of work in October compared with 2.5 percent a year ago.

Before the disaster, Orlando's wages were expected to grow faster than wages of two-thirds of U.S. cities. But with the tourism downturn, 80 percent of the nation's cities are now expected to see their wages grow faster than Orlando's, according to Economy.com, a company that compiles economic, financial, and industry research.

The Sept. 11 disaster drove home the fact that, except for Las Vegas, no comparable city has relied so much on one industry as Orlando has relied on tourism.

Alan Villaverde, general manager of The Peabody Orlando and longtime hotelier, hails tourism's place in the community. Without it, where would Orlando even be today?

"You have to take a look at 25 years ago and where Orlando was. If tourism didn't come along, who would have replaced the agriculture community?" he asked.

Citrus dominated Orlando's economy for decades. Then in 1956, the Glenn L. Martin Co. -- now known as Lockheed Martin -- grabbed 12 square miles in southwest Orange County to build a defense plant.

The passing of the economic baton to tourism took decades but was crystallized perfectly in 1998, when Universal Orlando bought 2,100 acres from Martin, hoping to use the defense contractor's remote missile-assembly area to make room for another theme park, hotels and expansion of the Orange County Convention Center.

21 CITIES STUDIED

The 20 metropolitan areas compared with Orlando in the Sentinel study range from the country's 17th largest, San Diego, population 2.8 million, to the 37th largest, Austin, Texas, population 1.2 million. Right in the middle is the Orlando area -- including Orange, Osceola, Seminole and Lake counties -- with a population of 1.6 million, according to the 2000 census.

Size is the only denominator in an otherwise random selection of cities. The list blends Orlando and other booming Sun Belt cities of Tampa, San Antonio, Austin, and Charlotte with the older, bricks-and-bratwurst centers of St. Louis, Milwaukee, Pittsburgh and Cincinnati. Geographically, it stretches from Greensboro on North Carolina's Piedmont Plateau, to Salt Lake City in the Rocky Mountains, to Portland in the Cascades. The major Navy ports of San Diego and Norfolk, Va., share space with landlocked stalwarts of the Midwest, Kansas City, Mo., Indianapolis and Columbus, Ohio. New Orleans and Las Vegas -- capitals of decadence, old and new -- are mingled with Denver and Sacramento -- state capitals.

Most of the cities compared have several breadwinners to help keep their economic engines running even when one industry stalls. Austin, Charlotte, Cincinnati, Columbus, Denver, Indianapolis, Sacramento, and Salt Lake City all have a healthy mixture of service, government, manufacturing, retail or financial jobs.

In Charlotte, one man helped that Southern town emerge from its manufacturing roots. As Bank of America President Hugh McColl consumed competitors and built the nation's largest bank during the past 40 years, Charlotte became the nation's second-largest financial center.

In Austin, the University of Texas and city leaders teamed up during the 1990s to attract headquarters or major divisions of such high-tech giants as Dell Computers Inc., Motorola Corp., IBM Corp. and Advanced Micro Devices Corp. Mid-range salaries in the college town jumped 8 percent a year on average. Meanwhile, Orlando paychecks increased less than 4 percent a year.

In Orlando, service jobs are king and government-related jobs come in a distant second. For every government worker in Central Florida there are three service jobs, according to the U.S. Bureau of Labor Statistics.

Service jobs do not necessarily mean low-paying hotel-clerk jobs. They can be engineers or veterinarians or computer programmers. And Orlando has increased its high-tech presence with Lockheed Martin and Cirent Semiconductor.

Yet the metropolitan area had more low-paying service jobs than any comparable city except Las Vegas because Central Florida's service sector is loaded with amusement, hotel and restaurant workers.

LOW PAY IN ORLANDO

Orlando's reliance on tourism not only leaves the area more susceptible to a downturn, but wages from the biggest show in town are so low that workers struggle even in good times.

Metropolitan Orlando's $26,568 per capita income places it 17th on the list of the 21 cities studied, even after the city's relatively low cost of living is taken into account. Among cities studied, Sacramento had the highest cost of living, San Antonio had the lowest, and Orlando ranked 12th, according to Dowden & Co., a Pennsylvania-based research firm.

Not only are local earnings low, but they're slipping compared with the national standard. In 1989, Orlando-area residents earned 7 percent less than the national average. A decade later, that gap had widened to 13 percent.

Meanwhile, Austin and cities in the North Carolina "Research Triangle" started with wages similar to Orlando's in 1989 but by expanding high-tech operations their wages far exceeded the national average a decade later, according to a study by the University of Central Florida's high-tech economics center.

Being an affordable community doesn't make up for the fact that pay is low, said Peter Panousis, director of the center.

"Most job candidates are more interested in their salary than how cheap or expensive it is to live in a place," said Panousis, former president of Cirent Technologies. "I never once had a person say: You can pay me less because I get to live in Orlando."

Tourism boosters are quick to point out exceptions to low-wage jobs. Disney has its own law, engineering and marketing firms. And 450 of Disney World's full-time workers -- or about 1 percent of the company's 39,500 full-time workers -- have high-tech careers, designing rides and attractions.

This has been a consistent element of a recent advertising campaign by the industry, which is trying to improve its standing with the public. In the advertisements, the industry claims credit for the absence of a state income tax -- something actually mandated by the state's constitution -- while luring high-tech and skilled workers to the area.

Behind every glitzy ride, the industry says, is a host of well-paid programmers, designers and builders.

But not all of them live in Orlando. Consider Universal Orlando's Spider-Man ride, widely heralded because of its innovative use of 3-D technology.

Of about 27 companies that built the ride, only six are based in Central Florida. High-tech firms in California, British Columbia and New York did most of the heavy lifting.

Still, Disney maintains that 40 percent of its full-time staff earns more than $30,000. Universal Orlando said 30 percent to 35 percent of its workers were above that threshold, and SeaWorld officials would not discuss salaries. Theme parks will not disclose the midpoint salary -- considered a better measuring stick -- for all full-time employees.

On the low end of the scale, Disney's full-time laborers start out earning more than $1 over minimum wage. But that's still only a third of what is considered a livable wage in this area, according to the National Housing Conference, a nonprofit organization that promotes safe and affordable housing.

And because 38 percent of Disney's 54,600 employees are part-timers, a substantial portion of the work force does not qualify for full-time wages and benefits.

Still, Disney says the types of jobs it creates benefit the Orlando area.

"Opportunities abound for people looking for part-time work or people in transitional stages of their lives," Disney spokesman Bill Warren said. "What our community enjoys is a clean industry that turns out a positive cash flow for our government."

And while Orlando may not have the best wages, its money-making potential has been the envy of other cities, said Bill Peeper at Orlando's Convention and Visitors Bureau.

"No city in America wouldn't give its right arm for one gate at Disney," he said. "Just one gate."

Perhaps. But at least one city in the newspaper's study group is actually quite happy if low-wage jobs go elsewhere.

In recent years, San Diego-area leaders have focused more on increasing the median wage and quality of life of local residents than adding low-paying jobs just for the sake of creating new jobs, said Matt Eary, economist with the San Diego Council of Governments.

"We don't need just any job. We don't need Wal-Mart. We need good jobs," Eary said. "We don't need to bring more people here to exacerbate the problem. Local officials are starting to understand."

HEADQUARTERS SCARCE

Orlando lacks more than paycheck diversity. It also has a dearth of corporate flagships. None of Central Florida's theme-park owners has headquarters here. And the only Fortune 500 companies located in the metropolitan area are Darden Restaurants Inc. and Hughes Supply Inc. Of the 20 cities nearest in size to Orlando, 13 had more Fortune 500 headquarters and three had fewer.

"Orlando is like a back-office kind of city. You see all the big names of banks, but it's not the headquarters" said Gary Shoesmith, a Wake Forest University professor and expert in Southeastern U.S. economies.

Corporate headquarters bring more than prestige to a community. They pump up the charities' bottom lines and give cities more clout to get state and federal money for roads and other improvements, Shoesmith said.

Even though Central Florida's tourist operations donate millions every year to nonprofit groups, one local leader said the companies have not lent their expertise to help solve problems brought on by rapid growth in a low-wage industry.

"Who is probably the best deliverer of mass transit in the state and probably the nation -- Disney," said James Sellen, Orange County's planning director from 1976 to 1980. He said the same ideas that created the company's vaunted system of buses and monorails could help local governments. "Why aren't they coming to the table [to help solve local problems]? They should come to the table."

Disney spokesman Warren said his company has contributed its time and know-how to several local projects, including the planned Horizon West community in southwest Orange County.

Warren also said Disney's contribution to the Osceola Parkway-Interstate 4 interchange stands as one of the best examples of a public-private partnership in Central Florida. That interchange serves Disney's Animal Kingdom.

WHAT ABOUT RESIDENTS?

Central Florida's dependence on a low-wage industry with no corporate headquarters has affected the community in more visible ways -- from its highways to its neighborhoods. Tuesday's

installment in this series will detail how Orlando's vital statistics for key indicators of quality of life -- crime, housing, education and roads -- put it at or near the short end of the 21-city list in most categories.

As Orange County's chief public official, Crotty agreed that tourism comes with baggage. He cited clogged roads, stressed law enforcement and crowded jails as the main negatives inflicted upon the region by tourism.

But he said there is only so much the county can or should do.

"As long as they have a profit motive. This is America. You can't fault corporate leaders for trying to capitalize on success."

But former Orange County Commissioner Vera Carter looks at Orlando and sees missed opportunities.

The area's failure to diversify its economy and to improve life for its citizens has much to do with what it has focused on in the past, she said.

"Most of our time, money and effort has been spent trying to attract tourists," Carter said. "How much time, money and effort is left for the residents?"

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Correction: **********CORRECTION PUBLISHED DECEMBER 17, 2001**********

An article and photo caption in Sunday's Orlando Sentinel about a family's recent vacation to Florida misidentified the airline the family flew on and one of that airline's employees. The Gonzalez family traveled on Continental Airlines, which is the employer of customer-service representative Bonnie Cook at Orlando International Airport.

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TOURISTS GRAB THRILLS - LOCALS RIDE SAME OLD ECONOMY

Texas has the oil barrel. Detroit has the automobile. Silicon Valley has the microchip.
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The Gonzalez family and millions like it provide the fuel that makes Orlando run. The family's credit cards and bulging billfolds give jobs to one of every four residents of metropolitan Orlando. Vacationers are the reason Orlando has been on America's list of boomtowns for 30 years, the reason we have a world-class airport, a fleet of global tourist attractions and more hotel rooms than any U.S. city except Las Vegas.

But take a closer look behind the scenes of the Gonzalez vacation and you'll also get a less-flattering, rear view of Orlando's flashy tourism billboard.

Over the years, Central Florida's dependence on the Gonzalezes of the world has shaped a society in which schools struggle to educate students from low-wage, highly mobile families. Many of the roads the family took from one attraction to the next were so crammed that commutes take longer than in most comparable cities. The workers who cleaned their rooms and served them food cannot afford to escape the treadmill of renting.

The Gonzalezes came to Orlando to see Mickey Mouse. But one of the first locals they passed when they stepped off the plane was Carmen Alvarez, a cleaning lady at Orlando International Airport. She and the other uniformed custodians pushing trash carts to the far ends of the terminals are responsible for keeping the gateway to Orlando gleaming for tourists. Alvarez emptied trash cans and cleaned countertops that the Gonzalezes walked by without a second thought.

The family also walked right past United Airlines customer-service representative Bonnie Cook, 36. Cook is one of the better-compensated workers on tourism's front lines, earning $20 an hour. She works three nights a week so she can enjoy her children, Bradley, 6, and Jennifer, 4, during the days.

At the baggage-claim area, skycap Thomas Knuckles, 24, watched and waited as the Gonzalez family members retrieved their luggage from the conveyor belts. The Kentucky native was working four shifts a week at the airport in between semesters at the University of Central Florida, where he has been pursuing a degree in political science.

Alvarez, Cook and Knuckles are just three of the 168,000 jobs that the tourism industry touts as one of its major contributions to Orlando.

The safe, family-oriented environments fabricated for the Gonzalezes' pleasure are really just islands of security in a broader community where crime rates soar because of low wages, transient lifestyles and overwhelmed law-enforcement agencies.

The family spent money, to be sure: Exactly $3,849 during its eight-day Orlando sojourn. Each of those dollars was magnified nearly twofold as it rippled through the economy, as if it were a penny tossed into a wishing well. But the ripples eventually dissipate, and because of the way Orlando's economy is structured, about half of that economic impact is eventually lost to communities elsewhere, communities that sell more than vacations. A U.S. Commerce Department economic model of Orlando shows about 46 percent of the benefits from Gonzalez spending roll right out of town.

This pattern can be illustrated with something as simple as what a hot tourist might want to buy: a cold drink of water.

The day the Gonzalezes visited Disney's Magic Kingdom, a Haitian named Frankie was selling 24-ounce bottles of iced water for $2.50 each to sweltering park guests near the Plaza Restaurant. Meanwhile, another park worker filled up the coolers in Frankie's cart with ice. That ice came from Winter Park Ice Co. in Orlando. At a plant off John Young Parkway, machines froze the ice in a 7-degree room. Workers wearing winter coats packaged 32 bags per minute in the 55-degree bagging room.

The ice company delivered its frozen wares to Disney and other places via $85,000 freezer trucks purchased from Heintzelman's Ford Trucks on John Young Parkway in Orlando. From the dealership, the trail of dollars leads out of town -- to Ford plants in Louisville, Ky., and Norfolk, Va., that build those trucks.

Automakers pay good wages to the workers living in those cities. And other cities are headquarters for still more businesses with high-paying jobs ultimately needed to support the Gonzalez vacation -- jobs providing goods and services such as banking, computers, food suppliers, insurance, engineering and cellular telephones.

Certain fragments of those industries exist in Orlando, too. But the largest chunk of dollars Orlando holds on to from the Gonzalez vacation goes to businesses paying lower wages. The Commerce Department model shows that $1,651 -- or 43 percent of the total dollar benefit to Orlando -- goes to hotels, amusement parks and restaurants.

The story of the Gonzalezes' journey through Central Florida, just before Sept. 11, is a reminder that no matter how much tourism "recovers" from the current slump, the way it was during their stay is about as good as things get for Orlando's economy.

That's not so bad for people such as Jellena Kulla, the maid at the Hawthorne Suites hotel who cleaned the Gonzalezes' room after their first night in town. She makes three times more in that minimum-wage job than her old job with a village florist in the former Soviet Union.

Kulla wheeled her cleaning cart from room to room, and worked her way through the unmade beds and wet towels as the Gonzalezes packed their bags and headed for the theme parks. She eventually plans to return home to her husband and three children in Estonia with the money she makes here.

She's quite content with that type of arrangement.

And for about three decades now, Orlando has been quite happy with it, too.

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See microfilm for complete box and chart.
Lines: 215
Tag: 0112160082

OTHERS FEAST ON TOURISM TAX BOUNTY During their eight-day vacation, Jon and Jeanne Gonzalez bought hundreds of dollars' worth of souvenirs, and rented a hotel room and a car. They dropped close to $1,000 in eateries, dining on rib platters, drinking strawberry margaritas and downing caramel sundaes. In spending its way through the tourist side of Orlando, the New Jersey family paid hundreds of dollars in taxes that will help finance everything across the state from asphalt on highways to zoning maps.

Multiply the Gonzalezes' experience by up to 50 million visitors a year to Central Florida, and it's easy to see why politicians love tourists. Visitors foot so much of government's bill that Florida can get by without a state income tax. Of 21 midsize cities, only Las Vegas had lower overall taxes than Orlando. But the way government divides up all that money it collects from tourists is a key factor in the tension between Central Florida's tourism-dominated economy and the region's quality of life. Tourism's tax bounty does not fully belong to local residents. Only a fraction of the tax dollars harvested from Central Florida tourists goes to the people who share roads, deputies and public spaces with an average 150,000 visitors a day. Orange County is known as a "donor county" because it gives so much of its tax wealth to the rest of the state. The Legislature divvies up sales and gas taxes so that all of Florida benefits from Orange County's tourism successes. How the state distributes surplus sales taxes is just one example of how formulas devised in Tallahassee or Washington can work against Central Florida. Florida gets about 10 percent of all sales taxes it reaps statewide from Orange County. Yet when the state split up a $730 million surplus among local governments last year, Orange and its cities got back $35 million -- or less than 5 percent. Other taxes on airplane tickets, hotel rooms and new construction are plowed back into Central Florida's tourism machine, building roads into theme parks, convention centers and new airport runways. "So far as a direct benefit from tourist-paid taxes, there really isn't a clear benefit across the county to the citizens," said Orange County Comptroller Martha Haynie. Parts of the county, such as hotels, benefit, but there is no direct connection between citizens and taxes paid by tourists, she added. Tourism-industry leaders say their presence creates so much economic activity that there's plenty of tax revenue to go around, no matter how you cut it. "Citizens are benefiting enormously from that," said Bill Peeper, president of the Orlando/Orange County Convention & Visitors Bureau. Tourism is a tax bonanza. Ever since Walt Disney announced plans to build an Orlando theme park in 1965, economists have envisioned the tax impacts. Experts predicted that Disney vacationers would pay $250 million to $350 million in taxes during the first 10 years. Today, Central Florida visitors pay about $1 billion a year in direct and indirect taxes. In sales taxes alone, tourists paid 47 percent of the $1.5 billion collected in Orange County last year, according to the Convention and Visitors Bureau. The county and its cities got $136 million last year from local government's half-cent share of the 6 percent state sales tax. Property taxes are another boon. Hotels, International Drive businesses and theme parks paid about $93 million in real estate taxes to Orange County last year -- and industry leaders say they pay an additional $38 million beyond that in personal

property taxes. But in a region where highways and classrooms are crammed beyond capacity, where crime rates are high and where school test scores are below the national average, some local leaders have questioned why taxes paid by tourists don't benefit local residents more. "We're like a big tax collector for the sales tax," said Orange County Chairman Rich Crotty. "We collect it and ship it off and don't get nearly what we paid." SALES TAX GOES AWAY When the Gonzalezes bought $8 Mickey Mouse ears at Disney's Geiger's Counter shop, they paid 48 cents in sales taxes. Less than a nickel of that will come back to local government coffers in Orange County. The rest will help operate the state and local governments, much of it ending up in parts of Florida the Gonzalezes will never see. The state uses most of the $16.5 billion in sales taxes it collects each year to provide government services statewide -- including in Orange County. Some of that money -- about $730 million last year -- is sent directly to local governments as "revenue sharing." But Tallahassee redistributes that portion based mostly on population, and Crotty said that's unfair because it discounts millions of visitors who stay here and aren't included in the official population. "We're a county twice as big as the Census Bureau thinks we are," the Orange County chairman said. As unfair as the sales- and gas-tax spending seems to local leaders, changing the distribution formulas would be extremely difficult. Other counties would fight any effort to strip them of the bonus they get from Orange County, said Crotty, a former state legislator. "Politics 101 says that when you deny something to someone, they get angry, but when you take something away from somebody, they go crazy," he said. "There's no quick fix on this." Walt Disney World would be willing to lobby the state to re-examine the way it distributes sales taxes, said Jane Adams, vice president of government relations for the company that was politically powerful enough to have its own government. "We would be happy to help," Adams said. Ultimately the decision is the state's, she added. The way sales taxes are distributed throughout the state may not be perfect, but it's necessary to assist counties that do not have Orange County's enviable tax base, said Sen. Richard Mitchell, D-Jasper, a member of the Senate Appropriations Committee. Central Florida may be strapped with congested roads, crowded schools and other problems, but Mitchell said his Panhandle district has problems such as high infant-mortality rates and a lack of transportation. "It's unfortunate that we have to have donor counties, but that's the way it is," Mitchell said. "All of the counties I represent would love to be donor counties. So many of the counties are undeveloped that they have no tax base." Not only do local governments get little return on sales taxes generated here, the state government actually loses sales taxes to visitors. When the Legislature grants tax-free days on certain retail merchandise to help out parents on their August back-to-school shopping, visitors from other states and countries forgo paying sales taxes just as Floridians do. BUILDING ROADS ELSEWHERE When the Gonzalezes leased their white Buick sedan, their rental-car bill included a $2 daily surcharge that will help build roads from Fort Myers to Jacksonville. "If anything, their tax spending shouldn't be benefiting other parts of the state. It should stay here locally," said Bob O'Malley, spokesman for Metroplan Orlando, a transportation planning group. "The impact of those rental cars is being felt here. It adds more cars on our roads and not more cars in Tallahassee, not more cars in Jacksonville." Metroplan hopes the Legislature will redirect 80 percent of rental-car fees back to the county from which they came. That would mean an additional $11 million for roads in Orange County. What doesn't come back to the county would continue to be spent on tourist promotions. Orange County's rental-car fees are not the only taxes that benefit other parts of the state. Gas taxes from Orange County also get spread throughout Florida. When Jon Gonzalez started the rental car, the gas gauge showed a full tank. That tank of gas pumped $7.50 of fuel taxes into government coffers. Only about $1.70 of that comes back to local roads in Orange County. The rest goes to federal and state transportation budgets, a fraction of which comes back to Central Florida. Florida leaders have complained for years about what they call an unfair federal gas-tax distribution formula. The formula siphons tens of millions of dollars from collections in Florida and spends that money for highway work in other states. But even within Florida, Orange County gives more than it gets, local officials say. The huge volume of tourists renting cars and buying gas helped raise $209 million in federal, state and local fuel taxes in Orange in 2000, according to the state revenue department. But the county is only guaranteed to get back a $48 million local portion, plus a piece of a $25 million share earmarked for nine counties around Orlando. Crotty dismissed the theory that a fair share of remaining gas-tax dollars eventually makes its way back to Central Florida via state highway-

department spending. "It's the state roads that are the most crowded," he said. State roads such as 50, 436 and Sand Lake Road have not been improved in 20 years while the population doubled, said Orange County chief transportation planner Renzo Nastasi. County dollars go to improve local roads to ease the load on the failing state roads. And two years ago, Orange spent $2.5 million of county funds improving State Road 50, Nastasi added. TOURISM REAPS BENEFITS Not all of the taxes generated by the tourism business in Orange County spread through the state. A number of taxes and fees never leave the county. But rather than benefiting everyone in the county, many of those taxes stay in the tourism corridor. The airline tickets for each of the five Gonzalez family members, each way, included a $3 passenger fee, which goes back to the Newark and Orlando airports. All of that money, which amounts to about $41 million a year, pays mostly for construction. By federal law, that money cannot go into local government coffers and must be spent at airports. When the Gonzalezes paid their $88 hotel bill for a night at Hawthorne Suites near Lake Buena Vista, part of their tab indirectly paid for hotel-construction costs and impact fees. Developers paid $66,084 in transportation impact fees when they built the 120-room hotel last year. By law, that money must stay in southwest Orange County, most of it expanding existing roads or building new ones there. The most controversial of the tourist-related taxes is the resort tax. The Gonzalez hotel bill included $8 for the tax. Most of the hotel tax by state law goes into the Orange County Convention Center and pays for construction loans on the center. Earlier this year, a legislator proposed a bill that would have freed up hotel taxes for uses such as schools and law enforcement. The bill died, but the debate did not. Local leaders have discussed whether all the resort-tax revenues should go to the convention center, which loses millions of dollars most years but manages to help fill hotel rooms with about 9 million conventioneers a year. Other cities have redirected their hotel taxes. Cities such as Las Vegas, New Orleans, Seattle and Chicago spend part of that money on schools, sidewalks and roads. Local politicians and others favored a broader use of hotel taxes by 3-1 in a poll three months ago. Three of seven county commissioners supported a wider distribution of the $109 million pot. But any momentum to spread the wealth crashed after the Sept. 11 terrorist attacks all but shut down the local tourist industry. "It doesn't seem that this is the time to be pursuing this," said Crotty, who was cool to the idea even before September's terrorist attacks. The traditional logic has been that by expanding the convention center, Orange County could attract larger conventions and thereby generate more tourism taxes. With no options about what to do with the money, county commissioners save themselves the headache of deciding how to spend it, said Haynie in the comptroller's office. "To some extent, the pressure is off the board if they can say, `Our hands are tied,' " she said. TAX DEALS Property taxes benefit local residents more than any other tax. The combined Orange County property taxes from hotels, theme parks and International Drive businesses are $93 million to $131 million annually, which is almost as much in tax revenues as all of the property owners in the city of Orlando pay in a year. But even in this area, the tourism industry negotiates to keep some tax benefits to itself through special deals with local governments. As tourists drive from Interstate 4 toward Disney's Animal Kingdom, they steer onto an interchange that serves the park. The interchange is being financed with more than $40 million in Disney property taxes over 20 years, money that would have otherwise gone into the county's general fund and been used for countywide projects. Universal has a similar deal with the city of Orlando, dedicating property taxes over 20 years to finance a $42 million I-4 interchange leading into the theme park. Disney spokesman Bill Warren said the interchange was Central Florida's best example of a public-private partnership. It allowed his company to construct Animal Kingdom and several hotels that will contribute $140 million in sales and property taxes to Orange County over 20 years, he estimated. In another example of a special arrangement with local governments, Walt Disney World forgoes paying property taxes for law enforcement. Almost all county residents pay for law enforcement in two primary ways. They pay a special property tax that amounts to about $212 for a $125,000 home. And they pay a utility tax that comes from 7 percent on telephone and 10 percent on water, natural-gas and power bills. Residents have to pay those taxes even if they have their own home security and even if they never have to call the Sheriff's Office. But as an offshoot of the incentive package that lured Disney to Florida in the 1960s, the company does not have to pay those law-enforcement taxes. The state Legislature gave Disney its own local government, called the Reedy Creek Improvement District. That allowed Disney to sidestep paying for law enforcement the way that

other businesses and residents pay. Under a contract with the Sheriff's Office, Disney pays $2.3 million a year for the full-time services of 23 on-duty deputies. The deal saves Disney $15 million a year in taxes, according to the Orange County Comptroller's Office. Warren acknowledged that Disney does not pay those taxes but noted that the company pays not only Orange County property taxes but $40 million a year to operate the Reedy Creek Improvement District that it controls. On top of the company's bills for taxes and law enforcement, the company has 750 security guards and provides background checks on all employees. But some county officials say the contract for law enforcement is a sweet deal. "It would be like a resident cutting a deal that allows him to avoid the taxes that pay for law enforcement," Deputy Comptroller Jim Moye said. "Instead, he would save money by hiring deputies only when needed."

Illustration: PHOTO: Merchandise. Stephanie Gonzalez's family spent $300 shopping, boosting the state's tax bonanza from tourists. EILEEN MARIE SIMONEAU/ORLANDO SENTINEL
Keywords: COST TOURISM CF OC OSC ECONOMY **Memo:** About this report "***One-Ticket Town***" is a five-day series of special reports examining the price Orlando pays for having an economy so dependent on a single, volatile industry. Sunday: How Orlando's economy stacks up against the 20 cities closest in size. Today: Tourism generates loads of tax dollars, but only a fraction stays here. Tuesday: Taking a toll on quality of life -- schools, housing, roads and crime. Wednesday: Tourism's crown jewels -- a convention center, airport and more. Thursday: Can Orlando grow a more diverse economy? **Lines:** 264 **Tag:** 0112170291

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QUALITY EDUCATION TAKES A VACATION
HIGHLY MOBILE AND LOW-PAID TOURISM WORKERS RELY ON AN ALREADY SHAKY SCHOOL SYSTEM. THEIR KIDS PAY THE PRICE.
HE VACATIONING GONZALEZ FAMILY OF NEW JERSEY SOAKS UP THE SUN AND FUN AT A KISSIMMEE TIME SHARE, AND A LITTLE GIRL WHO LIVES IN AN APARTMENT RIGHT ACROSS THE STREET NAVIGATES A STRESSED LOCAL SCHOOL SYSTEM.

KISSIMMEE - In the shadow of Vacation Village at Parkway time shares, Melissa Edds kissed her daughter goodbye at the school-bus stop about a half-hour after sunrise.

Mekayla Shaner was on her way to kindergarten at Kissimmee Elementary, a school where more than a third of the students come from tourism working-class families. The school has so much student turnover that just 2 percent of the children in Mekayla's class have a chance of finishing the fifth grade there. All but three of her 19 classmates get free or reduced-price lunches because they're from low-income families.

The core problems plaguing public schools in Florida transcend regional economics. The Legislature sets school-tax limits and dictates spending formulas that often leave local school districts' hands tied.

But in a place such as metro Orlando, against the backdrop of a tourism economy, the outlines of those statewide problems are cast in stark relief.

Longtime Orlando attorney and powerbroker Charles Gray, who played a role in luring Disney to Central Florida, said tourism has brought many benefits to the area; a better education system is not among them. Schools have suffered with overcrowding, portable education and an assembly-line approach to education, he said.

"We are not at nearly an acceptable standard in educating our young people," said Gray, who has headed the state turnpike authority, Central Florida's economic development commission, Orange County's legal department and a commission to select a University of Central Florida president. "We're trying, but we seem to be falling further behind."

If more money is the answer, the solution is on hold. The Legislature last month cut school budgets by $313 million because of a tourism downturn that has eaten into state tax revenues. Past dreams that Florida Lottery revenues could save schools haven't panned out. Meanwhile, support is growing for the hotel industry to share part of the tourist taxes with schools, as Las Vegas does.

But the problem may go deeper than government spending.

Orange County School Board member Karen Ardaman said students' success is tied to their parents' education and income. In Central Florida, so much of the work force is underskilled, undereducated and underpaid that students pay the price, she said.

Even in a suburban district such as Osceola, students come from struggling families that rely on the tourism industry for jobs. In many of their homes, parents are immigrants from other countries or have migrated from Puerto Rico. Often, no one in the household speaks English or the family has moved frequently from one apartment and low-paying service job to the next.

Kissimmee Elementary students come from campgrounds and apartments along Osceola's main tourist drag.

"That's where a lot of these families move to, hoping they can get settled and get jobs and get a new life here," said Principal Ken Meyers. "A lot of times that doesn't happen."

At Mekayla's school, 80 percent of the 1,108 students speak a foreign language, mostly Spanish, and one in 10 speaks no English. And most of Mekayla's schoolmates read at the state's lowest level.

At the bus stop, Edds waved to Mekayla and walked back to the apartment she shares with her mother and two sisters. On that day, she auditioned for a Disney theme-park character parade. She hoped to land a princess role.

LANGUAGE ISSUES

At school, Mekayla and her classmates thread Froot Loops necklaces. Their teacher, Donna Frascona, said she often emphasizes such hands-on activities over language-driven assignments. That's the best way she sees to connect with and teach children who speak different languages. In the past two years, the bilingual teacher said, she has heard six languages in her classroom.

Educating diverse classrooms can be so stressful that qualified teachers often leave for easier assignments, Meyers said. That leaves students who most need help in the hands of the least experienced teachers.

In some Osceola County elementary schools, the average teacher has worked five years. Yet just an hour north of the tourist fray, Seminole County's elementary teachers have an average of three years more.

Students who get shortchanged with inexperienced teachers often don't get help at home, either. Low-income mothers and fathers are often in "survival mode," Meyers said. Even if they had the time, language barriers and poor educations prevent parents from helping children decipher math and reading.

Some students, Meyers said, move around so much that they fall behind in all subjects.

"It's sort of like they just show up, wondering, `Is this is the last day or do I come another day?' "

PUBLIC SUPPORT

Elsewhere in the country, school districts with high poverty rates and thousands of foreign students have had enviable successes.

In Austin, Texas, school populations mirror Orange County's for low-income students who speak little English. The Texas city shares Orlando's growth pains. In fact, it boomed even more than Orlando in the 1990s.

Despite those challenges, Austin schools passed the ultimate test -- public support. Two-thirds of Austin voters approved a $369 million school referendum in 1996. The district will ask voters for another $48 million in February.

Counties around Orange have approved school referendums in the past two years. Yet such public support has eluded Orange County. In 1997, 56 percent of voters rejected a school-improvement tax increase. In a year, the School Board will try again with a proposal for a half-cent sales-tax increase to finance $1.4 billion in school improvements.

Flush with money from the bond referendum, Austin schools have more space and fewer students per classroom than Orange County. And the school budget puts more money in teachers' pockets than Orange County's budget.

But the key difference between the districts is that Austin schools have helped lure high-tech giants. Dell Computer Corp., Motorola Inc., IBM Corp. and Advanced Micro Devices Inc. all have headquarters or major branches in Austin. Local officials say the public schools are a major drawing card.

Public schools are not a big selling point when the Economic Development Commission of Mid-Florida courts corporations. The commission touts UCF's laser program and Rollins College's MBA program. But public schools seem an afterthought. The commission's Internet site mentions the gifted and magnet programs but closes by noting Central Florida's plentiful supply of private and parochial schools.

"It is critical to economic development to have good schools," said Linda Chapin, former Orange County chairman. "Why are we seeing more companies that are coming to Central Florida go to Seminole County? It makes it absolutely clear to me."

OTHER CITIES CHECK SCHOOLS

San Diego has likewise attracted high-wage companies, even though its school system has more low-income children than Orange County's district. San Diego officials said part of the reason is that local governments -- beyond the school board -- pay close attention to schools.

Through the San Diego Council of Governments, local leaders monitor test scores, spending per student and college entrants' preparedness. They lead lobbying efforts to get more money. The group recently criticized the state for sacrificing K-12 spending in favor of college spending.

In Portland, a board of community leaders scrutinizes high-school dropout rates, the number of residents with college degrees, and reading and math scores in an elaborate benchmarking program. All those areas have improved since the benchmarks began and outside pressure has been put on the schools to improve.

"It really does get people tuned into what the goals are, what they want students to accomplish," said Portland city auditor Gary Blackmer.

In Central Florida, local political leaders rarely analyze schools.

The last time any independent community group examined the education system here was 30 years ago, when the League of Women Voters looked at Orange schools, Chapin said.

Last year, Chapin was part of a nonprofit group that reviewed class sizes and student-turnover rates in Orange County. The group, Healthy Community Initiative, gave the community a failing grade for not improving schools.

TOURISM'S CONTRIBUTION

In Mekayla's classroom, lunchroom hats hang on walls; greeting cards fill a writing center and doctor scrubs lie ready in a dress-up area. The decorations come from A Gift for Teaching. The tourist industry is the charity's primary benefactor, donating $1.5 million in supplies and donations 1998.

Tourism businesses bankroll dozens of Orlando area nonprofits, many of which help with education. In addition to the millions of dollars in college scholarships from Disney and Universal, local hotelier Harris Rosen contributed $18.2 million for UCF's Hospitality School.

"There is an impression that tourism is crowding the schools and not paying its way," said Bill Peeper, Orange County Convention and Visitors Bureau president. "The numbers show that's wrong."

Hotels, theme parks and restaurants also pay about $93 million in property taxes, about half of which goes to schools.

Yet the tourist industry's taxes and donations are not enough to suit everyone. After all, the bare minimum to operate one of Orange County's 15 high schools for a year is $10.5 million.

In the past year, support has grown for a measure that could allow schools to receive part of the $109 million annual pot of tourist taxes. The money now goes mostly to the convention center. Legislation on the proposal failed, but county commissioners have since expressed support, and it was a straw-ballot favorite in October.

But though the idea appears to be catching on, no one has signed up to lead the cause -- including school officials.

Orange County School Board Chairman Susan Arkin was unwilling to discuss the issue in an interview. And board member Ardaman said she was uncomfortable being much more specific.

"I support the community as a whole supporting education," Ardaman said.

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RENT CAME DUE FOR REGION WHEN TOURISM BOOMED
ONCE-SOARING HOMEOWNERSHIP IN METRO ORLANDO PLUNGED AS LOW WAGES KEEP THE AMERICAN DREAM OUT OF REACH FOR MANY.

In a region beset by stagnant, low wages, homeownership has become an elusive dream for a growing number of Central Florida residents.

Just 15 years ago, metro Orlando had the fifth-highest homeownership rate among the 62 largest U.S. cities. But low wages in a booming tourism economy have changed the way residents pay for the roofs over their heads.

Today, Orlando ranks 62nd in homeownership out of 76 cities charted by the U.S. census. In fact, since 1986 Orlando has slipped more than any other U.S. metropolitan area from being a society of homeowners to one of renters, a census study shows.

"I can't figure out how we're losing so much," said Ron Acker, president of the Orlando Regional Realtor Association. "Part of it is the tourist economy. Let's be real."

The downturn in Orlando's homeownership took place when the tourism industry was in the height of its growth. During the 1990s, four of Orlando's seven theme parks were born, and the job rolls of Walt Disney World, Universal Orlando and SeaWorld Orlando swelled from 39,000 workers in 1992 to 71,000 this year.

But the job growth did not stimulate wages. Seventeen of the 20 cities closest in size to metro Orlando had income growth outpacing Orlando's in the past decade. In 1989, Orlando residents earned 7 percent less per year than the national average. By 1999, that gap had widened to 13 percent.

A `PLANTATION ECONOMY'

With low wages forcing residents to rent, Orlando is not a city where people put down roots en masse. In the past decade, Orlando's population of renters has grown twice as fast as the state's, according to the National Low Income Housing Coalition. Residents move around more in Orlando than in most cities, a new Census study shows.

Apartments are the first welcome mat for most newcomers and young adults. But when renters never graduate to become homeowners, everyone pays. Renters cannot accumulate a nest egg of home equity. The transient population disconnects from the community, often ditching civic duties. Principals say children from apartment-heavy school zones usually move too frequently to succeed in school. In the end, the reality of living a paycheck or two from eviction can take a toll on families.

"It is a plantation economy," said Central Florida housing expert Judith Kovisars, who heads Fannie Mae's Orlando Partnership office.

As an example, she pointed to major tourism employers importing inexpensive collegiate laborers and putting them in dormitory-style housing.

When Jordan Scaling, 20, finishes her job seating dinner guests such as the Gonzalez family at Disney's Whispering Canyon Cafe, she returns to a three-bedroom apartment she shares with five other women.

Other than arguments about cleaning and food, the cozy arrangement isn't so bad, Scaling said. More importantly, it's just temporary. Like many of Disney's college workers, Scaling, who studies tourism at New Mexico State University, will be in Orlando six months before returning to school.

INDUSTRY BEGS TO DIFFER

Central Florida hospitality association president Richard Maladecki said the tourism industry has opened opportunities for many people who would otherwise be unable to afford a home.

Tourism jobs give workers, especially immigrants, opportunities to advance and save for a down payment. They may rent for a few years but they buy eventually, he said.

But typical workers cannot stretch their take-home pay enough to afford a home. Service workers make an average $15,000 a year, according to the Bureau of Labor Statistics. Even with record low mortgage interest rates, a husband and wife each making $8 a hour would not have enough income to purchase a typical first-time home in the Orlando area costing $107,000, according to a report from the Orlando Regional Realtor Association.

The gap between the American Dream and the rental reality is further widening thanks to the local real estate market. House prices have increased five times faster than wages in the last year. While wages have edged up about 3 percent, Central Florida home prices have increased about 17 percent, from $107,731 to $126,598.

STAGNANT WAGES FOR MANY

Even renting is a stretch for many local residents. Hourly wage earners need an income of more than $11 an hour to get an apartment for fair market rent in this area, according to the National Housing Conference. That's about $3 more an hour than most of them earn.

Fred Morris, executive director of the Florida Council of Churches, blamed the housing woes on the low wages paid by tourism employers.

"We're dealing with a problem that is endemic," Morris said. "The really unacceptably low wages that are paid to people in the tourist industry . . . they [tourism employers] are still paying their people $6 and $6.15 and hour."

Locking workers into what he called "poverty wages" sentences them to a life of renting, and that takes a toll on them and their families, Morris said.

"People know that they're two paychecks away from homelessness," Morris said. "That can't help but affect family relationships."

But Disney World spokesman Bill Warren suggested that such conclusions were simplistic:

"You don't want to apologize for creating so many jobs in a community," Warren said. "Opportunities abound for people looking for part-time work or people in transitional stages of their lives . . . What our community enjoys is a clean industry that turns out a positive cash flow for our government."

At Orlando's Fannie Mae office, Kovisars noted that homeownership is the way most Americans build wealth. They can tap into their home equity if they want to send a child to college or if a spouse becomes too ill to help with the mortgage. No bank is going to lend someone money to help cover the rent in a pinch, she said.

When people rent, they are subject to landlords selling the building or increasing the rent.

"Basically you have don't have any control over your destiny," Kovisars said.

COMMUNITY WITHOUT A FACE?

When a community's population shifts from homeowners to renters, the area loses part of its identity, said Linda Chapin, Orange County's former top elected official, who now directs of the University of Central Florida's Metropolitan Center for Regional Studies.

"When you have a community full of newcomers or people who are just passing through, they don't feel like investing in the community," Chapin said. "They're not willing to put forth time or effort or not even the obligation of citizenship. They're not interested in the future of the community because they may well not be part of the future of the community."

The feeling of disconnectedness shows up in everything from voters' disapproval of bond issues to residents' failure to show up for jury duty, said Chapin, former Orange County chairman and clerk of the courts.

And many of those who do stick with the community for the long haul find themselves scraping to get by in retirement.

For 15 years, Carlos Ruffino worked as a translator and singer at Disney World. With a repertoire of 2,800 songs, he entertained visiting dignitaries and ambassadors. Today, Ruffino, 69, and his wife live in a federally subsidized high-rise apartment in downtown Orlando. Sometimes the couple entertain themselves by dining out. But the frills are few on a monthly Disney pension of $169 and Social Security allowance of $899.

"There are many in the tourist industry who pay low wages and they make a killing," Ruffino said. "What they pay to their employees is peanuts."

GREAT EXPECTATIONS

In the 1960s, economists predicted Walt Disney World would create the need for 32,800 homes to house 100,000 additional residents in coming decades. The reality has been that Orlando has grown by more than a million residents in the last four decades and a fourth of workers work in the tourist industry.

Over the years, Central Florida's largest tourism employer has recognized the area's need for affordable housing. Since 1991, Disney invested $31 million in three apartment complexes with below-market rent.

In 1994, the company donated $300,000 to Osceola County's affordable-housing down-payment program in order to get approvals for Celebration, an upscale residential community.

Osceola County housing director Anna Pinellas said the money has helped 77 families purchase houses. But in a typical month, 180 new residents come to the program seeking help.

About two-thirds of them work in the tourism industry.

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ALL ROADS LEAD TO AGGRAVATION
CENTRAL FLORIDA VISITORS ADD MORE HEADACHES TO A JAMMED AND DANGEROUS ROAD NETWORK.

Most communities ship their widgets and wares by train, freighter, barge or semitrailer.
But in a city where the stock in trade is tourists, each visiting family adds another vehicle to local roadways.

Central Florida's roads do more than transport residents. They bring 43 million visitors a year to their vacation destinations. Even most tourists who fly rent a car when they get here.

Doing double duty as a local highway system and a gateway to the nation's top vacation spot strains the local road network not just where tourists drive, but in parts of the region miles away from any tourist attraction.

Two key indicators of that strain emerged in the Sentinel's study comparing metro Orlando with 20 cities closest in size. Roads are so congested that local residents have some of the longest commute times and highest traffic-fatality rates among comparable cities.

"Tourists impact the way Central Florida drives more than they affect any other aspect of daily life," said Rollins College Professor Richard Foglesong, who recently wrote a book, Married to the Mouse, about the Walt Disney Co.'s relationship with Central Florida.

The irony, Foglesong said, is that Walt Disney chose Orlando back in the 1960s largely because it was the crossroads of Interstate 4 and what is now Florida's Turnpike.

Now, nearly four decades later, the state Department of Transportation has launched a "Regional Study on Tourism" in search of ways to unclog roads in the same region.

CLOGGED, DANGEROUS ROADS

Orlando's traffic ingredients make up a recipe for trouble.

Start with overcrowded roads.

"When you add to that the normal folks and the visitors, the inclement weather [blinding rainstorms] slick roadways, on top of congestion, on top of drivers being in an unfamiliar area and driving unfamiliar cars, and our hands become very full," said Florida Highway Patrol Maj. Rick Gregory.

Gregory said he knows Orlando roads are among the most dangerous, and statistics gathered in the 21-city comparison back that up.

Orlando's traffic-fatality rate of 18 deaths per 100,000 residents in 1999 was higher than any other city in the group, according to National Highway Traffic Safety Administration statistics. Those numbers are for core municipalities, not entire metropolitan areas. But even when Orlando's core is broadened to encompass all of Orange County using state data, the fatality rate of 17 per 100,000 residents would put the area third on the 21-city list.

When there is a wreck, expect to wait. Orange County has one of the longest response times for state troopers in Florida, Gregory said. It takes highway-patrol officers an average of 40 minutes to arrive at an accident scene. The average response time across the state is 25 to 28 minutes, he said.

Even for motorists who avoid accidents, Central Florida roads are a pain. Commute times average 49.2 minutes, according to Places Rated Almanac's U.S. census analysis. A 50-minute commute may not seem like much to New Yorkers, who spend an average 75 minutes getting to work. But of the 20 cities closest in size to Orlando, only residents of New Orleans and St. Louis had longer commutes than Central Floridians.

Landscape foreman Trey Earls said he spends three to four hours a day negotiating clogged roads. Trips that should be 15 minutes stretch into one or two hours, Earls said.

"It's unbearable. I run a four-man crew, and time is money. I know every shortcut in town, but so do a lot of other people," he said. "I'm not going to lie. Sometimes I get really frustrated."

Not all of Central Florida's thoroughfares are crammed. Tourists contend with a few congested stretches, such as International Drive and Sand Lake Road. But generally, visitors drive on better roads than most residents.

Winding, landscaped, four-lane boulevards that lead to theme parks seem to mock the crammed roads outside tourist areas. On Disney property, the company's Reedy Creek Improvement District has built a roadway system that is usually fat on lanes and thin on cars.

Outside the tourism provinces, most of Orange County's main roads are so congested that the state gives them an "F" for failing.

MONEY GOES ELSEWHERE

Every time tourists or anyone else buys gas or rents a car in Orange County, they pay taxes meant to improve roads. The problem is that most of the money improves roads somewhere else.

Of the 43 cents of taxes that motorists pay with each gallon of gas, a dime goes back to Orange County. Another nickel goes back to a nine-county area that includes Orange County.

In all, federal and state distribution formulas last year only guaranteed that about $73 million of the $209 million in gas taxes generated in Orange County would be spent on roads in the nine-county area around Orlando. The rest could go to meet needs anywhere in the state and nation.

The Orlando area misses out on another $11 million a year because the state distributes rental-car fees without regard to where the cars were rented, according to Metroplan Orlando, a public agency that is the primary transportation-planning organization for Orange, Seminole and Osceola counties. The Central Florida transportation planners want to change the formula to reward the counties that contribute the most.

While other places patch potholes and expand highways with gas taxes from Orange County, the local road system gets worse, local officials say. Orange County estimates that it needs $4 billion to fix its roads.

"What we collect doesn't return," said Orange County Chairman Rich Crotty.

"I think we get pretty short shrift."

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HOTEL KINGS BUILD A PALACE
ORANGE'S CONVENTION CENTER HAS SOMETHING FOR NEARLY EVERYONE -- EXCEPT LOCALS.
SPECIAL REPORT
PART 4 IN A 5-PART SERIES

Supporters of the Orange County Convention Center have long viewed its mission as rather simple: It puts heads in beds.

The original idea, conceived in the 1970s, was to fill hotel rooms with conventioneers during slower tourist seasons and to take some of the edge off a volatile tourist economy. Conventiongoers, the industry argues, are less likely to cancel travel plans during tough times.

If ever there was a chance to prove that theory, it is now. And the early returns have not been all that strong.
In the aftermath of Sept. 11, hotels in the International Drive corridor have fared no better than the market as a whole. In October, for example, the sector's hotels witnessed a 24.4 percent decline in occupancy rates -- the same decline experienced by the broader market, according to Smith Travel Research, a Tennessee-based company that tracks hotel trends.

But even before Sept. 11, the convention center was straying from its game plan.

The mission flip-flopped in 1998 when the Orange County Commission, led by former Chairman Linda Chapin, voted to spend $757 million in resort-tax revenue to double the size of the already-massive convention center.

With that decision, reached in the final days of Chapin's term, the center went from putting heads in beds to building beds for heads.

Since then, three major hotels and one expansion -- totaling more than 6,000 rooms -- have been planned for nearby sites. There are others in the works.

And why not?

The free-spending delegates attending conferences, trade shows and conventions are among the most coveted visitors to the area. Traveling on the company dime, they tend to spend considerably more than their cost-conscious leisure counterparts.

In 1999, for example, the average conventioneer spent $760 for a trip to Orlando, compared with $524 for the typical leisure traveler, according the Orlando/Orange County Convention & Visitors Bureau.

But what really sets the two apart is the amount spent on hotel rooms -- $92 for the leisure traveler versus $262 for the conventioneer. That helps explain why hoteliers seem to possess an unquenchable thirst for a larger convention center.

They yearn for more travelers such as New Jersey's Jon Gonzalez, who popped into Orlando for five days last May to attend an electronic-commerce convention at the Orange County Convention Center.

Gonzalez, an information-systems manager for shipping company Hapag-Lloyd (America) Inc., was typical of many conventioneers, with the bulk of his time spent at the convention center and money spent at his hotel.

Of the $1,030.19 spent during his stay, Gonzalez's receipts show, $767.21 went to the former Omni Rosen Hotel, now called the Rosen Centre.

Such examples illustrate why, with the fifth phase of the convention center still two years from completion, hoteliers already talk of the need to go forward with phase six, which would add another million square feet of exhibit space. And there are dreams of yet another expansion beyond that.

"Eventually, it's going to be built," said Alan Villaverde, general manager of The Peabody Orlando, a luxury hotel sitting between the existing convention center and the expansion site. "To think this will suffice for the indefinite future, I think, is unrealistic."

Not everyone shares that view.

Including Chapin, the woman who championed the current expansion.

"We will have, for decades to come, an absolutely world-class convention center," Chapin said. "But I think it's time to say, `Enough is enough.' "

Like others, Chapin wants to explore other uses for the more than $100 million collected every year from the 5-cent tax charged on hotel rooms. It's the stuff of nightmares for hoteliers and convention-center backers, who have long fought to protect that money from prying fingers.

One problem facing them is finding a way to demonstrate the center's tangible benefit to the community at large, rather than the hoteliers who live in its shadow.

Few local residents ever find a reason to set foot inside the massive building for anything other than graduation ceremonies and the occasional auto, boat or home-and-garden show. During the past five years, less than 5 percent of the 1,169 events held at the center were geared toward locals, according to county records.

Area hotels certainly have a lot to gain from the building's continued growth. But like most of the tourism companies making money in Orlando, they are not generally owned by locals. With the notable exception of the pair of hotels that flank the convention center -- which belong to Orlando's Harris Rosen-- most of the region's largest properties have their strings pulled by executives in California, New York, Chicago and elsewhere.

Of the market's top 30 hotels, which represent nearly a third of the area's rooms, only five are locally owned.

And aside from contracts for audiovisual, Internet and networking services, the convention center's in-house contractors are all based outside Orlando.

California-based Kinko's holds the business-center contract; Alabama-based AmSouth Bank runs the automated tellers; a New Jersey company handles phone cards; and the lucrative food-and-beverage deal belongs to Chicago-based Levy Restaurants.

Clearly the convention center creates jobs, but they do not appear to be any different -- or higher paying -- than those already being created by Disney, Universal and other cogs in the tourism machine. So why continue to pour public money into a building already big enough to attract all but the largest conventions?

Martha Haynie, Orange County's comptroller, has no beef with the current expansion of the convention center, saying it was the right decision at a time when hundred of customers were being turned away. Still, she questions whether those dollars might be better spent elsewhere.

"If that same money were spent developing high-tech jobs, we'd have a different economy," Haynie said.

The convention center employs 385 full-time workers and 620 part-timers. The median annual salary of full-time employees is $22,128, well short of area's per capita salary of $26,568.

But tourism boosters are quick to point out the hundreds of workers -- including security guards, meeting planners and set-up crews -- whose jobs are directly related to the convention center. Even so, it's hard to identify any concentration of convention-center-related jobs that pay substantially more than the rest of the service-industry pack.

The examples offered by area hoteliers and center officials tend to be department managers who have risen above the ranks of ordinary workers, tipped employees whose actual wages are higher than reported, and optimistic exaggerations.

Consider, for instance, the hundreds of Teamsters and stagehands who assemble, from ground up, all the booths and exhibits for the conventions that come to town. If they hustle, according to tourism boosters, those workers can make $35,000 to $60,000 a year while working very flexible schedules -- essentially choosing their own hours.

If only it were that easy, said Susan Wolfgang, who spent more than 15 years working show floors before taking a position as a business agent for one of the local theatrical unions.

The reality, she says, is that all but a few workers at the top of the seniority lists are forced to scramble to make ends meet in what is essentially a seasonal-labor job. During the winter months, particularly around Christmas, things tend to get tough.

"A lot of us have to depend on unemployment [checks] during the times when there's no work," Wolfgang said.

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Correction: **********CORRECTION PUBLISHED DECEMBER 20, 2001**********

In a story on Page A10 of Wednesday's Sentinel, the amount of annual passenger traffic at Orlando International Airport was misstated in a photo caption. The airport handles about 30.8 million passengers each year.

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OLD AIR FORCE BASE HELPED CITY'S TOURISM DREAM TAKE FLIGHT

ORLANDO INTERNATIONAL AIRPORT IS THE GONZALEZ FAMILY'S GATEWAY TO FUN, AND CENTRAL FLORIDA'S PORTAL TO THE REST OF THE WORLD. BUT MOST OF THE POLISH IS FOR TOURISTS -- WHILE LOCALS BLEND IN WITH THE FURNITURE.

In early 1964, when Walt Disney turned a serious eye toward Orlando in his quest to expand outside of California, one of the features that captured his attention was McCoy Air Force Base.

Or rather the potential represented by the base and its evolving relationship with the city.

Just three years earlier, the first civilian flight -- a Delta Air Lines Convair 880 out of Chicago -- had landed at the base, bringing 16 passengers and a new era for travel to and from Orlando.

For Disney, a large public airport -- McCoy already had a pair of large runways -- was crucial. He knew that it would take more than drive-up traffic to fuel the entertainment complex he envisioned, said Richard Foglesong, author of Married to the Mouse.

Disney got his wish.

It would be four more years before the city of Orlando would negotiate its first runway lease at the sprawling base, which took its name from a pilot who was killed in a 1957 plane crash near Ben White Raceway. The lease would allow the city to collect about $365,000 in annual landing fees -- that number is closer to $15 million today -- and helped secure the future of Orlando's fledging public terminal, Orlando Jetport at McCoy.

Before Sept. 11, the average day saw more than 1,000 planes fly in and out of Orlando, with direct service available to 120 cities. That number dropped to 800 or so in the aftermath of the attacks, as airlines seek to trim expenses while coping with lighter traffic. October traffic at the airport was down 25 percent to 30 percent.

Along with granting Orlando residents quick -- and relatively cheap -- access to cities across the nation, the airport is a significant development tool for the region.

"That's a major requirement these days for anybody involved in sales and service, or bringing people in and out," said Frank Newman, director of global business development for Team South Carolina, that state's economic-development arm. "That opens up a whole world for you."

Orlando gained permanent control over McCoy in 1975, a year after the Air Force closed the base as part of a massive cutback that shuttered more than 270 military installations nationwide.

Since then, thanks largely to Disney and the Orlando tourism machine, the airport has been one of the fastest-growing in the nation, adding a third runway and a new terminal. Last year, the airport saw 30.8 million passengers, compared with 3.6 million in 1976.

The airport operates under a contract with 16 signatory airlines that agree to take on financial risk in exchange for a say in all capital expenditures and expansions.

Each year, the Greater Orlando Aviation Authority puts together a budget estimating expenses for the year minus projected revenues from a variety of sources, including parking, concession rentals, the airport hotel and a $3 fee collected from every passenger. The signatory airlines make up the shortfall, which this year was expected to be about $70 million in a budget of nearly $300 million.

That was before Sept. 11 knocked a sizeable hole in those budget estimates. In the week after the attacks, the airport lost more than $2 million in landing fees and concessions. Since then, the airport has tried to cut expenses through layoffs, a hiring freeze and an early-retirement program.

But with rapid growth still expected, the Greater Orlando Aviation Authority is pushing ahead with a $1.2 billion expansion that will add a fourth runway and a new south terminal that will expand capacity to 70 million passengers a year.

And as tourism boosters are fond of saying, this is all done without expense to taxpayers in Orange County or the city of Orlando. On the other hand, for a region this size, there is undeniable symbolism in the fact that no freeway connects the airport directly to Orlando's downtown -- while two expressways now plug it into the tourist corridor.

"It's clear that it's a tourist airport," said Bill Peeper, president of the Orlando/Orange County Convention & Visitors Bureau. "But it's also a crown jewel in our community pride."

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HOTELS LIKE TO KEEP TAX DOLLARS CLOSE TO HOME

Since its inception in 1979, the hotel tax has been a boon for Orlando's tourism industry, collecting hundreds of millions of dollars to promote the area and build a world-class convention center.

But precious few of those dollars have worked their way into the community -- a fact that is coming under increased scrutiny.

To be sure, a portion of that money has been earmarked for other uses, including the TD Waterhouse Centre, the Florida Citrus Bowl and to a much smaller degree, the arts.

The first major commitment outside of tourism was made in 1986, when Orange County agreed to pay $50 million toward the construction of the arena to serve as home to the Orlando Magic.

And twice during the past decade, the county made commitments totaling $40 million to the Florida Citrus Bowl, the home stadium for the University of Central Florida's football team and several annual events.

Such contributions, the industry says, are sometimes overlooked by critics.

But maybe that's because it can take considerable arm-twisting to gain the industry's blessing for any use of the hotel tax that doesn't directly benefit tourism.

The industry vehemently opposed an effort by the Orlando Magic to seek a new $250 million arena. Nearly half of that would have come from the hotel tax.

With the area's economy in shambles, those discussions have been put on hold for the next several years, though Magic officials have said they plan to make another run at a new arena within the decade.

And then there is the case of the Orlando Science Center, which fought for more than six months to gain $300,000 out of more than $100 million collected each year from the hotel tax.

It was not an extraordinary request. After all, the state law governing usage of the tax specifically allows it to be spent on things such as museums and nature centers. Yet the center's 2000 request for funding -- strongly supported by then-Chairman Mel Martinez -- was rejected by the Orange County Commission after lobbying by the tourism industry.

Among the complaints voiced by hoteliers was the science center's failure to turn a profit when similar endeavors, such as WonderWorks on International Drive, have been successful. But what's left unsaid is the fact that WonderWorks sits in the middle of one of the world's busiest tourism corridors, while the science center -- which plays host to about 100,000 children on field trips every year -- is in the middle of Loch Haven Park.

Amid public backlash, the tourism industry finally agreed earlier this year to support the modest one-time subsidy for the science center. The industry also supported the county's decision to dedicate 3 percent of the annual resort-tax collections -- or about $3 million -- for the arts. The work of dividing the money will fall upon the shoulders of a new advisory council.

Kim Cavendish, president of the science center, regards it as something of a blessing that her next request will be made to that panel instead of the Orange County Commission. She uses a wartime analogy to describe her role in the conflict: "It was like the infantry soldier that goes up the hill first and collects small-arms fire."

It was the fervor with which the hoteliers opposed the request that surprised Cavendish, who said the industry, overall, has been supportive of the center. The Walt Disney Co., for example, contributed $1 million to the center's initial capital fund-raising campaign.

The debate, she thinks, had a lot more to do with hoteliers' desire to protect the tax than it did with the science center.

"The hotel tax has been great for the hoteliers," Cavendish said. "But that doesn't mean the rest of the community has to be 100 percent left out."

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IF AND WHEN THE FUN ENDS, REGION NEEDS A NEW TICKET

TO BUILD A DIVERSE, STABLE ECONOMIC FUTURE, CENTRAL FLORIDA CAN LOOK TO SIMILAR-SIZE U.S. CITIES THAT HAVE SUCCESSFULLY REINVENTED THEMSELVES.

PITTSBURGH - A glimpse of what this former industrial bastion has become can be found on the banks of the Monongahela River as it crawls through valleys littered with relics of the city's past.

Two old steel mills -- including the once-mighty Homestead Works, one of the largest in the nation's history -- have given way to economic diversity, replaced by office buildings, high-tech startups, medical centers, upscale shops and eateries.

One might not expect to find any lessons for Orlando in such a scene. But they are here.
This week, the Orlando Sentinel has examined the toll three decades of a tourism-dominated economy has taken on the region's quality of life. So the question naturally arises: What should the metropolitan area do now?

The people who might have the best idea are leaders who have had experience building, reinventing and diversifying local economies in Pittsburgh and many others among the 20 mid-size cities compared with Orlando throughout the Sentinel series. Among their key lessons:

Nothing forces change like an economy that hits rock bottom and never comes back. But the death of a dominant industry is the most painful path to economic diversity. Don't wait until there's no choice.

A city must build on its existing strengths. Don't treat diversification like it's window-shopping for a trendy gadget.

Building diverse economies takes time, patience and sometimes luck. Don't repeat the mistake of putting every egg in a single economic basket. And get over the quest for a single, golden egg -- because that's just repeating the patterns of the past.

Orange County Chairman Rich Crotty said drawing from lessons learned elsewhere is good only to a limited extent. Orange County has its own charter, and Florida has its own tax structure, Crotty said.

Rather than copying other cities, Crotty said he is ready to use government power to act now. Specifically, he wants to redirect some of the money Orange County sends to Tallahassee and put it into an economic-development fund to lure more high-tech jobs.

"Right now is the time to take the bull by the horns in Florida," Crotty said.

FORCED TO CHANGE

Strangely enough, one of the biggest obstacles standing between Orlando and economic diversity is the fact that tourism is not a dying industry.

Much the opposite, the industry has demonstrated time and again the ability to grow the city while continuing to draw ever-greater numbers of tourists. The area's political leadership has long embraced the industry for the jobs it brings to the area -- even though they're low-paying jobs.

But every 10 years or so, Orlando is reminded -- in a rather jarring fashion -- that its economy relies far too much on an oversized mouse.

Recessions, gasoline shortages, crime, the Gulf War and now terrorism have each contributed, at one time or another, to this recurring revelation. The consequences of that dependence were crystallized in the aftermath of the Sept. 11 attacks, when it appeared that tourism would be forever changed.

But like those before it, this crisis appears likely to pass, with travel slowly returning to normal. If the past is any guide, as the crisis fades so, too, will talk of the need to diversify.

"It's discovered. Worked on for a while. Then dropped. And then rediscovered," said former Orange County Chairman Linda Chapin, whose administration took a shot at economic diversification during the recession in the early 1990s.

Hoping to nudge Orange in a different direction, Chapin targeted several key industries, including technology, health care, television and film, and international trade. The county gave those industries preferential treatment in zoning and other areas.

But seven years, a doubling-in-size convention center and two new theme parks later, Orlando finds itself on familiar ground.

Pittsburgh knows all about familiar ground -- and what can happen when an economic earthquake changes a city's footing forever. This city's quest for diversity came after the loss of more than 140,000 jobs after steel production shifted overseas and to newer and more efficient U.S. plants. Too late, the city realized the danger of being a one-industry town.

"Pittsburgh didn't consciously move away from steel; Pittsburgh had no choice," said Tom Petzinger, chief executive officer of LaunchCyte, a biotechnology-development firm. "Steel just simply evaporated, leaving a gaping hole in the infrastructure."

In Homestead, Pa., a dozen 130-foot-tall red, brick smokestacks from the old mill survive, standing over an open-air shopping mall with tenants such as Abercrombie & Fitch, Victoria's Secret and a 22-screen Loews Theater. Farther downriver, a University of Pittsburgh sports-medicine complex and a tissue-engineering research lab reside on land once home to another mill.

Both are symbolic of Pittsburgh's ongoing quest to put distance between itself and a past first dominated -- then decimated -- by steel.

BUILDING ON STRENGTHS

Pittsburgh found its salvation by identifying and building on strengths that had not been developed during steel's heyday. Therein lies one of the keys for a city or region looking to change its economic face.

A city cannot simply decide to be good at something -- to grow, for example, a pharmaceutical industry without having something to expand upon.

Pittsburgh relied on its research universities and financial institutions. During the past decade, the city has scored numerous successes, building a stable of sectors, including health care, computer technology, banking and, increasingly, biotechnology.

The city has turned to Fortune 500 banks Mellon Financial Corp. and PNC Financial Services Group to grow the financial-services district. At the same time, two top research universities -- Carnegie Mellon University and the University of Pittsburgh -- have provided ideas and technology for several startups in the computer and biotechnology fields.

In much the same way, Charlotte, N.C., built off its banks and airport -- setting up business and industrial parks around Charlotte-Douglas International Airport, and using a U.S. Airways hub and its promise of direct flights as a way to lure travel-dependent companies.

Austin, Texas, has built its economy around a top-flight university and its status as the state capital.

The Orlando area's strengths are obvious: High name recognition. A first-class airport. Lots of convention space. Mild winter weather. An attractive tax structure and moderate cost of living. A booming university, albeit one without a national name.

Obvious, too, are the corresponding weaknesses: A reputation as a vacation city where corporations come to play, not stay. Location on a peninsula. Lack of a major port or railroad hub. Overburdened roads for moving goods and people. A flagging public-school system. A largely unskilled labor force.

Many development experts suggest that a natural course for Orlando is to build on its budding technology industry.

Already the area has nearly 4,000 high-tech firms -- though many are quite small -- employing more than 70,000 workers. Many of the companies, particularly the area's highly regarded laser industry, are byproducts of defense contractor Lockheed Martin, which came to Orlando in 1956.

Orlando Mayor Glenda Hood said the nation is unaware that Central Florida has a high-tech presence. So are many of the region's own residents who have forgotten Orlando's Cold War-era experience with an industry that brought thousands of skilled, high-paying jobs to the area.

"We just didn't understand it was high-tech," Hood said of the local attitude toward Orlando's hometown missile maker.

Throughout the past two years, Orlando's political and economic-development leaders have plotted, planned and paid consultants to help develop a formula for growing the tech sector, thereby reducing tourism dependency.

What makes the sector so appealing is its average annual salary of $40,000, compared with only $18,000 for tourism. So while the high-tech sector employs less than half as many people as the tourism industry, the total payroll for both sectors is virtually even, according to a study by Austin-based consulting firm Angelou Economics.

High-tech boosters want to strengthen the University of Central Florida's research-and-development budget. They want to bring more venture capital -- the lifeblood of young companies -- to the area, and find a way to capitalize on the city's success as a tourist destination.

"You don't want to damage the tourism brand," said Richard Fox, president of the Central Florida Innovation Corp. "But at the same time, you don't want to be branded a Mickey Mouse town."

LEVERAGING TOURISM

To attract the attention of technology employers, Orlando's economic leaders have crafted a branding slogan -- "Putting imagination to work: Orlando" -- aimed at melding high-tech with tourism.

It's a natural fit in some ways, considering that the rides and attractions found in the region's theme parks often use the latest in technology. The Spider-Man ride at Universal's Islands of Adventure generated considerable buzz not only in entertainment circles, but also the tech sector when it opened with the first-ever melding of computer-generated 3-D images with a moving ride.

There also are some natural marketing opportunities available through the airport, hotels, buses, rental cars and convention center, which plays host to various high-tech conventions throughout the year. If these resources are used correctly, Orlando can push its way into the minds of thousands of visiting executives.

Leaders of hi-tech and tourism sectors are careful not to characterize themselves as having competing interests.

"It's not us versus them. We're all in this together," said John Krug, vice president of technology industry development for the Economic Development Commission of Mid-Florida, which announced the new slogan in October.

Still, Orange County does not go nearly as far in its financial support of high-tech as it does for bringing tourism to the area.

To attract visitors last year, the county spent $18.7 million through payments to the Orlando/Orange County Convention & Visitors Bureau. Another $65 million went to bond payments for the convention center. Both are funded by the nickel tax on hotel rooms, which generates $109 million a year.

On the economic-development front, Orange County spent $1.8 million, including incentive payments, salaries of three staffers and a $900,000 annual contribution to the Economic Development Commission. Another million or so incentive dollars are awaiting proof that their recipients are meeting performance guarantees.

So as it stands, for every dollar spent on economic development, the county put $46.50 toward bringing more tourists here.

IT TAKES PATIENCE

Cities such as Charlotte have achieved diversity through slow, steady growth, never putting one industry ahead of all others. San Diego emphasizes quality over quantity when encouraging the development of new jobs. And Austin just got lucky.

Hood said metro Orlando can learn lessons from other cities its size. In looking at the way some of those cities have diversified, she said, Orlando comes up short in two areas -- education and marketing.

She pointed to Charlotte and Austin as examples of cities that have built on their education successes from kindergarten to college. Orlando is light years behind Charlotte in terms of its K-12 education offerings, Hood said. And in Austin, the University of Texas is much more mature than Orlando's University of Central Florida.

Hood pointed to Austin and the Raleigh-Durham area in North Carolina as places that have done a better job than Orlando of advertising and marketing their high-tech clusters.

Regardless of how much planning and work Orlando puts into developing its high-tech industry, there are no guarantees of success. Particularly in such a highly competitive marketplace, where everyone dreams of landing the next Microsoft or Dell Computer Corp.

Sometimes it's just plain luck.

That's just what Austin had in the early 1980s, when University of Texas student Michael Dell began selling computers out of his dorm room.

The Austin native's company -- a Fortune 500 firm -- would quickly emerge as a major force in the personal-computer business and now ranks as the top private employer in the city, with more than 20,000 workers.

That Dell set up shop in Austin -- similar to Walt Disney's choosing of Orlando -- was little more than a stroke of good fortune for a city struggling to emerge from the oil and real estate bust that hammered Texas in the 1980s.

It was not entirely by accident, however. About the same time Dell began hawking computers, the university and city of Austin were courting a computer-research consortium. Once landed, it would make the university and the city much more appealing to tech firms looking to escape the escalating costs of operating in California's Silicon Valley.

COST OF DOING NOTHING

If Orlando leaders do nothing to diversify, the next 25 years are likely to look pretty much like the past 25. History shows that Disney and Universal are not going to stop building theme parks.

What this means for Orlando is a bountiful harvest of low-paying service jobs for years to come.

By the time 2025 rolls around, the per capita income in Orlando, in today's dollars, is expected to top $80,000. It sounds like a lot of money. Until it is compared with other cities of similar size.

Residents in all but three of those 20 comparable cities will make more than Central Floridians do, according to Woods & Poole Economics of Washington.

For its part, the tourism industry agrees on the need to diversify, saying it would love for another $20 billion-a-year industry to set up shop in Orlando -- but not if it's going to hurt tourism in the process.

"No city in the country should be dependent on one industry. But you do not destroy your number one industry to diversify," said Bill Peeper, president of the visitors bureau. "It should not be either/or. It has to be both."

Just ask the folks in Pittsburgh. But then, they never had the choice.