A Boom of Investment

For much of the past year, local, regional and national news sources have featured headlines heralding the onset of an energy boom in Louisiana. Though estimates have varied somewhat, the most conservative among them cite:

- More than $60B in new and expanded projects for the state
- $21B in “energy-catalyzed investments in petrochemicals, advanced manufacturing, and the energy industry” for the Baton Rouge-to-New Orleans Super Region alone

The Data Center (formerly the Greater New Orleans Community Data Center) projects the energy boom, coupled with the retirement of thousands of baby boomers, will generate 42,000 job openings in the Super Region by 2020.

This spate of investment has been propelled by the availability of natural gas at historically low prices. The development of hydraulic fracturing technology has opened up previously inaccessible stores of oil and natural gas in great abundance. As of 2011, the Haynesville Shale in northern Louisiana was the top producing gas field in the country, providing cheap and easy access for chemical manufacturers who rely heavily on this energy source.

In addition to natural gas, economic development officials cite other "local advantages" such as "pipelines to transport oil, gas and other chemicals, ... industrial electricity prices that are among the lowest in the nation, and easy access to the Mississippi River and the deepwater Gulf of Mexico."

The location of many of these industrial expansions along the river in relatively rural areas between the two major metropolitan areas reinforces the assertion made by the Greater New Orleans Community Data Center in early 2013 that, “understanding the Southeast Louisiana regional economy as a whole” and “collaboration across the three metros” – Baton Rouge, Houma-Thibodaux and New Orleans – “will be essential to the region’s long-term prosperity and sustainability.”

The current projections for growth along the I-10 corridor suggest that indicators of economic interdependence such as a shared workforce, shared industry specializations and interconnected freight flows that define a super region will become even more significant in the very near future.

Seizing Opportunity, Avoiding Negative Impacts

This exciting time of investment and expansion holds great promise for transformational change that will create new opportunities, especially for those who have been excluded from the economic mainstream, and improve quality of life for residents of the super region and Louisiana as a whole.

Louisiana needs new opportunities for disenfranchised workers.

Louisiana’s poverty rates exceed the national average by more than 25% (18.7% in Louisiana vs. 14.9% nationally) and harbour deep disparities along racial lines. 14.5% of African American families actually have incomes less than $10,000/year, while this is true for only 3.9% of white families. Especially in these circumstances, new employment opportunities are a welcome boon.
As the Data Center has pointed out, “While many ... have touted the low unemployment rates in Southeast Louisiana (4.5% as of April 2014)⁶, these rates do not take into account those working age adults who are not looking for work. In fact, overall employment rates (which account for those not in the labor force) are low in Southeast Louisiana, particularly among African American men.” As of 2012, only 56% of African American men of working age were employed in Louisiana, compared to 76% of white men. **Workers of all races have seen significant declines in employment rates in Louisiana since the oil bust of the early 1980s.⁷**

**Though the economic growth that is underway holds great promise, history has made clear that without thoughtful management, the Super Region runs the risk of a devastating bust following the boom and the tragedy of a missed opportunity to address historic challenges of inequity and disinvestment.** We know from Texas and North Dakota that rapid growth associated with energy booms will lead to unprecedented congestion, tremendous strain on our roadways, skyrocketing housing prices, increases in crime and traffic fatalities, “here today, gone tomorrow” businesses, loss of local character and a drain on state and local revenues — unless we plan to do things differently.

Realizing long term benefits and avoiding negative impacts associated with rapid growth will require concerted efforts to strengthen our infrastructure; diversify our economy; provide workforce training; develop sustainable residential and commercial spaces; coordinate housing, jobs and training with transportation options; and put in place the fiscal policies that will leverage resources for the long-term and direct revenues to areas of greatest need. Communities will need to develop community plans that reflect short- and long-term priorities for addressing these issues.

**Some of this important work is already underway.**

The Governor’s office, Louisiana Workforce Commission, the Louisiana Community and Technical College System and Louisiana Economic Development are all working to develop responsive new programs that will better align curriculum, degrees and training certificates with emerging industry needs and help strengthen the pipeline of qualified workers to fill new jobs. Universities and industry are also partnering on workforce development initiatives, such as IBM’s new relationship with LSU’s College of Engineering, UNO and GE Capital, and Genesis Energy’s investment in Southern University.

In addition to conducting a statewide housing assessment, the Louisiana Housing Corporation is, for the first time, using projections of economic growth clusters throughout the state to guide its allocation of tax credits to support the development of affordable housing that will meet the needs of workers. Towns such as Gonzales and the Lake Charles area are undertaking planning activities in efforts to get ahead of the growth that is already impacting their residents and infrastructure. In Lake Charles, Sasol is collaborating with the Go Group and the Southwest Louisiana Economic Development Alliance to fund both a regional impact study and a regional housing needs study to help plan for the demands on local infrastructure.

Throughout the Super Region of Baton Rouge, New Orleans and Houma-Thibodaux:

75,000+ residents commute on a daily basis

42,000+ projected new job openings in the Super Region by 2020

“If we want to avoid becoming a bust city like Detroit or Cleveland, we need to direct future growth and development into creating the kinds of cities that entrepreneurs and the creative class will choose to live in.

**Cordell Haymon**
Chairman of the Board, Center for Planning Excellence
that will accompany the construction and operation of Sasol’s $21B ethane cracker and gas-to-liquid processing plant – the largest industrial investment in Louisiana state history. And even as the energy boom is in its nascent stages, the Southeast Louisiana Super Region Committee is working with the Data Center and other partners to develop and implement strategies for diversifying our economy and building out new sectors to complement the resurgence of legacy industries.

The measures described above constitute positive steps in the right direction, but essential pieces are missing. **Transportation issues have been largely absent from the ongoing dialogue surrounding the impending economic boom.** According to 2010 data, both Baton Rouge and New Orleans have high percentages of households without vehicles — 11% and 27% respectively, compared to 9% nationwide — yet these residents, the majority of whom are low-income, have no or limited access to transit. Of regions nationwide, metro areas in the South have the lowest transit coverage rate for zero-vehicle households, resulting in limited mobility and restricted access to economic opportunity. Only 32.5% of jobs are available via a 90-minute or less transit trip to households without cars in the South. It is reasonable to extrapolate from these 2010 figures that as training and job opportunities expand in Southeast Louisiana, access to transportation will be a major hurdle for many of those who need these opportunities the most. This challenge will be further exacerbated by the rural locations of many of the projected job openings, where there are no transportation options for those without a car.

Though important moves toward improvements and expansion are underway at the local level, Louisiana has not historically prioritized investments in public transportation. Louisiana DOTD’s annual budget allocates $4.96M – 0.5% of the total budget — to public transportation for the entire state. This amount has not increased in more than 15 years and pales in comparison to funding for public transportation in other Southern states. Louisiana spends $1.09 per capita for public transportation — $4.35 less than the next lowest spender, Tennessee, and $22.74 less than Virginia, the highest spender.

**The CONNECT Coalition has been working towards greater regional connectivity along this corridor, advocating for regional bus service (which ceased last year), passenger rail service and other transit expansions.** CONNECT has been successful in creating a groundswell of support for passenger rail connecting the Baton Rouge-to-New Orleans super region. However, an opportunity was missed when Louisiana did not apply for federal funds when they were available in the 2009 stimulus package. Though the rail has been included as a megaproject in DOTD’s statewide plan, no slate funding has been allocated for operation. The lack of investment in public transportation coupled with a backlog of highway projects and a national transportation budget crisis does not bode well for a region that already experiences high levels of congestion, sprawl, and lengthy commutes, and is projected to experience significant increases in vehicle trips, commuters and industrial traffic. Investment in the passenger rail project could catalyze further business expansion while supporting current industries such as film, tourism, digital media and water management, and providing greater mobility for an expanded workforce.
Taking Super-Regional Collaboration to the Next Level

The growing recognition that super-regions serve as drivers of the national economy is reflected in the establishment of the Southeast Super Region Committee, spearheaded by Greater New Orleans, Inc. and the Baton Rouge Area Chamber. This entity is addressing a continuum of issues that are key to robust and diversified economic development throughout the super region, including transportation, education, coastal stabilization, workforce development and innovation.

The CONNECT Coalition includes multi-sector member organizations from throughout the New Orleans-to-Baton Rouge corridor and is dedicated to advocating for expanded mobility choices that improve access to affordable homes, job centers and equitable economic opportunity.

These and other regional collaborations are gaining momentum, and now is the time to accelerate progress and expand participation. New partnerships and new agendas are required to collect data, foster robust public engagement, develop a shared super-regional vision and strategy, and invest in implementation that will make our super region better for all residents over the long term.

References

1 “Making the Case to Prepare Highly Skilled Workers for the Global Economy: Preparing Louisiana to Compete in a Global Economy.” The Louisiana Association of Business and Industry.


9 Ibid
Models to Explore

Though solutions and strategies must be tailored to our super region and the specific set of challenges, assets and opportunities that comprise our current context, other regions have developed innovative solutions in response to recent booms that present similar challenges. Their models and the lessons they’ve learned as they’ve formed new organizations and deployed new programs can and should inform collaborations, strategies and investments in the Baton Rouge – New Orleans super region.

Vision West North Dakota

North Dakota

This planning project began in response to the struggles faced in North Dakota’s northern counties – especially among smaller communities – amidst the rapid pace of expansion of the oil industry in that region.

The project focuses on 6 initiatives:

1. Economic Development and Diversification Plan
2. Infrastructure Needs Planning
3. Planning and Zoning Recommendations
4. Individual Project Schematics
5. Lessons Learned Webinars
6. Regional Strategic Plan

OBJECTIVES:

- Address immediate, short term needs of communities to meet growth management challenges
- Capitalize on one of America’s strongest rural economies for entrepreneurial development
- Set the stage for economic diversification based on the strength of the oil and agriculture industries
- Support livability and environmental objectives
- Establish a diversified economy in the future – looking past the current oil boom

This regional planning effort was funded through a partnership of the U.S. Department of Housing and Urban Development and the ND Energy Development Infrastructure and Impact Grant Fund.
Eagle Ford Consortium
Middle Rio Grande, Texas

MISSION:
To address the issues that are the result of the economic impact of the oil and gas exploration that is taking place within the Eagle Ford Shale

OBJECTIVES:
• Develop and foster effective lines of communication between industry, local communities, public schools, nonprofit groups, workforce training providers and others.
• Coordinate workforce and education efforts to improve employment of dislocated and underemployed workers.
• Coordinate and collaborate to procure additional public and private resources, including grants and private contributions to benefit workforce/ community development efforts.
• Maximize economic opportunities for communities in the Eagle Ford Shale region through collaborations with the oil and gas industry and through development of localized economic development efforts.

STRUCTURE:
The Eagle Ford Consortium is comprised of 5 committees that are led by a Steering Committee whose membership includes chairs of each of the 5 committees.

Leodoro Martinez, Jr. chairs the Consortium and serves as Executive Director of the Middle Rio Grande Development Council (Equivalent to MPOs).

COMMITTEE MEMBERSHIP INCLUDES:
• Elected officials
• Utility companies
• Housing authorities
• Organizations dedicated to protection/stewardship of natural resources
• Small business development centers
• Social services organizations
• Chambers of commerce
• Producers
• Service companies & industry associations
• Land owners
• Philanthropists
• Industry foundations
• Other investors