

REPORT OF THE ECONOMIC SUBCOMMITTEE
MAYOR'S BRING NEW ORLEANS BACK COMMISSION

January 27, 2006



OVERVIEW OF PRESENTATION

FRAMEWORK FOR COMMITTEE'S WORK

SUBCOMMITTEE'S PROCESS

VISION FOR THE NEW ORLEANS ECONOMY

ECONOMIC CONTEXT

RECOMMENDATIONS

- 1 Goal #1 – RECOVERY AND STABILIZATION
- 2 Goal #2 – REBUILDING THE ECONOMIC BASE
- 3 Goal #3 – REDUCING DISPARITIES
- 4 Goal #4 – REPOSITIONING AND STRENGTHENING COMPETITIVENESS

MAKING IT HAPPEN

FRAMEWORK

WHAT IS ECONOMIC DEVELOPMENT?

Economic Development is the process of building a community's capacity for shared and sustainable improvement in its economic well-being

FRAMEWORK

ECONOMIC DEVELOPMENT BUILDS ON ALL OTHER ELEMENTS OF BRING BACK NEW ORLEANS

- **INFRASTRUCTURE:** Quickly restoring infrastructure vital to economic development
- **EDUCATION:** Availability and quality of strong k-12 public and higher education system's fundamental building block of economic development
- **CULTURE:** The rebuilding of the cultural industries and the hospitality industry depends upon the strong cultural environment
- **HEALTHCARE:** Healthcare is not only a very important source of employment, but also a fundamental component of a community's infrastructure
- **PLANNING:** Rebuilding the economy must be aligned with broader planning objectives
- **GOVERNANCE:** Ensuring predictable and consistent regulatory environment and sound government administration is required for business investment

FRAMEWORK

THE ECONOMIC DEVELOPMENT STRATEGY WILL ADDRESS THE FOLLOWING FOUR PRIORITIES

1. Support Short-term Recovery
 - Stabilize local businesses and non-profit institutions
 - Help returning residents benefit from rebuilding opportunities
2. Restore the Economic Base
 - Strengthen core sectors of the pre-Katrina economy
3. Reduce Economic Disparities
 - Support economic opportunities to residents and small businesses
4. Reposition and Strengthen Competitiveness
 - Invest in the critical economic building blocks
 - Support new areas of competitive strength

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MAKING IT HAPPEN

SUBCOMMITTEE PROCESS

- Subcommittees
 - Small Business/Entrepreneurship
 - Hospitality
 - Bio-Med/Healthcare
 - Maritime
 - Oil & Gas
 - Aerospace and Military
 - Film and Television
 - Music
 - Manufacturing
 - Food Processing
 - Information Technology
 - Workforce

- Their recommendations were consolidated and included in a broader overall framework

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MAKING IT HAPPEN

VISION FOR NEW ORLEANS ECONOMY

SHORT-TERM

- Economy is stabilized. Businesses and non-profits resume operations.
- Rebuilding opportunities generate economic benefits for local businesses and residents.
- Workforce and economic development capacity is strengthened.

VISION FOR NEW ORLEANS ECONOMY

LONGER-TERM

- The traditional economic base of New Orleans is restored
- New industries emerge that build on the technologies and capacities created in the rebuilding process (example – housing industry)
- Vibrant small business sector that is serving the needs of a growing resident base
- Underlying economic building blocks of the region are revitalized
- Displaced residents return and have access to training, entrepreneurial opportunities and support needed to rise out of poverty (entrepreneurship)

VISION FOR NEW ORLEANS ECONOMY

A DECADE FROM NOW THE NEW ORLEANS ECONOMY WILL BE

- More Equitable
- More Diverse
- More Sustainable
- More Competitive

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MAKING IT HAPPEN

ECONOMIC CONTEXT

PRIOR TO KATRINA, NEW ORLEANS FACED ECONOMIC CHALLENGES BUT WAS BUILDING ON ITS STRENGTHS

ECONOMY PRIOR TO KATRINA FACING MANY CHALLENGES

- City had been steadily losing population
- Region had one of the lowest median household incomes in the US
- Segregated by both race and income
- Regional economy was sluggish and low wage jobs were increasing share of employment
- Some key sectors were threatened

BUT SOME POSITIVE TRENDS

- Strong higher education sector
- Developing reputation as Hollywood South
- Tourism strong with new growth from cruise ships
- Cultural economy an increasing focus
- Commitment to build upon bio-med industry and other technology strengths

ECONOMIC CONTEXT

KATRINA HAD DEVASTATING IMPACTS ON ECONOMY...

CORE ECONOMIC BUILDING BLOCKS AND ASSETS SEVERELY IMPACTED

- Key knowledge base and technological resource institutions – hospitals and higher education — seriously challenged
- Cultural resources and tourism infrastructure damaged
- Workforce displaced and talent lost

BUSINESSES DESTROYED AND JOBS LOST

- Small business community devastated
- Employment drops by a third
- Markets lost
- Reduced customer base for many small businesses
- Reduced tourism
- Suppliers to key industries lost market

ECONOMIC CONTEXT

CORE ECONOMIC SECTORS FACING SIGNIFICANT CHALLENGES

	Current Situation	Economic Challenges
Cultural Economy: Film &TV, Music, Culinary, Other	11% of jobs & supports hospitality industry and quality of life Becoming Hollywood South in film- region ranked 3 rd in film and added 1,000 jobs Strong culinary base	Film studio developments halted, cancelled film projects, musicians dispersed and music studios and venues impacted. Housing limits return; Restaurants that have reopened are struggling, food processors displaced
Hospitality	15% of local employment, \$5-8 billion annual revenue, and 30% of local tax revenue Drivers were convention business, sporting events, Mardi Gras, festivals, destination vacations	Damage to public infrastructure, neighborhoods, parks deter recovery Media depictions of devastation hurt image
Maritime	Break bulk specialty but invested in critical container capacity; over 270,000 jobs in the state Major market for cruise ships in the Gulf Well positioned to benefit from CAFTA	Ship calls were at 60% of pre-Katrina levels Mississippi River Gulf Outlet likely to close Cruise ships slow to return
Bio-Med	Major employer accounting for 72,555 jobs in the region; providing healthcare for large region Small but promising bioscience cluster	Operating at 40% of pre-Katrina levels; Hospitals in financial distress Medical schools are slowly recovering Research talent disbursed

ECONOMIC CONTEXT

CORE ECONOMIC SECTORS FACING SIGNIFICANT CHALLENGES

	Current Situation	Economic Challenges
Oil and Gas	<p>Many small, independent oil and gas service companies</p> <p>55,000 high paying jobs in the state</p> <p>Some service companies have capacity adaptable for diversification</p>	<p>Damage to production facilities and reductions in production levels</p> <p>Damage to publicly-owned port infrastructure hamper distribution</p>
Aerospace	<p>Source of over 18,000 stable, high-paying jobs spread across multiple facilities</p>	<p>Limited Katrina damage</p>
Manufacturing	<p>Major source of high paying jobs regionally -48,000</p> <p>Military and NASA contracts represent opportunity</p> <p>Notable strength in shipbuilding and repair</p>	<p>At 75% of capacity but long-term viability in doubt</p> <p>Capital access could be problem</p>
Information Technology	<p>The fastest growing sector in the New Orleans economy, employing over 8,000 people at very high pay rates. With the recent passage of the digital media legislation, IT has significant potential for post-Katrina growth.</p>	<p>Tremendous competition from other states and other areas. The possible loss of existing government contracts to more politically connected areas of the country.</p>

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MAKING IT HAPPEN - IMPLEMENTATION PLAN

GOAL I – SHORT-TERM RECOVERY & STABILIZATION

JUMPSTART THE ECONOMY: IMMEDIATE OBJECTIVES

- I.1 Link current and displaced residents to jobs
- I.2 Support continued operations of viable businesses
- I.3 Maximize reconstruction opportunities for residents and businesses
- I.4 Provide residents with supports needed to begin economic recovery
- I.5 Build capacity to provide short-term and immediate services

GOAL I – SHORT TERM RECOVERY & STABILIZATION

SELECTED INITIATIVES TO ACHIEVE OBJECTIVES

1 GET BACK TO WORK

- One stop website for jobs and training opportunities
- Tax credits and support for employer provided housing
- Transportation support for displaced residents
- Employee Incentive Fund: match employer investment in recruitment

2 NEW SKILLS FOR NEW ORLEANS

- Quick turnaround training in critical skill shortage areas
- Higher Education Training Consortium

GOAL I – SHORT TERM RECOVERY & STABILIZATION

SELECTED INITIATIVES TO ACHIEVE OBJECTIVES

3 GET BACK TO BUSINESS

- New Orleans Bed and Business – temporary space for business owners
- Business stabilization grant program
- Business recovery loan program
- Tax incentives tailored to small business owners

4 LOCAL CONTRACTING

- Encourage local procurement goals and living wage standards
- Neighborhood Builders Program

GOAL 2 – REBUILD ECONOMIC BASE

A COMPREHENSIVE APPROACH TO SUPPORTING THE CITY'S KEY ECONOMIC ENGINES

- 2.1 Rebuild the *Cultural Economy*: Film, Music, Culinary, Arts, Literary
- 2.2 Restore the Tourism infrastructure and Strengthen the *Hospitality Industry*
- 2.3 Restore port and *maritime industry* to pre-Katrina levels
- 2.4 Rebuild the *biomedical industry* and recommit to bioscience development
- 2.5 Retain existing *oil and gas* activity
- 2.6 Retain the *federal defense and aerospace* presence
- 2.7 Provide supports needed to keep *manufacturing* in the city

GOAL 2 – REBUILD ECONOMIC BASE

SELECTED INITIATIVES TO ACHIEVE OBJECTIVES

CULTURAL INDUSTRIES

1 TALENT RECOVERY

- Expand artist/cultural workers housing initiatives

2 CULTURAL ENTREPRENEURIAL DEVELOPMENT

- Restore existing Art and Music Incubators to previous levels and expand as needed
- Target micro enterprise and risk capital funding to music businesses and other cultural enterprises

3 RESTORE CITY AS HOLLYWOOD SOUTH & BUILD MUSIC INDUSTRY

- Use New Market Tax Credit to create investment fund for film and music
- Support Cultural Committee recommendations for Jazz Initiative
- Rebuild the film industry training and technical infrastructure at local colleges

4 CULINARY INDUSTRY/FOOD PROCESSING GROWTH INITIATIVE

- Build Greater New Orleans Food Kitchen Technology Center

GOAL 2 – REBUILD ECONOMIC BASE

SELECTED INITIATIVES TO ACHIEVE OBJECTIVES

TOURISM AND HOSPITALITY

1 RESTORE TOURISM AND HOSPITALITY INFRASTRUCTURE

- Priority rebuilding of key tourism areas and infrastructure
- Continue construction of Cruise Ship terminal and parking garage

2 LAUNCH MARKETING CAMPAIGN TO BRAND CITY'S REBIRTH

- Target meeting and convention planners
- Increases use of Ambassadors

3 PROPOSE TOURISM RECOVERY TAX INCENTIVES

- Increase business meal deduction, restore spousal travel deduction, tax credits for advertising expense
- Tax credits for corporate meeting patrons
- Tax Incentives for development

GOAL 2 – REBUILD ECONOMIC BASE

SELECTED INITIATIVES TO ACHIEVE OBJECTIVES

MARITIME INDUSTRY

1 PROVIDE IMMEDIATE RELIEF

- Repair damaged infrastructure
- Interim housing for workers
- Cost competitive with Houston
- Supplement Port Authority Fund to restore competitive position
- Relocation and assistance to displaced businesses

2 INCREASE LONG-TERM COMPETITIVENESS

- Consolidate levee districts and port authorities
- Invest in modernization
- Protect coffee trade
- Promote New Orleans as headquarters of Central American Trade Institute and leading CAFTA related port

GOAL 2 – REBUILD ECONOMIC BASE

SELECTED INITIATIVES TO ACHIEVE OBJECTIVES

BIO-SCIENCE

1 REBUILD THE CITY'S BIOMED FACILITIES

- Immediate relief to hospitals and medical schools
- Priority for Non-Profit Bio Medical Institutions Grant and Loan Facility Program
- Interim housing for workers

2 BIOSCIENCE TALENT RECOVERY PROGRAM

- Bio-medical Personnel Attraction and Retention Fund
- Loan Forgiveness
- Faculty Incentive Packages in Key Research Areas

3 BIOSCIENCE INDUSTRY DEVELOPMENT

- Fund a Bioscience strategic plan
- Secure funding for Cancer Research Center and Bioinnovation Center
- Support jointly funded Bioscience Technology Transfer Office

GOAL 2 – REBUILD ECONOMIC BASE

MANUFACTURING

- 1 INVEST IN BUSINESS AND INDUSTRIAL DISTRICT AND CORRIDORS**
- 2 ESTABLISH SHIPBUILDING CENTER OF EXCELLENCE**

AEROSPACE AND DEFENSE

- 1 RETAIN FEDERAL PRESENCE**
 - Secure funding for Federal City Project
 - Implement strategy to retain Michoud Assembly Plant
 - Identify local contracting potential and link local firms

OIL AND GAS

- 1 CREATE OIL AND GAS HEADQUARTERS COMMISSION**
- 2 MAKE NEW ORLEANS REGION MORE COMPETITIVE BASE FOR INDUSTRY**

GOAL 3 – REDUCE DISPARITIES

DEVELOP PROGRAMS DESIGNED TO SUPPORT MICRO-ENTERPRISE AND MINORITY AND WOMEN BUSINESS DEVELOPMENT

- 3.1 Support Strong Neighborhood Business Districts
- 3.2 Provide Career Ladders to Livable Wages
- 3.3 Expand Small Business Ownership

GOAL 3 – REDUCE DISPARITIES

SELECTED INITIATIVES TO ACHIEVE OBJECTIVES

STRONG NEIGHBORHOOD BUSINESS DISTRICTS

1 INCENTIVES AND FINANCING FOR NEIGHBORHOOD COMMERCIAL DEVELOPMENT

- Support affordable rent structures
- Business and market assistance support programs

SMALL BUSINESS DEVELOPMENT

1 ENTREPRENEURIAL VILLAGE: INCUBATORS AND MULTI-TENANT MARKETS

2 MICROENTERPRISE PROGRAM

GOAL 3 – REDUCE DISPARITIES

WORKFORCE

- I. **CAREER LADDER CONSORTIUMS:** Provide comprehensive supports from pre-employment skill development to occupational training in high demand jobs
 - Healthcare
 - Shipbuilding and port
 - Construction
 - Hospitality

GOAL 4 – REPOSITION AND STRENGTHEN COMPETITIVENESS

BUILD ON EXISTING STRENGTHS AND TAKE ADVANTAGE OF NEW OPPORTUNITIES TO DEVELOP NEW INDUSTRY CLUSTERS AND STRONGER ECONOMIC BUILDING BLOCKS

- 4.1 Target resources to develop new economic specialization in information processing.
- 4.2 Enhance the Technology Infrastructure and Entrepreneurial Environment
- 4.3 Create New Sources of Risk Capital

GOAL 4 – REPOSITION AND STRENGTHEN COMPETITIVENESS

- 1 INFORMATION TECHNOLOGY/PROCESSING INITIATIVE**
- 2 STRENGTHEN TECHNOLOGY TRANSFER AND
COMMERCIALIZATION CAPACITY**
- 3 CREATE CIVIC VENTURE FUNDS TARGETED TO EMERGING
INDUSTRIES**

IMPLEMENTING THE PLAN

ECONOMIC DEVELOPMENT IMPLEMENTATION MUST BE

- **PRAGMATIC**
- **INSTITUTION BUILDING**
- **REALISTIC**
- **CLEARLY DESIGNATED RESPONSIBILITY**
- **ACCOUNTABLE**

IMPLEMENTING THE PLAN

Economic Development Corporation

- Permanent
- Driver for these recommendations

MEMBERS OF THE SUB-COMMITTEE

Dan Packer, Chairman

Bill Hines, Co-Chairman

Rick Bachman – Oil & Gas

Michael Arata – Film, Television & Music

Alex Johnson – Workforce

Merritt Lane – Maritime & Port

Yvette Jones – Biosciences

Anthony Patton – Small Business/Entrepreneurship

Steve Perry – Hospitality & Tourism

Pat Quinlan – Healthcare

Tim Ryan – Information Technology

Alden McDonald – Aerospace

David Mize – Military/Federal City

Manny Blanco

Mark Drennan

Suzanne Mestayer

Doug Ahlers

Geri Baloney Broussard

Jose Suquet