MEMORANDUM

International Economic Development Council

Initial Findings to the Terrebonne Parish Economic Development Authority

July 21, 2010

To: **Terrebonne Economic Development Authority**

CC: **United States Economic Development Administration**

From: **International Economic Development Council**

I. Introduction

Hurricanes Katrina, Rita, Ike, and Gustav brought unprecedented devastation to the Gulf Coast, destroying critical infrastructure, triggering massive population shifts and wreaking significant economic havoc on the entire region. Hurricane Gustav had far reaching impacts throughout the State of Louisiana, causing flood and wind damage from the southern coastal parishes, through central portions in and around Baton Rouge, and up to the northern parishes. Approximately two weeks later, Hurricane Ike sent tidal surges across the State's southern coastal communities. Overall, the storms caused approximately 1.9 million Louisiana residents to evacuate their communities, damage to approximately 150,000 to 300,000 homes, 97,000 businesses to experience business interruption, an approximate $1 billion in infrastructure damage, and industries to experience economic losses of an estimated $2.5 to 5 billion.

Terrebonne Parish has been identified as a community needing economic recovery assistance due to the severe impacts from four hurricanes: Katrina, Rita, Gustav, and Ike, as well as the recent impacts of the Deepwater Horizon BP Oil Spill. These impacts include significant physical damage to one or more business districts, as well as significant economic impact on several key industry sectors (oil and gas exploration and production and seafood fishing and processing).

Impacted businesses, economic development organizations, and chambers of commerce that support local businesses/industries are still navigating uncharted territory en route to long-term recovery. Across the board, resources are stretched and long-term planning is often eclipsed by the struggle to meet immediate organizational and service needs.

As a first step, with funding from the Economic Development Administration of the U.S., the International Economic Development Council (IEDC) sent representatives to the Terrebonne Parish Economic Development Authority (TEDA) on June 14-17, 2010 to assess the situation in Terrebonne

Parish from an economic development perspective. IEDC prepared a background packet for its team to serve as an introduction to existing conditions and needs. The three day site visit was organized around a series of interviews to obtain information from various stakeholders about the current state of economic development recovery efforts in the Parish. On the third day, the team presented findings and immediate action steps. Based on the findings and recommendations of the expert team, as well as feedback from the community, IEDC drafted this memo that summarizes the team's findings and outlines strategies and actions for economic recovery and rebuilding.

This memo is based on the findings from information gathering, interviews, meetings, as well as the two-day working sessions. These sections are as follows:

- Section II provides an overview of observations, including strengths, challenges, opportunities and threats/uncertainties.
- Section III identifies short and medium-term action steps.
- Section IV outlines several federal and state policy issues that were mentioned in interviews.
- Section V outlines recommendations for navigating the federal system in a post-disaster situation as well as federal resources for entrepreneurship and disaster recovery.

II. Observations

This section draws on input gained through interviews and meetings to produce a broad list of Terrebonne Parish's strengths, challenges, opportunities, and threats as they pertain to economic development and economic recovery.

1. Strengths

a. People

Leadership: The Parish has strong local leadership, with staff and elected officials that understand the needs of the Parish and are committed to maintaining and improving the quality of life for the community.

Trained Workforce: Terrebonne Parish has a diversity of trained workers, from medium to high skilled technicians, as well as white collar workers. Many of these people have found opportunities and are key in serving as a strong workforce with skills that are transitional to other industries despite a lack of a college degree.

Disaster Knowledge: After having experienced four hurricanes over the course of four consecutive years, Terrebonne Parish has developed considerable resiliency in the face of disasters. Further the community has built up experience in post-disaster response, in terms of infrastructure, economic development and social services delivery.

Deep Culture: the Acadian culture remains strong in Terrebonne Parish and throughout Southern Louisiana - the strong sense of community provides the workforce with a versatility and resiliency to remain in the community through downturns, keeping skilled workers in the area.

b. Business

Major Retail Center: Houma serves as the major retail center for South Central Louisiana. This sector grew in the wake of the burgeoning oil and oil support industries growth.

Industrial Knowledge Infrastructure: The Parish and region have built up considerable intellectual capital and industrial capabilities related to the oil-services cluster.

Fisheries Cluster: South Louisiana produces 30 percent of US domestic production in seafood. Terrebonne parish has access to an abundance of both recreational and commercial fisheries species in the bayous and in the Gulf. The region has a built up a cluster in this industry with boat fleets, harbors, loading and offloading capabilities, seafood processors, and a strong market and brand. Further, the region has been innovative with adding value to their products through measures such as high pressure processing of oysters to ensure food safety and dried shrimp to reach into ethnic markets in different parts of the nation. Further, the ecology of the region lends itself to multiple species of fish, and both commercial and recreational species are abundant.

Foreign Trade Zone: Terrebonne Parish is home to foreign trade zones which offer the advantage of duty-free storage, assembly, and manufacturing of foreign goods. The Parish currently includes several sub zones for multiple organizations in various industries. The airport and the port are currently working to establish their own foreign trade zone, and are in the process of submitting an application to the Department of Commerce.

GO Zone: Terrebonne Parish is in a Gulf Opportunity (GO) Zone, which was established in 2005 to provide federal and state tax incentives for business development in parishes most affected by hurricanes Katrina and Rita. Property placed in service on or before December 31, 2008 is eligible for 50 percent bonus depreciation, and developments qualify for tax-exempt bond finance, with interest rates on these expecting to save a borrower 1.5 percent to 2.5 percent a year.

Local Banking: Largely due to the presence and strength of the oil and oil support industries, local banking has become very strong in Terrebonne Parish. Because the banks are robust but still hold strong roots in the community, they are willing to be more flexible, where they can be, in terms of supporting local businesses through turbulent times.

c. Institutional

Higher Education and Tech Colleges: Terrebonne Parish has strong secondary educational institutions including Nicholls State University, a four year university, and Fletcher Technical Community College a

two-year institution. Further, the two institutions have a very strong relationship with complementary curriculums, and open lines of communication.

Tourism Strategy: Not only does Terrebonne have a strong approach to tourism, but it is bringing together other Parishes to do long-term strategic thinking about sustaining tourism throughout the region.

Healthcare: the region's healthcare system is strong with Terrebonne Parish serving as the regional hub for South Louisiana. The region is home to three full service hospitals (including a for-profit, a public not-for-profit, and a state teaching facility hospital), the Cardiovascular Institute of the South, and a number of surgical centers.

a. Infrastructure

Houma-Terrebonne Airport: the general aviation airport serves as a critical resource and transportation hub for serving businesses in the region. The airport's industrial park employs about 1,400 people. Further, the airport has an industrial complex of about 1,800 acres, and 90 percent of the clientele of the complex is oil-field services related.

Transportation: With the exception of rail, the Parish has strong transportation infrastructure. Including close proximity to the interstate highway system, access to the Gulf, and an airport and port that are poised for potential expansion provided new business demand and funding will be identified. The port is mainly a real estate port that is commissioned by a public body, which ensures that fisheries and other industries have access to water.

2. Challenges

a. People

Social Service Sector: Local social services organizations have seen a decrease in funding while the number of applicants for their services is increasing. Compounding this issue, many new applicants are from a higher wage demographic and they do not qualify for traditional government services.

The Census: The 2010 Census was completed before the Deepwater Horizon Oil Spill. Thus, the data collected overstates the region's present economic prosperity, which could prevent adequate amounts of federal funding from flowing to the region.

High School Dropout Rates: The region has an above average high school dropout and illiteracy rate. This puts an extra stain on workforce development and industry diversification.

Long-Term Psychological Impact of Recent Disasters: Many area residents will see their economic wellbeing adversely impacted by the oil spill. This will lead to a decrease in income and increased social stress (depression, alcoholism, etc).

b. Business

Dependency on the Oil & Gas Industry: For the greater part of the last two decades, Terrebonne Parish and its neighboring parishes have grown increasingly dependent on the oil and gas industry. This has caused the local economy to become less diversified and has led to a vulnerable economy in the wake of the Deepwater Horizon oil spill.

Access to Capital: Due to the national downturn in the economy, banks have tightened up lending. This has made it difficult for area small businesses to obtain lines of credit and debt equity.

Perception of SBA Capabilities: Small businesses have relied on debt financing to recover from the damage caused by multiple hurricanes over the last 5 years. At this time, most are no longer capable of taking on more debt. Further, they perceive the SBA as solely a lending institution, rather than a more general federal resource that could possibly be drawn upon for further (non-loan related) support.

Skills Training: The region's workforce is in need of training (transferable skills) to help transition and diversify the economy. Two local institutions (Fletcher Technical Community College and Nicholls State University) are currently providing a limited amount of these services, but both institutions are facing considerable budget cuts and this could lead to a reduction in workforce training programs.

Shrimp Market: In recent years the shrimp market had been dominated by foreign markets. Many viewed 2010 as a banner year for shrimping in the Gulf, which when combined with the effect of a new import tariff on foreign shrimp would have lead to Louisiana shrimpers regaining significant market share. The oil spill has resulted in many state and federal waters being shut down from fishing thus depleting access to and landings of what was a bountiful supply of Gulf region shrimp.

Lack of Venture Capital: Venture capital firms do not perceive the Gulf Coast as a viable place to invest. This perception leads them to overlook investment opportunities in the region and hinders local business start-ups.

c. Institutional

Decrease in Government Funding: The global recession has dramatically decreased government revenues across the board, including the federal, state and local levels. While Terrebonne Parish has been somewhat buffered by the presence of the oil industry, the state's budget has been declining which has had a trickledown effect to the local level, especially with regard to education and health care.

TEDA is Understaffed: TEDA currently has 6 staff members that are assigned to multiple job tasks. New positions need to be created to help lead workforce training and business attraction efforts and deepen the organizations overall capacity.

Lack of a Research University: Terrebonne Parish is located within relatively close proximity to Louisiana State University (LSU), Louisiana's primary research university. The parish and its higher education

institutions might find opportunities to collaborate with LSU for research and tech transfer. Louisiana University Marine Consortium is also a research university that could be tapped into for technology transfer and collaborations with industry, particularly seafood processing.

Decreasing Confidence in the Federal Government to Respond to Disasters: Many Parish stakeholders feel that the federal government has reacted slowly to past disasters. This has led to two major issues; business owners desperately need capital to sustain operations and local businesses and government have a lack of faith in the federal government's ability to respond to the current oil spill.

d. Infrastructure

Dilapidated Infrastructure: Due to budget cuts across all levels of government, much needed public infrastructure maintenance and improvements have been delayed or cancelled. Outdated public infrastructure can serve as a deterrent to business attraction and overall business growth.

Lack of Rail: The region no longer has serviceable rail lines to transport freight.

Land: Developable high land, safe from flooding, is scarce. This drives the price of the land up and makes it difficult to recruit new businesses, particularly industrial type business ventures.

Canal: The Houma Navigation Canal (HNC) is not a deepwater canal. This prevents large ships from bringing freight inland. This same issue is also seen with the Intracoastal Waterway that also passes through Houma, converging with the HNC at the Port of Terrebonne. These canals present the possible detriment of serving as a conduit for flooding during hurricanes and tropical storms.

Housing Stock: The region has been hit with multiple hurricanes in recent years, leading the destruction of affordable housing stock that will more than likely not be rebuilt due to the high probability of future storms. Insurance availability and cost contribute to lack of affordability issues.

Loss of Barrier Islands: Terrebonne Parish is rapidly losing the marshland that serves as a natural barrier from hurricanes and flooding. The oil spill will speed up this loss making the area more susceptible to future natural disasters.

Drinking Water Supply: Salt water intrusion prevents the parish from using a local water supply. Thus it has had to reach out to neighboring parishes for its water supply. The contract is set to expire in the near future and a new contract could prove to be drastically more expensive.

Port of Terrebonne: The port has the potential to become even more valuable than it is if it were to become a break bulk or container port. However, though it has the state authority to become such a port, it lacks funding. If funding were available for development it would improve its competitiveness. In addition, there is no customs acceptance at the Port of Terrebonne, which prevents international ships from bringing supplies directly to the parish. They must first go through customs at the Port of New Orleans.

3. Opportunities

a. People

Skilled Workforce: the region has a vastly skilled workforce that is based in the oil services and steel fabrication and machining industries. The high skill level embodied in local workers leaves open the possibility for the region to be able to realign and retool to other products, industries, etc.

Entrepreneurship: The South Louisiana region already holds a deep entrepreneurial spirit. As the region strives to diversify its economy, entrepreneurs can help to lead in this effort. One particular area of note would be to identify if there are oil services engineering and manufacturing firms that might be able to transition to component parts for clean tech parts manufacturing. Other areas could be related to the oil spill cleanup. For example, BP has apparently collected over 40,000 ideas thus far in regards to the clean up. Thus, there could be opportunities with Nicholls State University and Fletcher Technical Community College to spur entrepreneurship in these areas and/or to support technology transfers.

Nation-Wide Focus: Since the beginning of the oil spill, the eyes of the nation have been on South Louisiana. This presents an enormous opportunity for the Parish to try and capitalize on this visibility in order to garner additional resources towards recovery efforts.

b. Institutional

Wetland Cleanup: the anticipated need to do extensive cleanup to the Parish's coastline and wetlands is expected to create expertise in the area of ecological restoration. Training will be a fundamental aspect of succeeding in building up a new industry sector in this emerging area.

Corporate Funding Streams: Given the deep connections the region has with large corporations, the region could develop a strategic plan to target those corporation's foundation arms to help fund local economic development efforts through TEDA's foundation.

Technology Transfer: A tremendous amount of innovation has occurred in the region to support the oil industry and there is significant opportunity to enhance the relationships between the private sector and state research institutions to transfer technology that would benefit the region.

Tourism Partnership with New Orleans: The New Orleans region is the main hub of tourism for the state of Louisiana. With Terrebonne Parish only being an hour from New Orleans, there is opportunity to piggy back off of their tourism pull to put together packages that consists of transportation from New Orleans to connect visitors with the vast activities available in Terrebonne Parish (e.g. bird watching, fishing, boating, etc).

Rebranding of Seafood: Safety is the current priority in starting to recover the seafood industry in Louisiana. When certainties about seafood safety return, there will be an opportunity to implement a rebranding campaign backed by quality assurance testing to highlight the new level of inspection that Gulf seafood will be receiving. Additionally, funding for a previously planned cold storage center is at risk

of being lost because of current uncertainties in the fisheries. If land can be secured, it could be collocated with a seafood safety assurance lab to maximize efficiency.

GO Zone Act: The GO Zone Act was a recognition by the state and federal governments of the burden Louisiana and Terrebonne Parish face from destructive disasters. This act has expired for Terrebonne Parish, but there has been political support for extending the program by politicians in Louisiana.[1] The Parish should continue to work with state and federal partners to enact policies that provide additional opportunities for local businesses to recover from disaster.

4. Threats and Uncertainties

The threats and uncertainties facing Terrebonne Parish are undoubtedly vast. For the purposes of clarifying their nature, they have been categorized into the following three areas: the Deepwater Horizon oil spill, hurricane season, and the deepwater oil drilling moratorium.

a. Deepwater Horizon Oil Spill

On April 20, 2010 a fire explosion which was caused by a blowout killed 11 crewmembers on the Deepwater Horizon rig and marked the beginning of the largest offshore oil spill in U.S. history. To date, the spill is ongoing with an end date still remaining an uncertainty. Given that the amount of oil being released into the Gulf is still an unknown, in combination with prolonged usage of chemical dispersants, no one exactly knows how and where this will affect the ecology of the Gulf's delicate coastlines. Access to fisheries is unknown in both the short and long term. Currently, they are only open on a day to day, or week to week basis. Also, many of the local fishing boats are being contracted by BP for clean up, and it is vague as to whether or not fishermen would be able or want to quickly return to the fisheries if their boat has been commissioned by BP at a higher pay rate. That said, there are also fears that if the BP claims process is a long term function of the spill, that it may create economic dependence for regional businesses. Further, there is currently little alignment between FDA and Louisiana standards for opening shellfish beds. The safety of local seafood is being tested at the state level, but the oil spill has caused a drop in demand for seafood based on fears of contamination. With hurricane season now beginning, this creates further threat.

The largest unknown is how the spill will affect locally rooted fishery businesses in the long term and whether they will be able to wait it out and/or return once the waters are safe to fish again. Many have already maximized their lines of credit and are unable to take out more loans. Further, the spill has threatened what was a preeminent (Louisiana) seafood brand.

[1] GO Zone Gateway. GO Zone Extension Sought By Senators of Mississippi. 2009. http://www.gozonegateway.com/go-zone-news/go-zone-extension-sought-by-senators-of-mississippi/

b. Hurricane Season

The 2010 hurricane season has officially begun. With the ecology of the Louisiana coastline already having been worn down from years of wetland loss and hurricanes, the presence of oil is further threatening the coastlines natural protective barrier. Further, there are fears that a hurricane could bring oil onshore and create a public safety threat. Lastly, with the constant bombardment of disasters the region has experienced over the past five years, many are worried about a significant hurricane's impact on people's psyches, social services, mental health services, etc. 18% of the oil and gas pipelines in the Gulf come ashore in Terrebonne parish. These pipes are not intended to be exposed to saltwater and as the wetlands continue to recede, pipes could become exposed to rough storm surge and are vulnerable to corrosion and rupture.

c. Oil Drilling Moratorium

On May 30, 2010, in response to the Deepwater Horizon Oil Spill, U.S. Secretary of the Interior Ken Salazar, issued a moratorium on all deepwater offshore drilling on the Outer Continental Shelf for a period of six months. Louisiana has taken coordinated efforts to push back against the moratorium in light of the anticipated short and long term threats the moratorium is expected to bring to the local oil services industry and by extension the trickle down effects to the South Louisiana economy. Many fear that a 6-month ban will induce many of the rigs to leave the region for deepwater drilling opportunities in other countries.

Louisiana and the entire Gulf Region need to have a better understanding of the impacts of the moratorium, but limited data is currently available to do so. The state released preliminary job loss estimates based on assumptions of rig departures which show 3,000-6,000 jobs in the first 3 weeks; with up to 10,000 in the first few months[2]. Preliminary estimates from analysis by Louisiana Economic Development (LED) show that if the deepwater drilling moratorium is allowed to run its full six month course, roughly $3.6 billion per year in output is at stake in Louisiana. In addition, LED's preliminary analysis shows that Louisiana job losses could be between 15,000 and 20,000 (direct and indirect), and the reduction to Louisiana State tax revenue could reach roughly $100 million on an annual basis. With local, regional and state budgets already strapped prior to the moratorium and the oil spill, there are fears that there will be few, if any, social services networks to support those individuals who may become unemployed. Further, the local employment patterns of the region hold a complementary seasonal relationship with workers splitting their year between working in both the fishing industry and the oil industry, and with both industries under threat, it's uncertain what other sectors workers could be absorbed into the region. Alternatively, some workers may choose to leave the region to follow other employment opportunities.

[2] State of Louisiana. JUST THE FACTS: Drilling Moratorium's Impact on Louisiana's Families and Economy. June 14, 2010. http://emergency.louisiana.gov/Releases/06142010-moratorium.html

III. Immediate Action Steps

Following the IEDC team's meetings with multiple community stakeholders, the team outlined several action steps, both immediate and longer term that the community should consider. They are detailed below:

1. **Develop a post-disaster economic recovery task force.** This effort should be spearheaded by TEDA and should include all local institutions that are pertinent to economic recovery, e.g. social services, planning and land use, economic development, workforce, education, health, etc. TEDA should solicit commitment from various identified partners to take ownership of various aspects of the economic recovery process.

    a. As part and parcel of this task force, TEDA should do co-marketing with other regional economic development groups/ parishes to work through economic recovery issues.

    b. TEDA should work to engage BP and federal players Kenneth Fienberg and Secretary Mabus to ensure that businesses receive their claims in the short term and work toward recovery, restoration, and economic rebound in the long term.

        i. Establish communications with Secretary Mabus to inform him about TEDA and the imminent release of the IEDC memo.

        ii. Send him the memo when it becomes available.

        iii. TEDA should take the initiative to invite collective cooperation from the various parishes' economic development agencies' leaders. If possible Louisiana Economic Development, Louisiana Recovery Authority, and South Louisiana Council should all be included. A cooperative assessment by coastal parishes is much stronger than piecemeal approaches by individual parishes.

        iv. An organized conference of multi-parish officials, state officials, and selected invitees from the federal government, including Secretary Mabus and his colleagues, should be organized to establish the cooperation and unified response. Funding for this conference could be sought with EDA funds or private money from businesses or foundations.

2. **Develop a Business Assistance Center.** Small business is the backbone of local economies. Unlike larger businesses, they typically lack the resources to withstand even a few weeks of disruption. Even larger businesses suffer when their small business suppliers discontinue operations. Therefore, the team believes that small business support is the primary short-term need for economic development recovery.

    The team recommends that TEDA and the Houma-Terrebonne Chamber of Commerce take the leadership role in identifying and disseminating information on the available resources that allow small businesses to both recover and rebuild in both the short and long-term. The team

also recommends that the center be collocated with representation from BP and SBA. Having this collocation would not only provide for collaboration and streamlining in the recovery process, but it also shows visibility of recovery efforts to the community. The center should also integrate workforce/entrepreneurship efforts by collecting a skill set inventory from the displaced workers that are coming to the center for assistance. Further, local retirees with business and/corporate experience should be recruited to assist the work in the center.

3. **Develop a rapid response team to go after companies that are rumored to be leaving or displaced.** There needs to be a pro-active effort to identify at-risk businesses based on a variety of factors such as the number and quality of jobs, tax revenue contribution, industry anchor, and importance to the local economy. These companies need more attention on behalf of the economic development organization in terms of surveying their short and long-term needs and linking them with the appropriate resources to retain them in the community. TEDA should consider partnering with other local economic development groups to develop this team.

4. **The Parish and State government should also take a more active role in identifying grants and assisting in grant writing to serve as a resource for the entire community**. One major grant source used in disaster impacted communities in Mississippi and Louisiana is the National Emergency Grant (NEG) funds offered by the Department of Labor (DOL) through the local workforce investment board (WIB). These grants temporarily expand the service capacity of Workforce Investment Act training and employment programs at the state and local levels by providing funding assistance in response to large, unexpected economic events which cause significant job losses. NEGs generally provide resources to states and local workforce investment boards to quickly reemploy laid-off workers by offering training to increase occupational skills. [3]

5. **TEDA should identify a point person who can target federal and foundation grants**. While TEDA currently has a grant writer on staff, their available time for this task may be limited. As such, TEDA should reach out to its local university, Nicholls State, and pursue the possibility of borrowing time or resources from one of their grant writers who is experienced in targeting foundation grants.

6. **TEDA should continue attempts to apply to BP in a separate claims process targeted for local governments.**

7. **TEDA and LED should continue to push BP to share its claims list with one or both organizations** to estimate the type and amount of local businesses being affected and what type of assistance they are already receiving. This information would allow TEDA and LED to have a more comprehensive understanding of the situation that small businesses in the region are facing and what assistance they have received. TEDA should also work to enhance partnerships with LED and other economic development players in the region to share information needed in the recovery process.

8. **TEDA should work with LED to collect on the ground data from the community and local business.** Given BP's reluctance to share data about its claim payments to local area businesses,

[3] More information can be found on the Department of Labor's website: http://www.doleta.gov/neg/

TEDA and LED should consider developing their own grassroots efforts to collect data from the region to help with recovery planning efforts.

9. **TEDA should develop a plan for business retention and recruitment in light of the current economic situation facing the region.** This plan should identify a strategy for retention and specific messaging for recruitment. It should also identify key economic development partners, both traditional and nontraditional, that can help TEDA with these efforts.

    a. As part of this plan, TEDA should connect with LED and the International Trade Administration to help local businesses identify international market opportunities for their goods and services.

    b. TEDA should develop a strategy for what waivers would be most effective, given its prior experiences with post- hurricane economic recovery.

    c. TEDA has the opportunity to market the skilled workforce that has recently become unemployed for business recruitment efforts. TEDA should work to develop an inventory of skill sets from these unemployed workers.

10. **TEDA should request US Army Corps of Engineers waivers to appropriate, permit, and build Morganza to the Gulf**, the 72-mile system of locks and levees designed to protect Terrebonne's waterways and marshlands from coast erosions with the added bonus of protecting against infiltration of oil now and any future threats of spill or storms.

Medium-Term Action Steps

1. **Develop an Area Foundation to further support the non-profit sector.** Many of the local non profits in the Terrebonne Parish area have expressed that they are in need of deeper resources and funding to support the ongoing needs of the region's citizens. An Area Foundation could attract donations of all sizes from multiple donors to create a collection of funds that will exist in perpetuity. Contributions are tax deductible and are "pooled" in a coordinated investment process aimed at safely maximizing earnings. That income would then be used to make grants to charitable organizations and institutions that serve Terrebonne Parish.

2. **Develop an entrepreneurship infrastructure/ ecosystem:** Terrebonne Parish has a strong entrepreneurial spirit that is ripe for helping to diversify the region's economic base. As such, developing an ecosystem that helps to foster this should be a strong focus for TEDA moving forward into the future. Developing the ecosystem should be broken into two phases, medium-term and long-term steps.

    a. The medium-term strategy should utilize economic development capacity to target adults who have skills that could be reapplied to transition them to other industries and

should recognize the ingenuity of the workforce by awarding innovation and encouraging entrepreneurship specifically in areas that have potential to be home-grown businesses. Resources such as Nicholls State University's upcoming *Entrel Lab*, which will provide students with a resource-filled environment to aid in their successful business launches, should be utilized and tapped into. Once potential resources have been identified and made available, it is important to connect these resources – creating a network of service providers to assist the community. This web of providers consists of myriad players in the entrepreneurial ecosystem such as information networks, technical assistance providers, mentors, etc. Strong linkages between each of these "nodes" in the entrepreneurial ecosystem are important to facilitating sustained entrepreneurial growth.

Additionally, TEDA's cold storage/incubator project, which is currently in development, aims to provide the fisheries a closer, less costly facility in which to store the processed catch and provide a safe haven when hurricanes threaten the area and operational stock must be moved to a more secure, less flood-prone area. The facility's inclusion of a food incubator, a space which entrepreneurs wishing to enhance the value of their catch can start small businesses in a more sheltered environment, would increase their potential for success by giving them an area in which to develop value-added product while storing their catch in a convenient, safe location. Originally, the Parish was going to purchase land and donate it to the project, which was to be complemented by $3 million in CDBG funds. However, because future tax revenues are now uncertain, the land donation is uncertain. If the land cannot be donated or purchased, TEDA may lose the CDBG funds. If this is the emerging scenario, one alternative for TEDA could be to ask for re appropriation of the funds to a more short-term project, such as funding the small business assistance center discussed in the immediate action steps section of this memo.

b. The long-term strategy steps begin with an outlook of nurturing the entrepreneurial spirit from very early ages through proper training and encouragement. By establishing training programs at the high school and college level, young entrepreneurs can be identified as well as nurtured for entrepreneurial development.

    i. Institutions that facilitate economic activity are a key asset for entrepreneurship. As such, all of the local colleges and universities should be made integral parts of the proposed matrix, along with K-12 institutions.

    ii. An economic environment that minimizes commercial risk will foster more entrepreneurial activity because it effectively lowers the cost of doing business and encourages those who fail to start anew. Notably, the federal, state and local governments all play essential roles in creating the entrepreneurial environment. An entrepreneurial environment is one that invests in and nurtures its human capital assets, as they are the source of entrepreneurs and

the engines of entrepreneurial firms. Communities strengthen their talent pool by[4]:

1.) Celebrating and encouraging diversity

2.) Integrating entrepreneurship training into their secondary and post-secondary systems

3.) Creating strong elementary and secondary schools, especially but not limited to STEM (science, technology, engineering and math), to build a talent pipeline

4.) Using their post-secondary assets to attract and retain students

5.) Recruiting skilled workers

6.) Finding innovative ways to deepen their indigenous talent base

7.) Building local amenities to attract talent

8.) Building social networks to embed talent in the social, economic and political life of the community.

3. Develop a strategy for how to position the community in the alternative and clean tech sectors.[5]

a. Take inventory of the knowledge and assets in the community, including skill sets, employment trends, and industry presence

b. Economic analysis including: shift-share analysis, supply chain analysis

c. Identify specialized local knowledge through economic analyses and targeted interviews with industry leaders

d. Identify target sectors for growth and where there could be alignment with local industry assets

e. Identify obstacles to meeting growth:

i. Training/skill sets

[4]FORTHCOMING. IEDC. Economic Development Research Partners. Unlocking Entrepreneurship: A Toolkit for Economic Developers.

[5] Clean tech refers to technology that promotes environmental awareness and alternatives that discourage environmental degradation. Clean tech includes technology geared around alternative energy, green transportation, energy efficiency, and information technology. This includes businesses developing, supplying, generating, or storing energy, in areas such as: renewable energy sources, nonrenewable energy technologies (e.g. carbon capture and sequestration), efficiency technologies, and advanced energy storage technologies (e.g. batteries).

ii. Incentives/disincentives

iii. Infrastructure

iv. Regulatory environment

v. Political will

vi. Technology gaps

f. Develop strategies for attraction and development/ target identified industries and companies.

i. e.g. gifted land or building in the oil sector where a large research partner such as LSU could develop a research branch

g. Incorporate technology ideas derived through BP spill to create a technology transfer/research and development lab. Simultaneously, partner with the local entrepreneurial lab for funding sources like the BP foundation funds and international investment/venture capitalists to find new products and clean tech products to be produced in Terrebonne.

IV. Policy Issues

During IEDC's visit to Terrebonne Parish, several community stakeholders brought up policy issues and concerns that are outside of the purview or control of the Parish government. They are summarized below by federal and state policy issues.

1. *Federal Level Policy Issues*

a. The Davis-Bacon Act has been in effect since 1931. It sets a prevailing local wage for construction workers who are paid with federal dollars. A wage waiver for this was put in place by the Bush Administration for two months following Hurricane Katrina in attempts to save the government money while simultaneously speeding recovery. However, this caused great controversy since those who oppose the waiver fear that local skilled workers will lose jobs to an influx of illegal immigrants willing to work for low wages.

b. While the U.S. has stringent emissions policy on ships traveling on U.S. waters, those policies do not apply to permanently anchored oil drilling platforms. A change of policy could greatly benefit the region by ensuring that less pollution reaches Louisiana shores, impacting the fishing industry.

c. The GO Zone tax breaks have expired for Terrebonne Parish and are set to expire in 2011 for the few remaining parishes. Many stakeholders noted the need for an extension, specifically the 50 percent bonus depreciation.

d. The Jones Act requires that American flag vessels be made in America. Oil rigs do not fall under the Jones Act, but it might be useful to look at a similar kind of act in order to ensure consistency in technology for rigs that are used in the future.

e. A tool should be established that allows the Department of Commerce to declare a disaster in order to appropriate funds for economic recovery purposes. FEMA is currently the largest resource for post-disaster funding but can only act in the event of a declared disaster. Only a fisheries disaster has been declared, but there are a number of other industries affected by the oil spill that need assistance.

2. State Level Policy Issues

a. Many stakeholders noted that reducing or eliminating the tax on the claims awards from BP will be important to recovery efforts. There are currently several different attempts at packaging and introducing a bill in congress that will exempt businesses from paying taxes on their BP claims.[6] None of these have come to fruition yet, however. The IRS is still planning on taxing the claims and has even set up a Gulf Coast Assistance Day on July 17 to help taxpayers and tax preparers with issues related to the spill.[7]

b. Longer licenses for experienced fishermen and forgiveness of future license fees for verifiable fishermen were suggestions presented by stakeholders. A commercial fisherman license costs $55 for a Louisiana resident and $460 for a non-Louisiana resident. In addition, charter licenses in LA run from $250 to $2,000, and seafood dealer licenses can run up to $250 for LA residents. Other licenses and permits for equipment used or specific species fished are subject to various fees that can be found on the Louisiana Wildlife and Fisheries website. The commercial licenses and permits expire on December 31 every year. It is clear that the cost of fishing licenses can add up quickly and come to a substantial amount every year. Therefore, it would be suggested that fisherman, who have been unable to utilize their licenses, should be able to carry them on into the following year.

c. Stakeholders also called for support for a Back to Dock Program to incentivize shrimpers to return to the industry. The philosophy behind the program is to pay 30% more than the 2009 shrimp price as an incentive for fishermen and processors to get boats back into the fisheries from the Vessels of Opportunity Program, in which they are currently devoting their boats and time to help with the oil spill cleanup. The money would presumably come from BP to underwrite the program.

[6] Heflin, Jay. Senators introduce tax relief bill for Gulf Coast. The Hill, July 2, 2010. http://thehill.com/blogs/on-the-money/domestic-taxes/107013-senators-introduce-tax-relief-bill-for-gulf-coast

[7] Associated Press. Gulf Coast business owners may owe taxes on BP payments. June 30, 2010. http://blog.al.com/live/2010/06/gulf_coast_business_owners_may.html

V. Federal Resources

Recommendations for navigating the federal system in a post-disaster situation are provided below.

1. Reach out to the federal government

Communities need to implement a two-pronged strategy for establishing contact with the federal government

- Establishing contact with their senators and congressmen so that legislators can appropriate funds for impacted communities
- Establishing contact with the appropriate federal government agencies to access funds already at the disposal of the various federal agencies for specific disaster recovery efforts

When contacting them, communities should be able to provide detailed information on the impact of the disaster on the community, accompanied with specific plans and programs designed to effectively address the impacted areas. These plans and programs should include the measurable results expected from the funds requested. Impact assessments by independent third-party contractors can be conducted relatively quickly after the disaster. Information such as impact assessments combined with examples on the ground can be very useful for influencing federal appropriations.

It is also important that the local and state officials act as a team in reaching out to the relevant federal agencies. Economic developers need to act as conduits of information for local and state elected officials as well as federal government agencies.

2. Request Waivers for specific requirements

In a disaster situation, meeting federal requirements for accessing funds can add an additional layer of burden on the local economic development professionals and delay the recovery process. Few examples exist of communities requesting waivers for certain requirements to expedite the delivery of assistance on the ground. New York City and Grand Forks, North Dakota both effectively requested waivers to their advantage.

Community leaders need to have an understanding of the use of funds as prescribed by the federal programs and request appropriate waivers that would positively impact their community. It is important that state regulations are made consistent with the federal waivers.

3. Track Federal Appropriations

Federal appropriations are special resources provided to a community impacted by a major disaster. Typically, these funds are disbursed to the appropriate state agency for distribution among the various affected communities. Local stakeholders need to track and advocate for the efficient disbursement of those funds to the local level.

4. Package resources from different sources to best meet the local needs

Typically in a disaster, communities need to patch together funding from a variety of sources to meet local community and business recovery needs. Packaging resources helps leverage a variety of programs to meet unique needs on the ground. Economic development professionals will need to have a clear understanding of the requirements (and waivers) of the various federal programs and mitigate conflicts between these requirements when putting together such packages.

Note on Duplication of Benefits (DOB) – DOB refers to the use of federal funds from different programs for the same purpose, which is prohibited by law. The burden of proving that there is no duplication of benefits lies on the local government disbursing funds and not the various federal agencies providing these funds. Economic developers need to ensure that there is no DOB when putting together resources from a variety of federal agencies for disaster recovery.

5. Assistance already available in the Gulf

Secretary of Commerce Gary Locke's Declaration of a Fisheries Disaster for Louisiana means that as of May 24, 2010 $15 million is available from NOAA and $5 million from EDA. EDA is also attempting to cover unemployment loses from the disaster, and the SBA is offering economic injury disaster loans.[8]

[8] NOAA. Commerce Secretary Gary Locke Announces Fishery Failure Determination in Gulf of Mexico. May 24, 2010. http://www.nmfs.noaa.gov/sfa/sf3/disasters/gom_dwh/gulf_fishery_failure_pr.pdf

6. Federal Resources for Disaster Recovery

Federal Agency Name	Link	Description of Funding
Federal Emergency Management Agency(FEMA)	http://www.fema.gov/government/grant/hmgp/	Provides grants to local governments to implement long-term hazard mitigation measures.
	http://www.fema.gov/government/grant/pa/index.shtm	Provides grants to local governments so that communities can quickly respond to and recover from major disasters.
U.S. Department of Agriculture (USDA)	http://www.rurdev.usda.gov/rd/disasters/disassistance.html	Provides funds intended to help rural business owners and communities affected by disasters.
U.S. Department of Housing and Urban Development (HUD)	http://www.hud.gov/offices/cpd/communitydevelopment/programs/drsi/index.cfm	Provides flexible grants to help cities, counties, and States recover from disasters.
U.S. Small Business Administration (SBA)	http://www.sba.gov/services/disasterassistance/	Provides low interest disaster loans to homeowners, renters, and businesses after a disaster.
U.S. Department of Labor (DOL)	http://www.doleta.gov/neg/	Provides funds to states and local workforce to quickly reemploy and train laid-off workers after a disaster.
U.S. Economic Development Administration (EDA)	http://www.eda.gov/InvestmentsGrants/FFON.xml	Provides grants for long-term economic redevelopment strategies and carry out implementation plans.
U.S. Department of Commerce, National Oceanic and Atmospheric Administration (NOAA)	http://sero.nmfs.noaa.gov/grants/grants.htm	Provides various fisheries grants, including fisheries disaster assistance

7. Federal Resources for Entrepreneurship

Agency	Programs
Small Business Administration (SBA)	7(a) and ARC loans http://www.sba.gov/financialassistance/borrowers/guaranteed/7alp/index.html
	504 loans through Certified Development Companies (CDCs) http://www.sba.gov/financialassistance/borrowers/guaranteed/CDC504lp/index.html
	8(a) designation for federal contracting http://www.sba.gov/contractingopportunities/index.html
	Small Business Investment Companies (SBICs) and Specialized SBICs (SSBICs) http://www.sba.gov/financialassistance/borrowers/vc/sbainvp/index.html
	Microloan Program http://www.sba.gov/financialassistance/borrowers/guaranteed/mlp/index.html
	Export Working Capital Program (EWCP) http://www.sba.gov/smallbusinessplanner/start/financestartup/SERV_EXPORT.html
	Defense Loan and Technical Assistance Program (DELTA) http://www.sba.gov/smallbusinessplanner/start/financestartup/SERV_DELTA.html
	Service Corps of Retired Executives (SCORE) mentoring program http://www.score.org/index.html
	Small Business Development Centers (SBDCs) http://www.sba.gov/aboutsba/sbaprograms/sbdc/index.html
	Women's Business Centers (WBCs) http://www.sba.gov/aboutsba/sbaprograms/onlinewbc/index.html
	U.S Export Assistance Centers (USEACs) http://www.sba.gov/aboutsba/sbaprograms/internationaltrade/useac/index.html

	Veterans Business Outreach Centers (VBOCs) http://www.sba.gov/aboutsba/sbaprograms/ovbd/OVBD_VBOP.html
	Surety Bond Guarantee Program http://www.sba.gov/financialassistance/borrowers/surety/index.html
	Disaster Assistance Loan Program http://www.sba.gov/financialassistance/borrowers/guaranteed/dalp/index.html
	Program for Investment in Micro- Entrepreneurs (PRIME) http://www.sba.gov/financialassistance/prospectivelenders/prime/index.html
	Small Business Technology Transfer http://www.sba.gov/aboutsba/sbaprograms/sbir/index.html
	HUBZone https://eweb1sp.sba.gov/hubzone/internet/index.cfm
U. S. Department of Agriculture (USDA)	4-H www.4-h.org
	Renewable Energy & Energy Efficiency Program (REEE) http://www.rurdev.usda.gov/rbs/farmbill/index.html
	USDA Office of Small and Disadvantaged Business Utilization http://www.dm.usda.gov/osdbu/
	Business & Industry Guaranteed Loan (B&I) http://www.rurdev.usda.gov/rbs/busp/b&i_gar.htm
	Rural Business Enterprise Grant (RBEG) http://www.rurdev.usda.gov/rbs/busp/rbeg.htm
	Intermediary ReLending Program (IERP) www.rurdev.usda.gov/rbs/busp/irp.htm
	Rural Co-operative Develop. Grant (RCDG) http://www.rurdev.usda.gov/rbs/coops/rcdg/rcdg.htm
	State-based programs and resources http://www.rurdev.usda.gov/recd_map.html
	Rural Disaster Assistance http://www.rurdev.usda.gov/rd/disasters/
Department of Treasury	Community Reinvestment Act http://www.occ.treas.gov/crainfo.htm
	New Market Tax Credits http://www.cdfifund.gov/what_we_do/programs_id.asp?programID=5
Export-Import Bank of the U.S.	Small Business Export Assistance http://www.exim.gov/smallbiz/index.html Products and policies available http://www.exim.gov/products/

Department of Energy	8(a) Pilot Initiative http://smallbusiness.doe.gov/business/8a_pilot.htm
	DOE's Mentor-Protégé Program http://smallbusiness.doe.gov/business/mentor-protege.htm
National Science Foundation	Small Business Innovation Research (SBIR) & Small Business Technology Transfer (STTR) Program http://www.nsf.gov/eng/iip/sbir/
U.S. Department of Labor	Office of Disability Employment Policy http://www.dol.gov/odep/pubs/fact/entrepreneurship.htm Workforce investment Act http://www.ows.doleta.gov/dmstree/tegl/tegl2k4/tegl_16-04.htm
U.S. Department of Commerce	Planning and startup information to establish or expand a Minority Business Enterprise www.mbda.gov/?section_id=5
Department of Housing and Urban Development	Community Development Block Grants (CDBG) http://www.hud.gov/offices/cpd/communitydevelopment/programs/
Business.gov	Resources for entrepreneurs and small businesses http://www.business.gov/industries/self-employed/