

I. Introduction

The purpose of this report is to estimate the economic impact of the proposed **Louisiana Transportation Center** (hereafter, LTC) on both the Louisiana economy and the economy of the 4-parish region where the LTC will be located. The LTC will be located between New Orleans and Baton Rouge on a 25,000 acre site on the West side of the Mississippi River between White Castle and Donaldsonville. The 4-parish region to be investigated will be Ascension, Assumption, Iberville, and St. James Parishes.

Scenario One: Cargo-Only LTC

Impact estimates will be provided for two separate scenarios. The first scenario assumes the LTC will be a **cargo-only** airport. Under this scenario a one-runway domestic/international cargo airport would be constructed. The runway would be 12,000 feet long and built to accommodate the largest wide-bodied freight aircraft.

The cargo-only LTC would also include a world-class **distribution/logistics park**. The **air cargo** component of this park would begin with 100,000 square feet in the first phase of development (2010-2014) and rise to 1.1 million square feet by 2049. The **warehouse component** would begin with 1.5 million square feet of warehouse space in the first phase and build to 30.4 million square feet by 2049. In addition, the LTC is projected to attract **light manufacturing** facilities beginning in the second phase of operation (2015-2019) starting with 450,000 square feet of building space and rising to 4,175,000 by 2049. The distribution/logistics park will also contain **multiuse** and **community service** facilities. In all, the distribution/logistics park is projected to expand from 1.5 million square feet in 2010-2014 to 48.6 million by 2049.

In addition to the facilities mention above, the cargo-only LTC would contain a **barge docking station** at Philadelphia Point. This terminal would be constructed in the second construction phase (2015-2019) and would be operated by the Port of Baton Rouge. The LTC would also house an **inter-modal rail yard**, and the airport would contain a **regional passenger jet terminal** to supplement passenger service in New Orleans and Baton Rouge starting in 2015.

Scenario Two: Integrated Cargo/Passenger Terminal LTC

Scenario two contains all the elements of scenario one with the addition two more elements. The first would be a new **international passenger terminal complex** to be built in 2018-2019 and be operational in 2020. It would be designed to handle 40 million passengers a year but is estimated to open handling about 16 million. The second addition would be **two more 12,000-foot runways** to accommodate the additional traffic associated with the international passenger terminal. These two runways would be built at different times. The first one would be constructed at the end of Phase 2 (2018-2019) and the last one would be built in Phase 4 ((2030-2049).

Estimating the Economic Impacts: The I/O Table

The purpose of this report is to estimate the economic impact of the new LTC on (a) the Louisiana economy and (b) the 4-parish region of Ascension, Assumption, Iberville, and St. James Parishes (hereafter, LTC Region). In the sections below we will review the **direct impacts** of the LTC as provided by SH&E and URS Corporations. We will take the estimates of LTC construction costs and operating revenues generated by these two firms as a given. Our task is to estimate the **multiplier effects** of these new monies injected into these two regions. We will be estimating the impacts on (a) **business sales**, (b) **household earnings**, (c) **jobs**, and (d) **tax revenues** in the two regions.

To estimate the economic impact of LTC's construction spending and operating revenues, think of (say) the State economy like a large economic pond. Into this pond a rock will be dropped labeled "LTC". The rock alone will make quite a splash, because of the company's large construction expenditures and the spending associated with operating the Center.

However, when that rock hits the pond, it sends out ripples to the edge of the pond. This is the so-called "**multiplier effect**". This occurs because when employees at the LTC receive their paychecks, they will spend this new money at restaurants, car dealerships, department stores, grocery stores, etc., creating new incomes at those establishments which will cause another round of new spending, etc., etc. Too, the LTC will be spending new monies on supplies, utilities, computer support, etc., which will create new income in those firms that will start another round of new spending.

To estimate these multiplier effects, we will use **input/output (I/O) tables**, constructed by the Bureau of Economic Analysis (BEA) in the U.S. Department of Commerce, for both the State and the LTC Region. The BEA is the same agency in federal government that generates real gross domestic product figures for the U.S. economy.

Outline of Report

This report will contain three major sections, in addition to this introduction, followed by a summary and conclusions. The first, Section II, will be devoted to measuring the economic impacts of **constructing** the LTC over the 2010-2049 period. Section III will examine the impact of the **on-going operations** of the LTC once it becomes operational. Finally, Section IV will examine the impact of the LTC on the sugarcane activities that will be displaced by the construction of the LTC. In the Appendix, estimates will be provided on the economic impact of both constructing and operating the new barge terminal at Philadelphia Point on the LTC property. The separate impact of this unit is required by the stipulations of our contract.

What is Omitted

It is very important that readers of this report note the title---The Economic Impact of the Louisiana Transportation Center: *A First Stage Analysis* (emphasis added). This latter phrase was

chosen specifically to draw the reader's attention to the fact that a very significant piece of the LTC's impact on the State and LTC Region will **not** be thoroughly covered in this report.

The first significant omission is there are no economic impacts estimated for the new **light-manufacturing** firms attracted in the distribution/logistics park. Secondly, we will not address the economic impact of the **multiuse** facilities and **community** service facilities located in the park.

Thirdly, we will attempt only a rough estimate of the economic impact of the warehousing/distribution and air cargo firms located at the LTC. Some indication of the size of this impact can be grasped by visiting the Alliance Airport near Fort Worth, Texas. This property contains an airport and an inter-modal rail yard---but no water port like the proposed LTC. **Alliance has an estimated 25,000 people working at the distribution, warehouse, and manufacturing facilities on its site.** Obviously, Alliance has had a huge impact on the region separate and apart from the construction and operation of its airport and rail yard.

A thorough examination of the economic impact of all the facilities on the airport property and in the park will be addressed in a future study. These numbers are expected to be quite large.

II. Impacts of Constructing the LTC

LTC Direct Construction Costs

Table 1 shows the estimates of constructing the LTC over its 40-year development cycle. These estimates were generated by the international transportation consultancy firm of Simat, Helliesen and Eichner (SH&E), in cooperation with the URS Corporation. A detailed analysis can be found in SH&E's **Louisiana Transportation Center: Financial Feasibility Assessment** (January 14, 2004).

Table 1
Total Cost of Development by Scenario
(Millions of 2004 dollars)

Item	Scenario 1	Scenario 2
Land Acquisition & Relocation Costs	\$102.6	\$102.6
Airport Development Costs	499.4	2,470.9
Distribution Park Development Costs	2,913.3	2,913.3
Inter-modal Port & Rail Development	90.6	90.6
Non-Airport Infrastructure Costs	843.4	843.3
Total	\$4,449.3	\$6,420.9

Source: URS Corporation

Under scenario 1, LTC construction costs would total nearly \$4.5 billion in 2004 dollars as compared to just over \$6.4 billion for scenario 2. Table 1 highlights the difference in the costs of the two scenarios, which is the difference in "airport development" costs. The reason scenario 2 is

\$1,971.6 million higher is the added costs of two more 12,000-foot runways and the new international passenger terminal.

LTC Direct Construction Costs By Phase

Tables 2 and 3 illustrate how the total construction costs in Table 1 will be allocated by phase. The four phases are Phase 1 (2010-2014), Phase 2 (2015-2019), Phase 3 (2020-2029), and Phase 4 (2030-2049). Thus, the phases are defined in 5-year, 5-year, 10-year, and 20-year segments.

Note that Phase 1 is identical under both scenarios, since the international air terminal is not scheduled until Phase 2. Again, the “airport development costs” line is what differentiates the two tables, with the numbers being much higher in Phases 2 and 4 in scenario 2 due to the construction of the international terminal and an additional runway in Phase 2 and the construction of the third runway in Phase 4.

Note that in both scenarios the initial phase is focused on buying the land, relocation efforts, the construction of the first runway, the initial development of the distribution/logistics park, and developing access roads and utility infrastructure. In Phase 2 the barge terminal at Philadelphia Point is constructed along with the inter-modal rail yard, the second runway, and the new international passenger terminal. Too, the square footage in the distribution/logistics park is projected to jump from 4.5 million in Phase 1 to 18.54 million in Phase 2. Square footage at the park grows in Phase 3 and 4 under both scenarios to a peak of 145.89 million feet.

Table 2
LTC Development by Phase: Scenario 1
(Millions of 2004 Dollars)

Item	Phase 1 5 Years	Phase 2 5 Years	Phase 3 10 Years	Phase 4 20 Years
Land Acquisition & Relocation	\$74.6	\$4.2	\$1.3	\$22.5
Airport Development Costs	145.8	45.1	102.8	205.6
Distribution Park Development	57.0	359.2	718.5	1,778.6
Inter-Modal Port & Rail Yard	-	82.4	-	8.3
Non-Airport Infrastructure	140.5	194.8	259.2	248.9
Total Costs	\$417.9	\$685.6	\$1,081.8	\$2,264.0
Costs Percent By Phase	9%	15%	24%	51%

Source: Louisiana Transportation Center Financial Feasibility Assessment

Table 3
LTC Development Costs by Phase: Scenario 2
(Millions of 2004 Dollars)

Item	Phase 1	Phase 2	Phase 3	Phase 4
	5 Years	5 Years	10 Years	20 Years
Land Acquisition & Relocation	\$74.6	\$4.2	\$1.3	\$22.5
Airport Development Costs	145.8	1,427.5	102.8.3	794.7
Distribution Park Development	57.0	359.2	718.5	1,778.6
Inter-Modal Port & Rail Yard	-	82.4	-	8.3
Non-Airport Infrastructure	140.5	194.8	259.2	248.9
Total Costs	\$417.9	\$2,068.1	\$1,081.8	\$2,853.0
Costs Percent By Phase	7%	11%	38%	44%

Source: Louisiana Transportation Center Financial Feasibility Assessment

Source of Funding for LTC Construction

From where will the funding come to finance the construction of the LTC? SH&E has estimated the funding requirements by source. The LTC will be a **public/private partnership venture**. Some funds will be provided by the State, some by the federal government, and some by the private sector. Tables 4 and 5 document SH&E's estimates of funding by each source for each scenario.

Each table also shows what percentage of total funding comes from the State versus the other two sources. This breakdown is important for our ultimate purpose, which is to estimate the multiplier effects of the project. To determine the multiplier effect on the State of the LTC project, we must determine how much **new money** is being injected into the State's economy. The part of the LTC project that is being financed by the State does not represent new money---these are simply funds being moved around within the State.

Table 4
Funding Sources for LTC: Scenario 1
(Thousands of 2004 Dollars)

	Phase 1	Phase 2	Phase 3	Phase 4	Total
	2010-2014	2015-2019	2020-2029	2030-2049	2010-2049
State	\$88,745	\$122,861	\$47,185	\$182,742	\$441,533
Federal	140,998	121,627	172,626	147,699	582,949
Private	188,170	441,107	862,012	1,933,519	3,424,808
Total	\$417,913	\$685,594	\$1,081,823	\$2,263,960	\$4,449,291
Percentage:					
State	21%	18%	4%	8%	10%
Fed. & Private	79%	82%	96%	92%	90%

Source: SH&E estimates

Table 5
Funding Sources for LTC: Scenario 2
(Thousands of 2004 Dollars)

	Phase 1	Phase 2	Phase 3	Phase 4	Total
	2010-2014	2015-2019	2020-2029	2030-2049	2010-2049
State	\$74,581	\$78,666	\$22,486	\$139,957	\$351,690
Federal	132,976	234,789	143,853	346,674	858,292
Private	210,356	1,754,621	915,482	2,366,413	5,246,872
Total	\$417,913	\$2,068,076	\$1,081,822	\$2,853,045	\$6,420,855
Percentage:					
State	18%	4%	2%	5%	5%
Fed. & Private	82%	96%	98%	95%	95%

Source: SH&E estimates

Several points are evident from the data in Tables 4 and 5. First, as is typically the case with all large economic development projects, **the portion born by the State is larger at the front end of the project.** For example, when Mississippi attracted the Nissan plant to Jackson, that state invested \$295 million up front in that \$1.4 billion project before it ever opened. Alabama offered \$253 million to lure a \$1 billion auto plant to that state, and Georgia offered \$320 million for the \$754 million DaimlerChrysler plant. In the case of scenario 2, Louisiana is putting up only \$352 million for a \$6.4 billion facility, a much better deal than these other examples.

Secondly, note that if SH&E's financial estimates play out, **the State will put up only 10% of total project costs under scenario 1 and only 5% under scenario 2.** In scenario 1, Louisiana would be investing \$441.5 million to attract just over \$4 billion in new money to the State. Under scenario 2, the State would be putting up \$351.7 million to attract over \$6 billion in new money to Louisiana. Importantly, of the monies the State is projected to pony up for the LTC project, \$170.3 million is for schools, technical institutes, and administrative buildings which are more of a "long term plan" element of the investment, rather than a "have to" investment required by the private and federal investors. Subtract these "voluntary investments" and the portion of the LTC costs borne by the State are even lower. In either case, the returns to the State are well worth the investment.

Thirdly, **the investment commitment by the State is actually lower under the cargo/airport scenario as compared to the cargo-only scenario.** The reason for this is that under the cargo/airport scenario the cash flow projections will allow the private sector to cover more of the project's total costs.

Allocation of State Funding by Phase

Tables 6 and 7 document how the State dollars shown in Tables 4 and 5 would be spent. First, the State's primary expenditures in Phase 1 will be to buy the 25,000 acres of land where the project is located and cover relocation costs for families, utilities, etc., in the area. Secondly, in Phase 2 under both scenarios the State would be responsible for the port at the Philadelphia Point site, an expenditure expected to be funded under the State's TIMED program.

Table 6
State Expenditures for LTC: Scenario 1
(Thousands of 2004 Dollars)

Item	2010-2014	2015-2019	2020-2029	2030-2049	2010-2049
Land Purchase	\$69,000				\$69,000
Relocation Expense	5,581	\$4,155	\$1,326	\$22,519	33,582
Gas & Electric	-	-	-	-	-
Other Utilities	14,164	44,195	24,699	42,785	125,843
Port & Rail Yard		42,771			42,771
Com. Ser. Facilities	-	31,740	21,160	117,438	170,338
Total	\$88,745	\$122,861	\$47,185	\$182,742	\$441,533

Source: SH&E estimates

Table 7
State Expenditures for LTC: Scenario 2
(Thousands of 2004 Dollars)

Item	2010-2014	2015-2019	2020-2029	2030-2049	2010-2049
Land Purchase	\$69,000				\$69,000
Relocation Expense	5,581	\$4,155	\$1,326	\$22,519	33,582
Gas & Electric					
Other Utilities					
Port & Rail Yard		42,771			42,771
Com. Ser. Facilities	-	31,740	21,160	117,438	170,338
Total	\$74,581	\$78,666	\$22,486	\$139,957	\$315,690

Source: SH&E estimates

Thirdly, note that under scenario 2, all "other utilities" expenses would be covered by the private sector since cash flow projections make this possible. Finally, note that significant expenditures in Phases 2, 3, and 4 would be made by the State in the category "community service facilities". This category includes schools, technical vocation centers, administrative buildings, and similar public service buildings. In a very real sense these facilities should not be considered as donations to the site so much as investments from which the State should get an additional social return.

Impact of Constructing the LTC on State Economy

Tables 4 and 5 detail the amount of construction spending by State, federal, and private parties in each of the four construction phases and for each scenario. It is these data that we plug into an I/O table for Louisiana to determine the direct and multiplier effects of these new monies on the Louisiana economy. Note that we do not inject any of the **State** money into the I/O table, because these funds do not represent new monies being injected into the State's economy---they are only monies being moved around within the State. All of the private and federal monies represent new funds injected into the Louisiana economic "pond".

Tables 8 and 9 provide details on the total impact on business sales, household earnings, and jobs in Louisiana due to the construction spending on the LTC. The first row of numbers shows the impacts on business sales in the State. For example, note in Table 8 that under scenario 1, businesses would enjoy a jump in their sales of over \$700 million over the 5-year Phase 1 (2010-2014) period. Business sales in Phase I is slightly higher (\$730.9 million) under scenario 2 because the State's funding requirements fall compared to scenario 1, while the federal and private sector shares are higher. **Over the entire 40-year construction cycle, business sales in Louisiana would rise by \$8.5 billion under scenario 1 and by nearly \$13 billion under scenario 2.**

Constructing the LTC will result in a significant generation of new earning for Louisianans. According to the second row of Tables 8 and 9, **household earnings in the State will jump by over \$2.6 billion under scenario 1 and by just over \$4 billion in scenario 2** due to the construction of the LTC. This obviously represents a very significant addition to the pocketbooks of the State's citizens. Note that the household earnings figure is particularly high (\$1.3 billion) in Phase II in scenario 2, since that is the phase when the international passenger terminal and another 12,000-foot runway would be built. Phase IV earnings under both scenarios is quite large because (1) that Phase covers 20 years and (2) a sizable number of square feet of warehouse, distribution, manufacturing, and cargo space is projected to be constructed during that 20-year period.

The third row in each of these tables shows how many jobs **per year** would be supported by the construction spending. Note that the number of jobs created per year (in the 1,500 range) is the smallest in Phase I, which is the phase when the smallest construction spending occurs under both scenarios (see Tables 4 and 5). Under both scenarios, the peak employment phase is Phase II, though the number of jobs is much higher in scenario 2. In the case of the cargo-only airport, 2,453 jobs a

Table 8
Impact of Construction Expenditures on the Louisiana Economy – Scenario 1
(Sales, Earnings, Tax Revenues in Millions of 2004 Dollars; Jobs Are Average Per Year)

	Phase I	Phase II	Phase III	Phase IV	Total
Sales	\$700.8	\$1,197.7	\$2,201.7	\$4,428.9	\$8,529.1
Earnings	\$214.1	\$368.9	\$681.9	\$1,371.6	\$2,636.4
Avg. Yearly Employment	1,489	2,453	2,336	2,350	2,263
Tax Revenues	\$11.99	\$20.66	\$38.19	\$76.81	\$147.6

Table 9
Impact of Construction Expenditures on the Louisiana Economy – Scenario 2
(Sales, Earnings, Tax Revenues in Millions of 2004 Dollars; Jobs Are Average Per Year)

	Phase I	Phase II	Phase III	Phase IV	Total
Sales	\$730.9	\$4,233.3	\$2,254.3	\$5,773.3	\$12,991.8
Earnings	\$223.3	\$1,313.1	\$698.2	\$1,789.8	\$4,024.37
Avg. Yearly Employment	1,553	8,983	2,392	2,350	3,446
Tax Revenues	\$12.50	\$73.53	\$39.10	\$100.23	\$225.36

year would be created by construction spending in Phase II. In the case of the cargo/passenger airport scenario, nearly 9,000 jobs a year are created because of the extra work required to build the passenger terminal and second runway. The last column of the third row illustrates on the average how many jobs per year should be created via construction of the LTC. **Under scenario 1, an average of 2,263 a year would be supported and under scenario 2, 3,446 jobs would be supported** over the 40-year construction cycle.

Finally, the last row of Tables 8 and 9 provide estimates of the tax revenues the State should collect over each phase and for each scenario. Officials of the Legislative Fiscal Office have estimated that for every new dollar of earnings created in Louisiana, 5.6 cents ends up in the State treasury in the form of sales taxes, income taxes, gasoline taxes, corporate income taxes, fees, etc. By multiplying the numbers in the earnings row in each table by 5.6%, we generate the tax revenue data along the bottom of Tables 8 and 9.

These tax revenue figures begin to reveal how much of the State's investment it will get back in taxes generated by constructing the LTC. For example, recall back in **Table 4 that under scenario 1, Louisiana will put up \$441.5 million to help finance the cargo-only facility. According to Table 8, by 2049 the State will have recovered \$147.6 million or one-third of its**

investment. Under scenario 2, the State would put up \$351.7 million for the cargo/passenger airport (see Table 5). According to Table 9, by 2049 the State will have recouped \$225.4 million or nearly two-thirds of its investment. Too, it is important to note that this does not include the taxes the State will collect from the on-going operation of the LTC (which is addressed in the next section). On the basis of construction spending alone, the State would be getting back a substantial part of its investment, separate and apart from the societal gains from more jobs and earnings for its citizens.

Impact of Constructing LTC on Various Industries in State

We are also able to use the I/O table to determine which industries in Louisiana will benefit the most from the construction spending associated with building the LTC. For example, back in the last column of the first row of Table 8 it was shown that constructing the cargo-only airport would create a total of \$8,529 million in new sales for Louisiana firms. Table 10 indicates how these new sales are distributed across the various industries in the State.

Table 10
Industry Level Total Impact of Construction on Louisiana Sales-Scenario 1
(Millions of 2004 Dollars)

Industry	Sales
Construction	\$4,078.5
Business Services	\$621.6
Real Estate	\$421.0
Retail Trade	\$414.3
Health Services	\$340.2
Wholesale Trade	\$313.7
Fabricated Metal Products	\$279.8
Transportation	\$237.2
Miscellaneous Services	\$203.7
Chemicals	\$167.5
Banking and Brokers	\$159.4
Stone, Clay and Glass Products	\$138.0
Electric, Gas and Sanitary Services	\$134.9
Eating and Drinking Places	\$130.4
Lumber and Wood	\$124.1
Other 22 Sectors Combined	\$764.7
Total	\$8,529.0

Not surprisingly, firms in the construction industry will be big winners from constructing the LTC, gaining almost \$4.1 billion in new sales over the 40-year construction cycle. (All sales are in 2004 dollars.) Firms in the business services category---engineers, CPAs, attorneys, computer consultants, etc.---come in second place with \$621.6 million in new sales. Real estate and retail

trade should pick up over \$400 million in sales, and firms in health services and wholesale trade would find their sales growing by over \$300 million. Table 10 details those other firms that will pick up over \$124 million in sales as well. Obviously, there will be some big winners from the construction activity.

Table 11 reveals how household earnings will be distributed across people working in different sectors. Note that the bottom line of this table---\$2,636.4 million---is identical to the last column of the second row back in Table 8. Note that employees in the construction, business services, health services, retail trade, and wholesale trade sectors would find their earnings rise by over \$100 million over the 40-year construction cycle. Employees in the construction sector would be particularly big winners, with earnings gains of over \$1.3 billion.

Table 11
Industry Level Impact of Total Construction on Louisiana Earnings-Scenario 1
(Millions of 2004 Dollars)

Industry	Earnings
Construction	\$1,312.0
Business Services	\$284.3
Health Services	\$167.5
Retail Trade	\$153.9
Wholesale Trade	\$104.9
Transportation	\$77.9
Misc Services	\$72.9
Fabricated Metal Products	\$70.6
Banking and Brokers	\$42.2
Eating and Drinking Places	\$40.7
Stone, Clay and Glass Products	\$34.1
Insurance	\$31.9
Hotels and Amusement	\$26.8
Lumber and Wood	\$22.3
Chemicals	\$21.4
Other 23 Sectors Combined	\$173.0
Total	\$2,636.4

Table 12 documents how the jobs created via constructing the cargo-only airport are allocated across various industries. The bottom line of this table is identical to the last column of the third row in Table 8---2,263 jobs. Table 12 verifies what one would guess intuitively---people employed in the construction sector would pick up the most jobs (1,045). Some 230 new jobs are projected for the very labor-intensive retail trade sector, and almost two hundred new jobs (192 to be exact) would appear in business services. The health care sector would be another big winner with 116 jobs.

Table 12

Industry Level Impact of Total Construction on Louisiana Employment-Scenario 1

Industry	Employment
Construction	1,045
Retail Trade	230
Business Services	192
Health Services	116
Miscellaneous Services	95
Eating and Drinking Places	84
Wholesale Trade	74
Transportation	61
Fabricated Metal Products	50
Hotels and Amusement	37
Banking and Brokers	35
Personal Services	31
Stone, Clay and Glass Products	27
Insurance	22
Agricultural	22
Other 23 Sectors Combined	142
Total	2,263

The three tables above---Tables 10-12---indicate the industry effects of constructing the cargo-only airport. The next three tables---Tables 13-15---show the impact by industry of building the cargo/passenger airport.

For example, Table 13 shows the impact on **business sales** in Louisiana by industry under scenario 2. Note that the bottom line of Table 13 conforms to the number in the last column of row one in Table 9---\$12,991.8 million. The ranking of industries in Table 13 are quite similar to those in Table 10 for scenario 1. However, the numbers in Table 13 are all much higher because construction spending is some \$2 billion greater under scenario 2. Recall that scenario 2 involves building two additional runways and an international passenger terminal.

Firms in the construction sector are big winners under scenario 2 with over \$6.2 billion in new sales over the 40-year construction cycle. Firms in business services would enjoy almost a billion dollars in new sales. As seen in this table, there are 17 other sectors where business sales exceed \$100 million.

Table 13
Industry Level Total Impact of Construction on Louisiana Sales-Scenario 2
(Millions of 2004 Dollars)

Industry	Earnings
Construction	\$6,212.8
Business Services	\$959.1
Real Estate	\$643.6
Retail Trade	\$640.6
Health Services	\$519.4
Wholesale Trade	\$482.9
Fabricated Metal Products	\$444.7
Transportation	\$345.2
Misc Services	\$308.4
Banking and Brokers	\$242.9
Chemicals	\$238.4
Electric, Gas and Sanitary Services	\$204.6
Lumber and Wood	\$203.7
Eating and Drinking Places	\$199.0
Stone, Clay and Glass Products	\$181.8
Communications	\$145.8
Insurance	\$131.3
Food and Kindred Products	\$121.3
Hotels and Amusement	\$111.8
Other 18 Sectors Combined	\$654.4
Total	\$12,991.8

Table 14 illustrates how the new household earnings of \$4,024.4 under scenario 2 (see Table 9, last column of the second row) are distributed across industries. Workers in the construction trades would receive the biggest boost to their pocketbooks with over \$2 billion in new earnings. Over \$200 million in new earnings would be enjoyed by workers in business services, health services, and retail trade.

Table 14
Industry Level Impact of Total Construction on Louisiana Earnings-Scenario 2
(Millions of 2004 Dollars)

Industry	Earnings
Construction	\$2,003.9
Business Services	\$439.0
Health Services	\$255.8
Retail Trade	\$238.0
Wholesale Trade	\$161.6
Transportation	\$114.2
Fabricated Metal Products	\$112.1
Misc Services	\$110.5
Banking and Brokers	\$64.2
Eating and Drinking Places	\$62.1
Insurance	\$48.0
Stone, Clay and Glass Products	\$44.6
Hotels and Amusement	\$40.8
Lumber and Wood	\$36.6
Communications	\$31.0
Chemicals	\$30.2
Electric, Gas and Sanitary Services	\$27.2
Personal Services	\$25.7
Other 20 Sectors Combined	\$178.9
Total	\$4,024.4

Finally, Table 15 shows how the new jobs created by constructing the cargo/passenger airport (3,446 jobs according to the last column of the third row in Table 9) would be distributed across various industries. Not surprisingly, the construction sector would gain the most jobs---1,588--- followed by retail trade (355), business services (295), health services (177), miscellaneous services (144), eating and drinking places (128), and wholesale trade (113).

Table 15
Industry Level Impact of Total Construction on Louisiana Employment-Scenario 2

Industry	Employment
Construction	1,588
Retail Trade	355
Business Services	295
Health Services	177
Misc Services	144
Eating and Drinking Places	128
Wholesale Trade	113
Transportation	89
Fabricated Metal Products	80
Hotels and Amusement	56
Banking and Brokers	53
Personal Services	47
Stone, Clay and Glass Products	35
Agricultural	34
Insurance	34
Real Estate	32
Lumber and Wood	28
Households	23
Other 20 Sectors Combined	134
Total	3,446

Impact of Constructing the LTC on Regional Economy

An I/O table has also been constructed for the 4-parish regional economy where the LTC will be located. These four parishes are Ascension, Iberville, Assumption, and St. James Parishes.

Tables 16 and 17 document the impacts of constructing the LTC on this regional economy. There are some significant differences between the impact numbers in Tables 16 and 17 versus the impact numbers for the State, which are shown back in Tables 8 and 9. First, in order to generate the regional numbers “almost all” of the State investment in the project was included in addition to the federal and private investments. That is because the State monies represent new dollars injected into this regional economy. The phrase “almost all” was used in that previous sentence, because 3.4% of the State investment was not injected into the regional I/O table. This 3.4% represents our estimate of total State taxes paid by the residents of this 4-parish area, and represents the region’s share of the

State investment.

Secondly, note the impact numbers in the regional tables are all noticeably smaller than those in the State impact tables. That is because the “pond” is smaller for the regional area, thus the “ripples” from the construction spending do not spread as far as in the State “pond”. That means the multipliers for construction spending will all be lower in the regional I/O tables.

Tables 16 and 17 may be interpreted in the same way as Tables 8 and 9. Row one in each table indicates the impact on business sales in the 4-parish region under each scenario. **In the case of the cargo-only LTC, the I/O table indicates firms in the 4-parish area will enjoy an increase in sales of over \$5.8 billion over the 40-year period due to the construction spending in the area. In the case of the cargo/passenger airport, total business sales will jump by more than \$8.4 billion. Clearly, this represents a huge injection of new business activity into the region.**

Citizens of the 4-parish area will also reap handsome rewards from LTC construction spending. According to Table 16, **household earnings will increase by \$919 million and 768 jobs a year will be supported if the cargo-only facility is built. In the case of the cargo/passenger facility the rewards are even greater---over \$1.3 billion in new household earnings and 1,111 jobs a year supported by the construction spending.**

Table 16

Impact of Construction Expenditures on the Regional Economy – Scenario 1
(Sales, Earnings, Tax Revenues in Millions of 2004 Dollars; Jobs Are Average Per Year)

	Phase I	Phase II	Phase III	Phase IV	Total
Sales	\$514.3	\$910.6	\$1,431.9	\$2,993.2	\$5,850.0
Earnings	\$77.9	\$140.7	\$226.7	\$473.7	\$919.0
Avg. Employment	490	941	755	789	768
Tax Revenues	\$3.4	\$6.2	\$10.0	\$20.8	\$40.4

Table 17

Impact of Construction Expenditures on the Regional Economy – Scenario 2
(Sales, Earnings, Tax Revenues in Millions of 2004 Dollars; Jobs Are Average Per Year)

	Phase I	Phase II	Phase III	Phase IV	Total
Sales	\$514.9	\$2,760.1	\$1,433.1	\$3,776.1	\$8,484.2
Earnings	\$78.0	\$426.6	\$226.9	\$597.7	\$1,329.2
Avg. Employment	541	2,854	756	995	1,111
Tax Revenues	\$3.4	\$18.8	\$10.0	\$26.3	\$58.5

Local government officials should be keenly interested in the last row of figures in Tables 16 and 17. These rows document how much money will flow into their treasuries via the construction spending. Dr. James Richardson of LSU's Public Administration Institute has estimated that for every new dollar of earnings created in a region, 4.4 cents in new monies flow into the coffers of local governments. Using this ratio, **we estimate that in the case of the cargo-only airport, local governments in this 4-parish area will see their tax collections rise by \$40.4 million over the 40-year construction cycle. In the case of the cargo/passenger facility, local tax collections would increase by \$58.5 million.**

III. Impact of LTC On-Going Operations

Once the LTC is constructed, new monies will be injected into the economy as the facilities on site begin to operate. In this section of the report, we estimate the economic impact on both the State and the 4-parish region of these on-going operations.

We will estimate the impact of four operations on the site: (1) **airport operations**; (2) **operation of the port at Philadelphia Point**; (3) **operation of the rail yard**; and (4) **operation of the air cargo/warehouse/distribution facilities**. Our estimates of on-going operation impacts will necessarily be incomplete because we will not include the impacts of the light manufacturing facilities, industrial operations, multiuse facilities, or community service operations. The impacts of these omitted operations are to be estimated in a future study. Consequently, the impacts generated below should be considered very conservative estimates.

On-Going Operations: Airport

Projected airport revenues are provided by SH&E in their **Louisiana Transportation Center Financial Feasibility Assessment**. SH&E has projected airport revenue by year from 2010 through 2049 in that document. "Airport revenues" consists of two broad items. The first is revenues from "ground leases". The operator of the LTC will receive ground leases from firms that build warehouses, air cargo facilities, port and rail yards, manufacturing plants, etc., on LTC property.

Secondly, there are the more specifically defined airport revenues from landing fees, passenger facility fees, auto parking, concession revenues, etc. These have all been estimated by SH&E based on projected cargo volumes and passenger traffic.

On-Going Operations: The Port

Another source of revenues on LTC property will be the port at Philadelphia Point. This port will be operated by the Port of Greater Baton Rouge. River Consultants, Inc. of Metairie, Louisiana has developed estimates of costs of operating this port and the volume of containers expected to move through it. River Consultants projects 129,600 containers a year would be lifted at the port. Officials with the Port of Greater Baton Rouge estimate that the Port will receive \$120 per container lifted.

Our method for determining the impact of the port's on-going operation is based on these revenue projections and on three other key assumptions. First, we assume the port will be constructed in the first two years of Phase II (2015-2016). Secondly, we assume that the port's revenue stream will not begin until 2017. Finally, we make the conservative assumption that the container volume at the port will remain constant over the 2017-2049 period. It is much more likely that the container volume will grow over time, making our benefit estimates very conservative.

On-Going Operations: Rail Yard

A third source of revenues on the LTC property will be the rail yard. The railroad company (supposedly Union Pacific) will earn switching fees for---at a minimum---handling the containers that are lifted at the port. As mentioned in the section on port revenues, approximately 129,600 containers a year are projected to be handled by the port.

We have assumed that these containers would then be "switched" in the rail yard at a fee of \$75 each. We have further assumed the rail yard would be built and become operational on the same timeline as the port, that is construction taking place in 2015-2016, with rail yard operations beginning in 2017.

On-Going Operations: Warehouse/Distribution/Air Cargo

One of the more difficult estimates to make is the impact of the warehouse/distribution/air cargo (WDAC) facilities on the property. This is unfortunate, because we expect LTC's experience to be much like that of Alliance Airport in Fort Worth---that is, we expect this to be the most important element of the LTC project. Recall from our earlier comments that Alliance officials report some 25,000 direct jobs in their WDAC facilities, and that airport has only been open since 1989.

Table 18 contains our initial estimates of economic activity at the WDAC facilities. In each case, the square footage additions by phase were generated by SH&E. Using data from the Alliance Airport experience, SH&E estimated that there was one new job created in a WDAC facility for every 850 square feet of space constructed. Using this ratio, **we estimate that by the end of the construction period in 2049, there will be 1,295 people employed in air cargo facilities on the site and 35,765 employed in the warehouse/distribution buildings.** These numbers are quite large, but the reader is reminded that Alliance is already at 25,000 in its WDACs, and that airport is only in its 15th year.

Associated with this large number of employees are truly large payrolls. **If one combines the air cargo and warehouse/distributions payrolls, they sum to almost \$1 billion per year by 2049.**

Table 18
Estimates of Warehouse/Distribution/Air Cargo
Square Footage, Direct Jobs, & Direct Payrolls

	Amounts By:			
	Phase I	Phase II	Phase III	Phase IV
Air Cargo:				
Square Footage	100,000	200,000	500,000	1,100,000
New Jobs	118	236	589	1,295
Annual Payroll	\$3,156,500	\$6,313,000	\$15,755,750	\$34,641,250
Ware./Dist.:				
Square Footage	1,500,000	5,500,000	16,500,000	30,400,000
New Jobs	1,765	6,471	19,412	35,765
Annual Payroll	\$47,213,750	\$173,099,250	\$519,271,000	\$956,713,750

Square footage from SH&E estimates. Jobs based on 1 job per 850 square feet from SH&E. Payroll is jobs times \$26,750 per job based on Louisiana Department of Labor surveys for materials moving handlers (www.ldol.state.la.us/forms/lmi/statewide_webfile.xls)

Impact of LTC On-Going Operations on the State

We have indicated above the four components of on-going operations at the LTC site: (1) airport operations; (2) port operations; (3) the rail yard; and (4) warehouse/distribution/air cargo facilities. In Tables 19-26, we provide I/O table estimates of the overall economic impact of these on-going operations on business sales (Tables 19-20), household earnings (Tables 21-22), jobs (Tables 23-24), and State tax collections (Tables 25-26) for each of the two scenarios.

Operations Impact on State sales. Tables 19 and 20 detail the I/O table estimates of the impact of on-going operations of the LTC on sales at Louisiana businesses. The interested reader will note some differences and commonalities across these two tables that will carry through into the earnings, jobs, and tax collections tables as well.

Note first the commonalities across the tables. In both tables, the impacts of the port and rail yard do not occur until Phase II. That is because both of these two units are scheduled for construction in the first two years of Phase II and do not become operational until the third year of that phase. SH&E projects no difference in port and rail yard activity between a cargo-only versus a cargo/passenger scenario. Secondly, SH&E project no difference between the two scenarios in terms of the warehouse/distribution/air cargo components.

Thirdly, note that in both tables the dominating source of business sales by far is the WDAC component. Even in the case of the addition of an international air terminal and two additional runways, the business sales impact is far greater from WDAC (\$181.9 billion) than from the airport operations (\$18.1 billion). This finding, by the way, is wholly in keeping with the experience at Alliance Airport in Fort Worth.

The only difference between the two tables is the figures across the top row. The addition of the international passenger terminal boosts business sales in the State seven and a half times from just over \$2.4 billion to a whopping \$18.1 billion. However, the most important data in Tables 19 and 20 are the ones along the bottom row. **In the case of the cargo-only facility, \$166.3 billion will be added to Louisiana business sales over the 40-year period, and if an international passenger terminal is added, business sales are projected to rise by \$181.9 billion.**

Table 19
Impact of Operations on the Louisiana Sales – Scenario 1
(Millions of 2004 Dollars)

	Phase I	Phase II	Phase III	Phase IV	Total
Airport Operations	\$28.3	\$81.3	\$424.0	\$1,923.8	\$2,457.4
Port Operations	\$0.0	\$89.9	\$299.5	\$599.1	\$988.5
Rail Operations	\$0.0	\$58.1	\$193.6	\$387.3	\$639.0
Warehousing & Cargo	\$1,223.1	\$5,172.7	\$30,360.9	\$125,431.5	\$162,188.2
Total	\$1,251.4	\$5,402.0	\$31,278.0	\$128,341.7	\$166,273.1

Table 20
Impact of Operations on the Louisiana Sales – Scenario 2
(Millions of 2004 Dollars)

	Phase I	Phase II	Phase III	Phase IV	Total
Airport Operations	\$28.3	\$81.3	\$4,278.3	\$13,739.1	\$18,127.0
Port Operations	\$0.0	\$89.9	\$299.5	\$599.1	\$988.5
Rail Operations	\$0.0	\$58.1	\$193.6	\$387.3	\$639.0
Warehousing & Cargo	\$1,223.1	\$5,172.7	\$30,360.9	\$125,431.5	\$162,188.2
Total	\$1,251.4	\$5,402.0	\$35,132.3	\$140,157.0	\$181,942.7

Operations impacts on State household earnings. The impact of LTC operations on household earnings in Louisiana under the two different scenarios is shown in Tables 21 and 22. The same differences and commonalities we described in Tables 19 and 20 apply here as well. Port and

rail impacts do not appear until Phase II; WDAC impacts are the same across the two tables; and WDAC impacts dwarf the other sectors in terms of generating new earnings. The primary difference between the two tables is again explained by the appearance in Phase III of the international passenger terminal.

Table 21
Impact of Operations on the Louisiana Earnings – Scenario 1
(Millions of 2004 Dollars)

	Phase I	Phase II	Phase III	Phase IV	Total
Airport Operations	\$7.2	\$20.8	\$108.3	\$491.5	\$627.8
Port Operations	\$0.0	\$20.2	\$67.3	\$134.6	\$222.0
Rail Operations	\$0.0	\$18.0	\$60.1	\$120.1	\$198.2
Warehousing & Cargo	\$274.4	\$1,160.5	\$6,811.5	\$28,140.7	\$36,387.1
Total	\$281.6	\$1,219.5	\$7,047.2	\$28,886.9	\$37,435.1

Table 22
Impact of Operations on the Louisiana Earnings – Scenario 2
(Millions of 2004 Dollars)

	Phase I	Phase II	Phase III	Phase IV	Total
Airport Operations	\$7.2	\$20.8	\$1,092.9	\$3,509.8	\$4,630.7
Port Operations	\$0.0	\$20.2	\$67.3	\$134.6	\$222.1
Rail Operations	\$0.0	\$18.0	\$60.1	\$120.1	\$198.2
Warehousing & Cargo	\$274.4	\$1,160.5	\$6,811.5	\$28,140.7	\$36,387.1
Total	\$281.6	\$1,219.5	\$8,031.8	\$31,905.2	\$41,438.1

What is most striking from these two tables is the impact that either scenario has on the pocketbooks of Louisiana citizens. **In the case of the cargo-only airport, household earnings in the State would rise by \$37.4 billion; in the case of the cargo/passenger facility, the figure is \$41.4 billion over this 40-year period.** Clearly, the LTC should be perceived as a huge economic development project by Louisiana citizens.

Operations impacts on jobs in the State. Tables 23 and 24 illustrate how these two different scenarios will impact jobs in Louisiana. In both cases, the job impact is quite large. **In the case of the cargo-only facility, 63,668 people would be working at the site by 2049; for the**

cargo/passenger facility employment would rise to 68,529 by that year. By way of reference, the Louisiana Department of Labor estimates that in December 2003 there were 64,030 people employed in Ascension, Assumption, Iberville, and St. James Parishes combined (**Labor Market Information**, January 28, 2004, pp. 10-11). Thus, adding the LTC to the State would be like adding the jobs in these four parishes to the economy again.

Table 23
Impact of Operations on the Louisiana Employment – Scenario 1

	Phase I	Phase II	Phase III	Phase IV
Airport Operations	47	134	349	791
Port Operations	0	128	213	213
Rail Operations	0	98	164	164
Warehousing & Cargo	2,438	10,310	30,256	62,500
Total	2,485	10,670	30,982	63,668

Table 24
Impact of Operations on the Louisiana Employment – Scenario 2

	Phase I	Phase II	Phase III	Phase IV
Airport Operations	47	134	3,520	5,652
Port Operations	0	128	213	213
Rail Operations	0	98	164	164
Warehousing & Cargo	2,438	10,310	30,256	62,500
Total	2,485	10,670	34,153	68,529

As can be seen in these tables, employment at the site would begin with rather modest additions in the first two phases. However, as the WDAC component expands and, in the case of scenario 2, the international passenger terminal is added, job growth picks up markedly.

Operations impact on State tax collections. From the standpoint of State government officials, a question of interest is how much of the dollars the State is being asked to put up for this project will be returned in additional tax collections? The data in Tables 25 and 26 address this question. As mentioned in our discussion of construction impacts in section II, officials in the Legislative Fiscal Office have estimated that for every new dollar of earning created by a project, the State collects an additional 5.5 cents in revenues. If we apply this 5.5 percent factor to the I/O table

estimates of new earnings generated by the LTC (see Tables 21 and 22), we get the tax collection estimates in Tables 25 and 26.

Table 25
Impact of Operations on the Louisiana Tax Revenues – Scenario 1
(Millions of 2004 Dollars)

	Phase I	Phase II	Phase III	Phase IV	Total
Airport Operations	\$0.4	\$1.2	\$6.1	\$27.5	\$35.2
Port Operations	\$0.0	\$1.1	\$3.8	\$7.5	\$12.4
Rail Operations	\$0.0	\$1.0	\$3.4	\$6.7	\$11.1
Warehousing & Cargo	\$15.4	\$65.0	\$381.4	\$1,575.9	\$2,037.7
Total	\$15.8	\$68.3	\$394.7	\$1,617.6	\$2,096.4

Table 26
Impact of Operations on the Louisiana Tax Revenues – Scenario 2
(Millions of 2004 Dollars)

	Phase I	Phase II	Phase III	Phase IV	Total
Airport Operations	\$0.4	\$1.2	\$61.2	\$196.5	\$259.3
Port Operations	\$0.0	\$1.1	\$3.8	\$7.5	\$12.4
Rail Operations	\$0.0	\$1.0	\$3.4	\$6.7	\$11.1
Warehousing & Cargo	\$15.4	\$65.0	\$381.4	\$1,575.9	\$2,037.7
Total	\$15.8	\$68.3	\$449.8	\$1,786.6	\$2,320.5

The data in Tables 25 and 26 suggest that the LTC would be an excellent investment for the State based on new tax collections from operation of the LTC alone---separate and apart from new collections associated with constructing the facility. Back in Tables 4 and 5 we outlined the State's proposed investment in the LTC under the two different scenarios. **In the case of the cargo-only facility, the State is being asked to invest \$441.5 million in 2004 dollars over the 40-year construction period. According to our estimates in Table 25, the State would enjoy an inflow of nearly \$2.1 billion over this 40-year period. The numbers for the cargo/passenger facility are even more impressive. The State is being asked to invest \$351.7 million and according to Table 26 would receive over 2.3 billion in new revenues from operations effects.**

Under either scenario, this is an extremely inviting investment by the State. It is important to note from the data in these two tables that these very favorable tax returns depend importantly on the ability of the LTC to meet its WDAC square footage goals.

Impact of LTC On-Going Operations on Industries in the State

We are also able to use the I/O table to determine **which industries** in Louisiana will benefit the most from operating the LTC. For example, back in the last column of the first row of Table 19 it was shown that operating the cargo-only airport would create a total of \$166,273.1 million in new sales for Louisiana firms. Table 27 indicates how these new sales are distributed across the various industries in the State. Table 28 illustrates how sales are distributed across various industries when the cargo/passenger facility is operated. Note that the bottom line in Table 28 corresponds with the \$181,942.7 figure for sales back in Table 20.

Table 27
Industry Level Total Impact of Operations on Louisiana Sales-Scenario 1
(Millions of 2004 Dollars)

Industry	Sales
Transportation	\$93,235.6
Real Estate	\$12,890.1
Business Services	\$10,745.9
Health Services	\$5,949.7
Retail Trade	\$5,417.2
Construction	\$4,954.2
Electric, Gas and Sanitary Services	\$4,865.7
Miscellaneous Services	\$3,909.6
Wholesale Trade	\$3,464.5
Banking and Brokers	\$3,047.4
Chemicals	\$2,725.5
Eating and Drinking Places	\$2,542.2
Communications	\$2,065.6
Hotels and Amusement	\$1,533.5
Food and Kindred Products	\$1,389.8
Insurance	\$1,384.7
Oil and Gas Extraction	\$1,337.4
Other 20 Sectors Combined	\$4,814.5
Total	\$166,273.1

Table 28
Industry Level Total Impact of Operations on Louisiana Sales-Scenario 2
(Millions of 2004 Dollars)

Industry	Sales
Transportation	\$102,331.1
Real Estate	\$13,651.2
Business Services	\$11,292.7
Health Services	\$6,465.2
Retail Trade	\$5,880.3
Electric, Gas and Sanitary Services	\$5,166.1
Construction	\$5,107.7
Miscellaneous Services	\$4,223.2
Wholesale Trade	\$3,862.6
Chemicals	\$3,663.0
Banking and Brokers	\$3,368.4
Eating and Drinking Places	\$2,871.4
Communications	\$2,310.3
Oil and Gas Extraction	\$1,743.0
Hotels and Amusement	\$1,677.2
Food and Kindred Products	\$1,524.4
Insurance	\$1,495.5
Other 20 Sectors Combined	\$5,309.6
Total	\$181,942.7

In both scenarios it is the transportation sector---which houses the trucking, warehouse, distribution, rail, and port industries---that is the big winner. Under scenario 1, firms in transportation see their sales rise by over \$92 billion and if a passenger terminal is built, this figure jumps to over \$102 billion.

In both cases, firms in the real estate and business services sectors would find their sales rising by over \$10 billion over the 40-year cycle. There are 14 other sectors where sales go up in excess of \$1 billion over this period.

Tables 29 and 30 detail the industries where workers will find their household earnings rising the most. Again, workers in the transportation sector are the biggest winners, which is not surprising considering the huge role that the warehouse/distribution/air cargo facilities play in LTC's revenue generation. Over a billion dollars each will be added to payrolls in business services, health services, retail trade, construction, and miscellaneous services according to these two tables.

Table 29
 Industry Level Impact of Total Operations on Louisiana Earnings-Scenario 1
 (Millions of 2004 Dollars)

Industry	Earnings
Transportation	\$20,445.8
Business Services	\$4,266.5
Health Services	\$2,375.0
Retail Trade	\$1,631.4
Construction	\$1,466.4
Miscellaneous Services	\$1,097.0
Wholesale Trade	\$945.2
Banking and Brokers	\$668.2
Eating and Drinking Places	\$644.2
Real Estate	\$580.9
Electric, Gas and Sanitary Services	\$535.3
Hotels and Amusement	\$458.9
Insurance	\$408.9
Communications	\$356.9
Personal Services	\$237.1
Chemicals	\$166.0
Food and Kindred Products	\$153.1
Oil and Gas Extraction	\$138.6
Printing and Publishing	\$114.3
Agricultural	\$104.0
Other 18 Sectors Combined	\$641.3
Total	\$37,435.1

Table 30
Industry Level Impact of Total Operations on Louisiana Earnings-Scenario 2
(Millions of 2004 Dollars)

Industry	Earnings
Transportation	\$22,789.7
Business Services	\$4,524.3
Health Services	\$2,629.5
Retail Trade	\$1,803.8
Construction	\$1,522.2
Miscellaneous Services	\$1,208.6
Wholesale Trade	\$1,079.0
Banking and Brokers	\$761.0
Eating and Drinking Places	\$747.7
Real Estate	\$607.1
Electric, Gas and Sanitary Services	\$571.4
Hotels and Amusement	\$512.2
Insurance	\$449.1
Communications	\$410.3
Personal Services	\$268.3
Chemicals	\$216.0
Oil and Gas Extraction	\$189.5
Food and Kindred Products	\$171.2
Printing and Publishing	\$135.7
Agricultural	\$114.7
Paper and Allied Products	\$102.8
Other 17 Sectors Combined	\$623.8
Total	\$41,438.1

Finally, Tables 31 and 32 detail how the jobs, created by LTC operations under both scenarios, are distributed across industries. Following the trend of the previous four tables, the transportation sector dominates the job creation effects of LTC operations, creating approximately 20,000 jobs under either scenario. Over 5,500 new openings would be created in business services, and over 3,000 in retail trade. Over 2,000 jobs appear in health services. There are four other sectors where job growth would exceed 1,000.

Table 31
Industry Level Impact of Total Operations on Louisiana Employment-Scenario 1

Industry	Employment
Transportation	19,112
Business Services	5,550
Retail Trade	3,117
Health Services	2,103
Miscellaneous Services	1,779
Eating and Drinking Places	1,694
Construction	1,466
Real Estate	1,117
Wholesale Trade	841
Hotels and Amusement	792
Banking and Brokers	701
Personal Services	556
Insurance	369
Households	278
Electric, Gas and Sanitary Services	267
Agricultural	259
Communications	230
Other 21 Sectors Combined	988
Total	41,222

Table 32
Industry Level Impact of Total Operations on Louisiana Employment-Scenario 2

Industry	Employment
Transportation	20,752
Business Services	5,733
Retail Trade	3,374
Health Services	2,279
Miscellaneous Services	1,923
Eating and Drinking Places	1,905
Construction	1,510
Real Estate	1,157
Wholesale Trade	935
Hotels and Amusement	863
Banking and Brokers	782
Personal Services	608
Insurance	397
Households	301
Electric, Gas and Sanitary Services	282
Agricultural	279
Communications	258
Other 21 Sectors Combined	1,108
Total	44,446

Impact of LTC On-Going Operations on The Regional Economy

As mentioned back in Section II, an I/O table has also been constructed for the 4-parish regional economy where the LTC will be located. These four parishes are Ascension, Iberville, Assumption, and St. James Parishes.

Tables 33 through 40 document the impacts of LTC operations on this regional economy. There is one significant difference between the impact numbers in Tables 33 through 40 versus the impact numbers for the State, which are shown back in Tables 19 through 26. The impact numbers

in the regional tables are all noticeably smaller than those in the State impact tables. That is because the “pond” is smaller for the regional area, thus the “ripples” from on-going operations do not spread as far as in the State “pond”. That means the multipliers for LTC operations will all be lower in the regional I/O tables.

Operations impacts on regional sales. Still, the patterns that we described back in our review of Tables 19 through 26 are repeated in these regional tables. For example, Tables 33 and 34 show the impact on business sales in the region from LTC operations. There are commonalities across the tables. In both tables, the impacts of the port and rail yard do not occur until Phase II. That is because both of these two units are scheduled for construction in the first two years of Phase II and do not become operational until the third year of that phase. SH&E projects no difference in port and rail yard activity between a cargo-only versus a cargo/passenger scenario. Secondly, SH&E projects no difference between the two scenarios in terms of the warehouse/distribution/air cargo components.

Thirdly, note that---as in the State tables---in both the regional tables the dominating source of business sales by far is the WDAC component. Even in the case of the addition of an international air terminal and two additional runways, the business sales impact is far greater from WDAC (\$121.7 billion) than from the airport operations (\$16.4 billion). Again, this finding is wholly in keeping with the experience at Alliance Airport in Fort Worth.

The only difference between the two tables is the figures across the top row. The addition of the international passenger terminal boosts business sales in the region seven and a half times from just over \$2.2 billion to \$16.4 billion. However, the most important data in Tables 33 and 34 are the ones along the bottom row. **In the case of the cargo-only facility, \$125.2 billion will be added to regional business sales over the 40-year period, and if an international passenger terminal is added, business sales are projected to rise by \$139.4 billion.** Clearly, this represents a huge injection of new economic activity into this region’s economy.

Table 33
Impact of Operations on the Regional Sales – Scenario 1
(Millions of 2004 Dollars)

	Phase I	Phase II	Phase III	Phase IV	Total
Airport Operations	\$25.6	\$73.7	\$384.4	\$1,744.1	\$2,227.8
Port Operations	\$0.0	\$69.9	\$232.9	\$465.8	\$768.5
Rail Operations	\$0.0	\$40.6	\$135.2	\$270.4	\$446.2
Warehousing & Cargo	\$917.9	\$3,881.8	\$22,784.3	\$94,129.7	\$121,713.7
Total	\$943.5	\$4,066.0	\$23,536.8	\$96,610.0	\$125,156.2

Table 34
Impact of Operations on the Regional Sales – Scenario 2
(Millions of 2004 Dollars)

	Phase I	Phase II	Phase III	Phase IV	Total
Airport Operations	\$25.6	\$73.7	\$3,878.7	\$12,455.7	\$16,433.7
Port Operations	\$0.0	\$69.9	\$232.9	\$465.8	\$768.5
Rail Operations	\$0.0	\$40.6	\$135.2	\$270.4	\$446.2
Warehousing & Cargo	\$917.9	\$3,881.8	\$22,784.3	\$94,129.7	\$121,713.7
Total	\$943.5	\$4,066.0	\$27,031.1	\$107,321.6	\$139,362.1

Operations impacts on regional household earnings. The impact of LTC operations on household earnings in the 4-parish region under the two different scenarios is shown in Tables 35 and 36. The same differences and commonalities we described in Tables 33 and 34 apply here as well. Port and rail impacts do not appear until Phase II; WDAC impacts are the same across the two tables; and WDAC impacts dwarf the other sectors in terms of generating new earnings. The primary difference between the two scenarios is again explained by the appearance in Phase III of the international passenger terminal.

Table 35
Impact of Operations on the Regional Earnings – Scenario 1
(Millions of 2004 Dollars)

	Phase I	Phase II	Phase III	Phase IV	Total
Airport Operations	\$5.5	\$15.9	\$82.8	\$375.4	\$479.6
Port Operations	\$0.0	\$7.2	\$24.0	\$48.0	\$79.2
Rail Operations	\$0.0	\$5.9	\$19.7	\$39.4	\$65.1
Warehousing & Cargo	\$205.9	\$870.9	\$5,111.7	\$21,118.1	\$27,306.6
Total	\$211.4	\$899.9	\$5,238.2	\$21,580.9	\$27,930.5

Table 36
Impact of Operations on the Regional Earnings – Scenario 2
(Millions of 2004 Dollars)

	Phase I	Phase II	Phase III	Phase IV	Total
Airport Operations	\$5.5	\$15.9	\$835.0	\$2,681.3	\$3,537.6
Port Operations	\$0.0	\$7.2	\$24.0	\$48.0	\$79.2
Rail Operations	\$0.0	\$5.9	\$19.7	\$39.4	\$65.1
Warehousing & Cargo	\$205.9	\$870.9	\$5,111.7	\$21,118.1	\$27,306.6
Total	\$211.4	\$899.9	\$5,990.4	\$23,886.8	\$30,988.5

However, the most important information from these two tables is what they tell us about impact that either scenario has on the earnings of citizens in this 4-parish region. **In the case of the cargo-only airport, household earnings in the region would rise by \$27.9 billion; in the case of the cargo/passenger facility, the figure is \$31 billion over this 40-year period.**

Operations impacts on jobs in the region. Tables 37 and 38 illustrate how these two different scenarios will impact jobs in the 4-parish region. In both cases, the job impact is quite large. **In the case of the cargo-only facility, 46,227 people would be working at the site by 2049; for the cargo/passenger facility employment would rise to 49,477 by that year.** By way of reference, the Louisiana Department of Labor estimates that in December 2003 there were 47,210 people employed in Ascension and Iberville Parishes combined (**Labor Market Information**, January 28, 2004, pp. 10-11). Thus, adding the LTC to the region would be like adding all the Ascension and Iberville jobs to the region again. This is especially important because the huge chemical industry in this region is presently under attack from high natural gas prices and is initiating significant layoffs. The LTC would go along ways towards mitigating those negative employment effects.

Table 37
Impact of Operations on the Regional Employment – Scenario 1

	Phase I	Phase II	Phase III	Phase IV
Airport Operations	31	89	233	529

Port Operations	0	41	68	68
Rail Operations	0	28	46	46
Warehousing & Cargo	1,778	7,519	22,067	45,584
Total	1,809	7,677	22,414	46,227

Table 38
Impact of Operations on the Regional Employment – Scenario 2

	Phase I	Phase II	Phase III	Phase IV
Airport Operations	31	89	2,353	3,779
Port Operations	0	41	68	68
Rail Operations	0	28	46	46
Warehousing & Cargo	1,778	7,519	22,067	45,584
Total	1,809	7,677	24,534	49,477

Operations impacts on regional local tax collections. Finally, Tables 39 and 40 document the important impact that operation of the LTC will have on local government tax collections. Again, Dr. James Richardson of LSU’s Public Administration Institute has estimated that for every new dollar of earnings created in a region, 4.4 cents in new monies flow into the coffers of local governments. Using this ratio, **we estimate that in the case of the cargo-only airport, local governments in this 4-parish area will see their tax collections rise by \$1.2 billion over the 2010-2049 period. In the case of the cargo/passenger facility, local tax collections would increase by nearly \$1.4 billion over that 40-year period.**

These are numbers for local officials to keenly keep in mind since the presence of the LTC will no doubt generate the need for additional government services. It would appear from the data in Tables 39 and 40 that new revenues from the LTC are likely to more than cover any additional burden on local government and create new jobs for their citizens as well.

Table 39
Impact of Operations on the Regional Tax Revenues – Scenario 1
(Millions of 2004 Dollars)

	Phase I	Phase II	Phase III	Phase IV	Total
Airport Operations	\$0.2	\$0.7	\$3.6	\$16.5	\$21.1
Port Operations	\$0.0	\$0.3	\$1.1	\$2.1	\$3.5
Rail Operations	\$0.0	\$0.3	\$0.9	\$1.7	\$2.9
Warehousing & Cargo	\$9.1	\$38.3	\$224.9	\$929.2	\$1,201.5

Total	\$9.3	\$39.6	\$230.5	\$949.5	\$1,229.0
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Table 40
Impact of Operations on the Regional Tax Revenues – Scenario 2
(Millions of 2004 Dollars)

	Phase I	Phase II	Phase III	Phase IV	Total
Airport Operations	\$0.2	\$0.7	\$36.7	\$118.0	\$155.7
Port Operations	\$0.0	\$0.3	\$1.1	\$2.1	\$3.5
Rail Operations	\$0.0	\$0.3	\$0.9	\$1.7	\$2.9
Warehousing & Cargo	\$9.1	\$38.3	\$224.9	\$929.2	\$1,201.5
Total	\$9.3	\$39.6	\$263.6	\$1,051.0	\$1,363.6

IV. Impacts on Sugarcane

In Sections II and III we have detailed our estimates of the **benefits** of locating the LTC at the proposed site, and these projected benefits are impressively large. On the downside, the proposed site is currently devoted largely to sugarcane production, with raw sugar factories located within close proximity. Information presented in this section provides data on the potential impact of the loss of sugarcane production.

Direct Sugarcane Job Losses

The proposed area encompasses sugarcane production located in two parishes: Iberville Parish and Ascension Parish. USDA Farm Service Agency (FSA) personnel were contacted in each FSA parish office to obtain estimates of the number of sugarcane farm workers in the proposed area.

Joel Ducote, Iberville Parish FSA office, indicated that there were 42 sugarcane farms in that area in Iberville Parish. These farms are operated by 15 farmers, with some farmers operating more than one identifiable sugarcane farm. Dan Safford, Ascension Parish FSA office, indicated that there were 11 farmers in Ascension Parish, with 82 full time workers (including the farm operator) and 70 seasonal workers (hired in late summer for planting).

Sugarcane harvested in this area is sent to approximately four sugar factories for processing into raw sugar. Most of the acreage goes to the Cora-Texas Sugar Mill (White Castle) and the Lula Sugar Mill (Belle Rose). Cora-Texas indicated that 19 of their growers would be impacted by the airport construction, and Lula indicated that 10 of their growers would be impacted. Some of these farms also ship sugarcane to the St. James mill (South Louisiana Sugars) and the Lafourche Sugar

Mill (Thibodeaux). The St. James mill indicated they would have 4 growers impacted.

An estimate of direct job loss on sugarcane farms would be approximated as follows:

- (a) number of sugarcane farm operators (farmers) 26 – 30
- (b) number of full-time workers (including operator) 130 – 210
- (c) number of seasonal workers (planting labor, Aug-Sept) 130 – 180

It should be noted that most of the seasonal workers are brought in from out-of-country.

Estimated Direct Losses at Sugar Mills

Construction of the airport in this area would result in a permanent loss of revenue to the Louisiana sugar industry as sugarcane production would terminate with the sale of the land. Revenue from the sale of raw sugar produced at sugar mills in Louisiana is normally divided between the mill, the grower, and the landlord. Mills normally take approximately 39-40% of the crop as their proceeds for milling sugarcane into raw sugar. The remaining share (60-61%) is split between the grower and the landlord based on agreed land share rental arrangements. A landlord share of the crop of one-fifth after mill share is a common arrangement in Louisiana, although many farmers are leasing sugarcane land for a one-sixth share. In the estimation of sugarcane revenue loss for this project, a typical share arrangement is 39% to the mill, 12.2% to the landlord (one-fifth of 61%) and 48.8% to the grower (four-fifths of 61%).

Three raw sugar mills located within close proximity to the area were contacted to obtain information regarding sugarcane acreage and tonnage that could be lost due to the construction of the airport in the proposed area. Cora-Texas Sugar Mill---located in White Castle---and Lula Sugar Mill (Lula-Westfield, LLC)---located in Belle Rose---are the two mills closest to the area. The St. James sugar mill (South Louisiana Sugars) receives sugarcane from this area, and they were contacted as well. Discussions with these mills indicated that the Lafourche sugar mill in Thibodeaux would also lose a small portion as well. Information from the three mills contacted, in terms of total sugarcane farm acres, total harvested sugarcane acreage, and total sugarcane tonnage that would be lost, is presented in Table 41.

Table 41
Estimated Sugarcane Acreage and Tonnage Loss

Mill	Total Acres	Harvested Acres	Sugarcane Tonnage	2003 Cane Tonnage	% of 2003 Tonnage
Cora-Texas	9,000	7,000	250,000	1,170,400	21.4%
Lula	7,500	5,600	180,000	710,200	25.3%
St. James	3,150	2,350	80,000	630,800	12.6%

Lafourche	1,100	800	25,000	733,100	3.4%
TOTAL	20,750	15,750	535,000	3,244,500	16.5%

Sugarcane tonnage estimated at 25.8 tons per total acre and 34.0 tons per harvested acre.

It was estimated, from discussions with sugar mills, that there was a total of approximately 20,750 acres of sugarcane land in the proposed area. Of this amount, 15,750 acres had harvestable sugarcane existing on the land. Sugarcane in Louisiana is a perennial crop, with an average of 3-4 years of harvest possible before replanting is necessary. As a result, approximately 75% of a sugarcane farm's total land would be in harvestable sugarcane, with the remainder in fallow.

Note in Table 41 that the Cora-Texas and Lula mills would be impacted the greatest from loss of sugarcane land. Cora-Texas officials indicated that they would lose approximately 250,000 tons of sugarcane, from about 9,000 total acres. The Lula sugar mill indicated that it would lose approximately 180,000 tons of sugarcane, from about 7,500 acres. The St. James mill indicated that they would lose approximately 80,000 tons. In addition, these mills indicated that approximately 25,000 tons of sugarcane, from about 1,100 acres of land, are being shipped to the Lafourche mill, which would lose that tonnage should the airport construction occur.

The estimated sugarcane tonnage losses for the Cora-Texas and Lula mills were estimated to be 21.4% and 25.3% of total tonnage, respectively. These tonnage-loss levels represent a substantial portion of the total sugarcane tonnage ground by these two mills. Both mills indicated that such a loss would make their mill operations unprofitable.

It would appear that such tonnage losses would force perhaps one of these two mills to close. Whether both mills would be so adversely affected that they both would close would depend upon the amount of additional sugarcane one of the mills would be able to obtain from the other. It should be obvious from the data in Table 41 that the remaining cane at Cora-Texas or Lula, should one of them shut down, would be far more than is necessary to replace any losses at the surviving mills. For example, if Cora-Texas shut down, its remaining available production of 920,400 tons (1,170,400 minus 250,000) could easily be spread among the other mills to cover their losses, with tonnage left over. Still, sugar mills in the state have been increasing capacity and have been competing with other mills for additional sugarcane. If these other mills capture too much of Cora-Texas' remainder, a second loss could occur. That seems very unlikely.

Estimated Sugarcane Revenue Losses

To estimate the sugarcane revenues lost due to the construction of the LTC, we first of all took into account the **timing of land loss** as the 20,750 acres are taken out of production. Not all of the acreage would be taken out at once. According to estimates provided by URS and SH&E, land would be taken out of production according to the schedule shown in Table 42.

Table 42
Schedule for Removing Land From Sugarcane Production

Year	Estimated Sugarcane Acreage	Additional Acreage Used by LTC	Total Acreage Used by LTC
2010	20,750	13,360	13,360
2013	20,750	3,240	16,600
2015	20,750	1,800	18,400
2020	20,750	2,200	20,600
2030	20,750	150	20,750

Secondly, the **gross sugar revenues per acre were valued at \$1,206**. Gross revenue per acre---\$1,206---is based upon an estimated 25.8 tons per total acre (34.0 tons per harvested acre) and an average commercially recoverable sugar for the area of 217 pounds of raw sugar per ton of sugarcane. Raw sugar is valued at \$0.205 per pound. Additional molasses revenue is included using 3.0 gallons of molasses produced per 100 pounds of raw sugar at a value of \$0.35 per gallon. This revenue per acre figure was then multiplied by the number of acres removed each year and then fit into our four phases of constructing the LTC.

Impact of Sugarcane Loss on the State

Table 43 shows the I/O table estimates of the impact of the sugarcane losses on the State's economy. Row one illustrates the impact of these losses on sales at Louisiana firms. **Over the entire 40-year construction cycle of the LTC, Louisiana firms would lose almost \$2.4 billion in sales due to the loss of sugarcane production. By contrast, we have estimated that under just the cargo-only scenario, business sales would rise by \$174.8 billion via construction and operations impacts.**

Data in Table 43 indicate that households in Louisiana would lose \$16.7 million in earnings due to lost sugarcane production. Again, by way of reference, we have estimated that Louisiana households would gain \$37.4 billion in earnings as the LTC is built and becomes operational.

On the jobs front, the I/O table estimate is that by the end of Phase 4, some 420 state residents would have lost their jobs because of lost sugarcane production. If the LTC is built, a cargo-only facility would create 64,850 jobs. According to the last row of Table 43 the State treasury would see its revenues decline by \$23.3 million because of lost sugarcane fields. Under the LTC cargo-only scenario, that State treasury would gain over \$2.2 billion in revenues.

Table 43
Impact of Sugar Cane Losses on the Louisiana Economy
(Sales, Earnings, Tax Revenues in Millions of 2004 Dollars)

	Phase I	Phase II	Phase III	Phase IV	Total
Sales	\$222.4	\$279.2	\$625.2	\$1,259.6	\$2,386.5
Earnings	\$38.8	\$48.8	\$109.2	\$219.9	\$416.7
Avg. Employment	297	372	417	420	
Tax Revenues	\$2.2	\$2.7	\$6.1	\$12.3	\$23.3

Impact of Sugarcane Loss on the Regional Economy

Table 44 provides I/O table estimates of sales, earnings, job, and local tax revenue losses due to the removal of the sugarcane acreage from production. The impacts in Table 44 will be smaller than in Table 43 because the geographic region for the “spillovers” is much smaller.

Table 44
Impact of Sugar Cane Losses on the Regional Economy
(Sales, Earnings, Tax Revenues in Millions of 2004 Dollars)

	Phase I	Phase II	Phase III	Phase IV	Total
Sales	\$177.2	\$222.5	\$498.2	\$1,003.6	\$1,901.4
Earnings	\$19.4	\$24.4	\$54.6	\$110.1	\$208.5
Avg. Employment	128	161	180	182	
Tax Revenues	\$0.9	\$1.1	\$2.4	\$4.8	\$9.2

While the losses shown in this table are non-trivial, it may be helpful to compare these losses to the gains projected if just the cargo-only facility is built at the LTC. This is done in Table 45.

Table 45
Comparison of Sugarcane Loss Impacts with Gains from Building & Operating a
Cargo-Only LTC

Item	Loss Due Lost Sugarcane	Gain Due to LTC Cargo-Only
Business Sales (Millions)	\$1,901.4	\$131,006.2
Household Earnings (Millions)	\$208.5	\$28,849.5
Jobs	182	47,016
Local Tax Collections (Millions)	\$9.2	\$1,269.4

It should be apparent from this table that the cost of giving up the sugarcane segment is swamped by the gains from building the LTC. Note that these differences would get even larger if the LTC includes the international passenger terminal (scenario 2).

V. Summary & Conclusions

This report estimates the impact on (1) the **Louisiana economy** and (2) the **4-parish region**, comprised of Ascension, Assumption, Iberville, and St. James Parishes, of constructing and operating the proposed Louisiana Transportation Center. Our estimates rely on construction and operating proformas developed by URS Corporation, SH&E Consultants, and River Consultants (for the port).

Impacts were generated for two different scenarios: (1) a **cargo-only facility** with one 12,000-foot runway, and (2) a **cargo/passenger airport** with an international passenger terminal with three 12,000-foot runways. The former involves a private/public partnership investment of \$4,449.3 million over a 40-year period, while the latter involves an investment of \$6,420.9 million. In the case of the cargo-only airport, the State's share of the investment would be \$441.5 million, and in the case of the cargo/passenger airport, the State's investment would be \$351.7 million.

Using input/output tables for the State and region, we were able to estimate the impacts of both constructing and operating the LTC on (1) business sales, (2) household earnings, (3) jobs, and (4) tax collections under both scenarios. Table 46 details the impacts of constructing and operating the cargo-only facility by construction phase, and Table 47 provides the same data for the cargo/passenger facility. Several key points can be discovered from reviewing these tables:

- The cumulative impacts of the LTC, under either scenario, are very large. For example, over the 40-year period of 2010-2049 in the **cargo-only scenario**:

- **66,018** jobs would be created in the State. That number is basically equivalent to the number of people presently employed in Ascension, Assumption, Iberville, and St. James Parishes combined.
 - A total of **\$40.1 billion in new household earnings** would be created for Louisiana citizens.
 - A total of **\$174.8 billion in new sales** would be created for Louisiana businesses.
 - The State of Louisiana would collect over **\$2.2 billion in new taxes**---far above the \$441.5 million the State is being asked to invest in the project.
 - The **4-parish region** would find its business sales rise by \$131 billion, its household earnings by \$28.8 billion, and its employment by 30,671. Local governments in the area should get a tax revenue boost of almost \$1.3 billion.
- The impact numbers are even larger for the **cargo/passenger facility** over the 40-year period of 2010-2049. This is because of the extra economic activity associated with the additional international passenger terminal that would be handling 40 million passengers by Phase IV.
 - At the State level, the benefits would be as follows: **\$194.9 billion in business sales, \$45.5 billion in household earnings, 70,879 in new jobs, and over \$2.5 billion in new State tax revenues.**
 - In the 4-parish region, **business sales would go up \$147.8 billion, household earnings would escalate by \$32.3 billion, new jobs would jump by 50,472, and local government treasuries would enjoy a \$1.4 billion boost in collections.**

In generating the numbers in Tables 46 and 47, it became apparent that the **greatest source of new economic activity at the LTC under either scenario would be the warehouse/distribution/air cargo facilities.** This is in keeping with the experience at Alliance Airport in Fort Worth. *Thus, the accuracy of our estimates turns heavily on the quality of the square footage estimates in these facilities provided by SH&E.*

We have also examined the impact on the sugarcane industry from the 20,750 acres of planting that would be lost on the LTC property. There are 26-40 farm operators on the site with between 130-210 full-time workers according to USDA sources. We estimated the lost sugarcane revenues over the 40-year cycle, taking into account the timing of acreage removal. We estimate that over the 2010-2049 period the losses to the State from the acreage lost would be:

- \$2.4 billion in business sales;
- \$416.7 million in household earnings;
- 420 jobs;

- and \$2 3.3 million in State tax collections.

Obviously, the losses due to acreage removal pale into insignificance compared to the gains from building and operating the LTC under either scenario.

Table 46
Total Impact of LTC on the Louisiana Economy – Scenario 1
(Sales, Earnings, Tax Revenues in Millions of 2004 Dollars; Jobs Are Average Per Year)

	Phase I 2010-2014	Phase II 2015-2019	Phase III 2020-2029	Phase IV 2030-2049	Total
LA Sales	\$1,952.2	\$6,599.7	\$33,479.7	\$132,770.6	\$174,802.2
LA Earnings	\$495.7	\$1,588.4	\$7,729.1	\$30,258.5	\$40,071.5
LA Jobs	3,974	13,123	33,318	66,018	
LA Tax Revenue	\$27.8	\$89.0	\$432.9	\$1,694.4	\$2,244.0
Regional Sales	\$1,457.8	\$4,976.6	\$24,968.7	\$99,603.2	\$131,006.2
Regional Earnings	\$289.3	\$1,040.6	\$5,464.9	\$22,054.6	\$28,849.5
Regional Jobs	2,299	8,618	23,169	47,016	
Regional Tax Revenue	\$12.7	\$45.8	\$240.5	\$970.3	\$1,269.4

Table 47
Total Impact of LTC on the Louisiana Economy – Scenario 2
(Sales, Earnings, Tax Revenues in Millions of 2004 Dollars; Jobs Are Average Per Year)

	Phase I 2010-2014	Phase II 2015-2019	Phase III 2020-2029	Phase IV 2030-2049	Total
LA Sales	\$1,982.3	\$9,635.3	\$37,386.6	\$145,930.3	\$194,934.5
LA Earnings	\$504.9	\$2,532.6	\$8,730.0	\$33,695.0	\$45,462.5
LA Jobs	4,038	19,653	36,545	70,879	
LA Tax Revenue	\$28.3	\$141.8	\$488.9	\$1,886.8	\$2,545.9
Regional Sales	\$1,458.4	\$6,826.1	\$28,464.2	\$111,097.7	\$147,846.3
Regional Earnings	\$289.4	\$1,326.5	\$6,217.3	\$24,484.5	\$32,317.7
Regional Jobs	2,350	10,531	25,290	50,472	
Regional Tax Revenue	\$12.7	\$58.4	\$273.6	\$1,077.3	\$1,422.1

Appendix A

Impact of the Port at Philadelphia Point

ECONOMIC IMPACT OF LTC PORT AT PHILADELPHIA POINT

In the main text of this report we have made reference to the impact of the LTC's port at Philadelphia Point. The purpose of this appendix is to describe those impacts in greater detail to fulfill one of the conditions of our contract.

The proposed port is designed to be a major **barge satellite port for containers**. A deepwater container port---called Sea Point---is being developed by a group of investors. Sea Point would be located in Venice, Louisiana near the mouth of the Mississippi River. This port would be designed to efficiently transfer containers between the largest ocean-going container ships to barges that would then take the containers to satellite ports along the Mississippi River---such as the one proposed for LTC at Philadelphia Point.

According to the design proposed by River Consulting, once each day a push boat will deliver a six-barge tow to the LTC satellite port. The tow would be berthed at the load/unload position. Then the push boat would disengage from the inbound tow and move to the outbound tow moored at a standby position. The push boat would then leave with the outbound six-barge tow in route back to the Sea Point terminal. It is assumed that 80% of the containers transported by the shuttle barge system would be loaded to and from rail, with the remaining 20% handled by truck.

Operating Costs of LTC's Port

Table A-1 provides data on the estimated number and wage payments to hourly workers at the proposed dock. River Consulting, Inc. (RCI) estimates that **83 hourly workers will be required to operate the port and their annual wage bill would be almost \$6.6 million**. The table also details the types of workers that would be needed at the port.

In addition to hourly workers, RCI has estimated the number of salaried workers needed at the port. The types and annual salaries of these employees are shown in Table A-2. **RCI anticipates that 33 salaried workers will be employed at the port, and their annual wage bill will be just over \$1.3 million**.

One thing that stands out in these tables is that pay at the port will be quite good. **The hourly employees will earn between \$25 and \$30 per hour plus overtime, and most of the salaried workers will earn from \$40,000 to \$70,000 per year**. Those are excellent pay levels by Louisiana standards.

Table A-1
Proposed Hourly Employees at LTC Port

Hourly Labor	Men Per Shift	Total Employee s	Hourly Rate	MH/Year	S.T Cost	O.T. Premium	Total
<u>Barge Dock:</u>							
Dock Crane operator	1	2	\$30.45	4,960	\$151,032	\$20,462	\$171,494
Stevedore Foreman	1	2	\$30.45	4,960	\$151,032	\$29,232	\$180,264
Stevedores	4	8	\$24.65	19,840	\$489,056	\$94,656	\$583,712
<u>Container Yard:</u>							
RTG Operator	6	12	\$30.45	29,760	\$906,192	\$175,392	\$1,081,584
Tractor Drivers	13	26	\$24.65	64,480	\$1,589,432	\$307,632	\$1,897,064
<u>Rail Yard:</u>							
Reach Stack Operator	2	4	\$30.45	9,920	\$302,064	\$58,464	\$360,528
<u>General:</u>							
Security, Gate	2	6	\$30.45	14,880	\$453,096	\$87,696	\$540,792
Security Men	3	9	\$24.65	22,320	\$550,188	\$106,488	\$656,676
Maintenance Techs	3	6	\$30.45	14,880	\$453,096	\$87,696	\$540,792
Gen. Labor	4	8	\$24.65	19,840	\$489,056	\$94,656	\$583,712
TOTAL	39	83		205,840	\$5,534,244	\$1,062,374	\$6,596,618

Source: River Consulting, Inc.

Table A-2
Proposed Salaried Employees at LTC Port

Salaried Employees	Per Shift	Total	Salary	Total
Terminal Manager		1	\$75,000	\$75,000
Assistant Manager		1	\$60,000	\$60,000
Marine Supervisors	1	2	\$50,000	\$100,000
Yard Supervisors	1	2	\$50,000	\$100,000
Rail Yard Supervisors	1	2	\$50,000	\$100,000
Planning Analyst	1	2	\$40,000	\$80,000
Control System Operator	1.5	3	\$40,000	\$120,000
H. R. Administrator		1	\$45,000	\$45,000
Security Manager		1	\$50,000	\$50,000
Security Supervisors	1	2	\$40,000	\$80,000
Clerical& Administration	6	12	\$25,000	\$300,000
Safety Manager	1	2	\$50,000	\$100,000
Maintenance Supervisors	1	2	\$50,000	\$100,000
Total		33		\$1,310,000

Source: River Consulting, Inc.

In addition to the labor costs detailed in Table A-1 and A-2, RCI estimated that the port would incur consumables, and general operating expenses totaling \$2,110,500. These include such items as utilities, fuel, insurance, maintenance, supplies, etc. Thus, **total annual operating expenses at the port would be \$10,017,118.**

Port Operating Revenues

RCI also estimated the port's operating revenues per year. Given the proposed design of the port as a barge satellite port for containers, RCI projected that the port would "lift" 129,600 containers per year. The firm also projected that the port would earn about \$120 per "lift". **That means annual revenue at the port would be \$15,552,000.**

Port Construction Cost

URS Corporation has projected that the **cost of constructing the port would be \$34,216,582.** The port is scheduled for construction in Phase II, and we have assumed it would be built over 2015-2016 and would become operational in 2017.

It is our understanding that cost of port construction would be funded out of Louisiana's TIMED program. If that is the case, we do not include this spending in our economic impact analysis on the State, because these do not represent new monies being injected into the Louisiana economy.

Economic Impact of LTC Port on the State Economy

By inserting the port's operating revenue data into the I/O table we were able to determine the impact on (1) business sales, (2) household earnings, (3) jobs, and tax collections in the State. Table A-3 documents these impacts.

Table A-3
Impact of LTC Port on the Louisiana Economy
(Sales, Earnings, Tax Revenues in Millions of 2004 Dollars; Jobs Are Average Per Year)

Impact On:	Phase I	Phase II	Phase III	Phase IV	Total
Business Sales	\$0.0	\$89.9	\$299.5	\$599.1	\$988.5
Household Earnings	\$0.0	\$20.2	\$67.3	\$134.6	\$222.0
Jobs	0	128	213	213	
State Taxes	\$0.0	\$1.1	\$3.8	\$7.5	\$12.4

Note that because the port will not be constructed until the first two years of Phase II, there are no economic effects in Phase I. The port would only be operational for three of the 5 years in Phase II. The port is fully operational in every year of Phases II and IV.

According to the I/O table, by the end of the 40-year cycle for the LTC, the port will have created (1) \$988.5 million in business sales; (2) \$222 million in new household earnings; (3) 213 new jobs, and (4) \$12.4 million in additional tax collections for the State.

While the numbers in Table A-3 are impressive, they ignore the vital role that the port will play in making the LTC successful. Adding water transportation as another dimension to the LTC may be a critical factor in making the project an attractive site to prospective warehouse/distribution companies. And as we pointed out in the main text of this report, it is those warehouse/distribution operations that will generate the biggest impact on the State's economy.

**THE ECONOMIC IMPACT OF THE LOUISIANA TRANSPORTATION
CENTER: A FIRST STAGE ANALYSIS**

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Executive Summary

This report estimates the impact on (1) the **Louisiana economy** and (2) the **4-parish region**, comprised of Ascension, Assumption, Iberville, and St. James Parishes, of constructing and operating the proposed Louisiana Transportation Center. Our estimates rely on construction and operating proformas developed by URS Corporation, SH&E Consultants, and River Consultants (for the port).

Impacts were generated for two different scenarios: (1) a **cargo-only facility** with one 12,000-foot runway, and (2) a **cargo/passenger airport** with an international passenger terminal with three 12,000-foot runways. The former involves a private/public partnership investment of \$4,449.3 million over a 40-year period, while the latter involves an investment of \$6,420.9 million. In the case of the cargo-only airport, the State's share of the investment would be \$441.5 million, and in the case of the cargo/passenger airport, the State's investment would be \$351.7 million.

Using input/output tables for the State and region, we were able to estimate the impacts of both constructing and operating the LTC on (1) business sales, (2) household earnings, (3) jobs, and (4) tax collections under both scenarios. Table 46 details the impacts of constructing and operating the cargo-only facility by construction phase, and Table 47 provides the same data for the cargo/passenger facility. Several key points can be discovered from reviewing these tables:

- The cumulative impacts of the LTC, under either scenario, are very large. For example, over the 40-year period of 2010-2049 in the **cargo-only scenario**:
 - **66,018** jobs would be created in the State. That number is basically equivalent to the number of people presently employed in Ascension, Assumption, Iberville, and St. James Parishes combined.
 - A total of **\$40.1 billion in new household earnings** would be created for Louisiana citizens.
 - A total of **\$174.8 billion in new sales** would be created for Louisiana businesses.
 - The State of Louisiana would collect over **\$2.2 billion in new taxes**---far above the \$441.5 million the State is being asked to invest in the project.
 - The **4-parish region** would find its business sales rise by \$131 billion, its household earnings by \$28.8 billion, and its employment by 30,671. Local governments in the area should get a tax revenue boost of almost \$1.3 billion.

- The impact numbers are even larger for the **cargo/passenger facility** over the 40-year period of 2010-2049. This is because of the extra economic activity associated with the additional international passenger terminal that would be handling 40 million passengers by Phase IV.
 - At the State level, the benefits would be as follows: **\$194.9 billion in business sales, \$45.5 billion in household earnings, 70,879 in new jobs, and over \$2.5 billion in new State tax revenues.**
 - In the 4-parish region, **business sales would go up \$147.8 billion, household earnings would escalate by \$32.3 billion, new jobs would jump by 50,472, and local government treasuries would enjoy a \$1.4 billion boost in collections.**

In generating the numbers in Tables 46 and 47, it became apparent that the **greatest source of new economic activity at the LTC under either scenario would be the warehouse/distribution/air cargo facilities.** This is in keeping with the experience at Alliance Airport in Fort Worth. *Thus, the accuracy of our estimates turns heavily on the quality of the square footage estimates in these facilities provided by SH&E.*

We have also examined the impact on the sugarcane industry from the 20,750 acres of planting that would be lost on the LTC property. There are 26-40 farm operators on the site with between 130-210 full-time workers according to USDA sources. We estimated the lost sugarcane revenues over the 40-year cycle, taking into account the timing of acreage removal. We estimate that over the 2010-2049 period the losses to the State from the acreage lost would be:

- \$2.4 billion in business sales;
- \$416.7 million in household earnings;
- 420 jobs;
- and \$2 3.3 million in State tax collections.

Obviously, the losses due to acreage removal pale into insignificance compared to the gains from building and operating the LTC under either scenario.

Table 46
 Total Impact of LTC on the Louisiana Economy – Scenario 1
 (Sales, Earnings, Tax Revenues in Millions of 2004 Dollars; Jobs Are Average Per Year)

	Phase I 2010-2014	Phase II 2015-2019	Phase III 2020-2029	Phase IV 2030-2049	Total
LA Sales	\$1,952.2	\$6,599.7	\$33,479.7	\$132,770.6	\$174,802.2
LA Earnings	\$495.7	\$1,588.4	\$7,729.1	\$30,258.5	\$40,071.5
LA Jobs	3,974	13,123	33,318	66,018	
LA Tax Revenue	\$27.8	\$89.0	\$432.9	\$1,694.4	\$2,244.0
Regional Sales	\$1,457.8	\$4,976.6	\$24,968.7	\$99,603.2	\$131,006.2
Regional Earnings	\$289.3	\$1,040.6	\$5,464.9	\$22,054.6	\$28,849.5
Regional Jobs	2,299	8,618	23,169	47,016	
Regional Tax Revenue	\$12.7	\$45.8	\$240.5	\$970.3	\$1,269.4

Table 47
 Total Impact of LTC on the Louisiana Economy – Scenario 2
 (Sales, Earnings, Tax Revenues in Millions of 2004 Dollars; Jobs Are Average Per Year)

	Phase I 2010-2014	Phase II 2015-2019	Phase III 2020-2029	Phase IV 2030-2049	Total
LA Sales	\$1,982.3	\$9,635.3	\$37,386.6	\$145,930.3	\$194,934.5
LA Earnings	\$504.9	\$2,532.6	\$8,730.0	\$33,695.0	\$45,462.5
LA Jobs	4,038	19,653	36,545	70,879	
LA Tax Revenue	\$28.3	\$141.8	\$488.9	\$1,886.8	\$2,545.9
Regional Sales	\$1,458.4	\$6,826.1	\$28,464.2	\$111,097.7	\$147,846.3
Regional Earnings	\$289.4	\$1,326.5	\$6,217.3	\$24,484.5	\$32,317.7
Regional Jobs	2,350	10,531	25,290	50,472	
Regional Tax Revenue	\$12.7	\$58.4	\$273.6	\$1,077.3	\$1,422.1

