

# Winds of change

BY KATHY FINN

The greater New Orleans economy isn't what it used to be.



ALEX DEWMAN

**IF IT'S TOUGH TO TEACH** an old dog new tricks, imagine the challenge of getting a 300-year-old one to take stock of itself. That's essentially what local business and political leaders have been trying to do in the years since a massive disaster befell one of America's oldest cities.

Since Hurricane Katrina struck New Orleans in 2005, the parishes of the metropolitan region have scrambled to recover while adjusting to evolving roles. Hard-hit Orleans Parish, still at the heart of the urban center, has clawed its way through four years of recovery and rebuilding, working to retain and grow businesses while regrowing its population.

In adjacent Jefferson Parish, building better flood protection has become paramount in efforts to retain population as the area becomes less suburban and more mainstream business-oriented. Meanwhile, the parishes just upriver are burgeoning as urban residents roam farther for reasonably priced housing and good schools.

Across Lake Pontchartrain, St. Tammany Parish is shifting gears as well. Known in previous decades

largely for its mix of rural and small-town lifestyles, St. Tammany now grapples with an identity that is both more heavily suburban and more business-based than ever before.

Through their periods of adjustment, most parts of the metropolitan area have managed to keep their economies alive and growing, if not necessarily soaring.

Ivan Meistchovich, director of the Institute for Economic Development at University of New Orleans, says ongoing recovery work has provided local economic buoyancy as recession has battered much of the country. Major

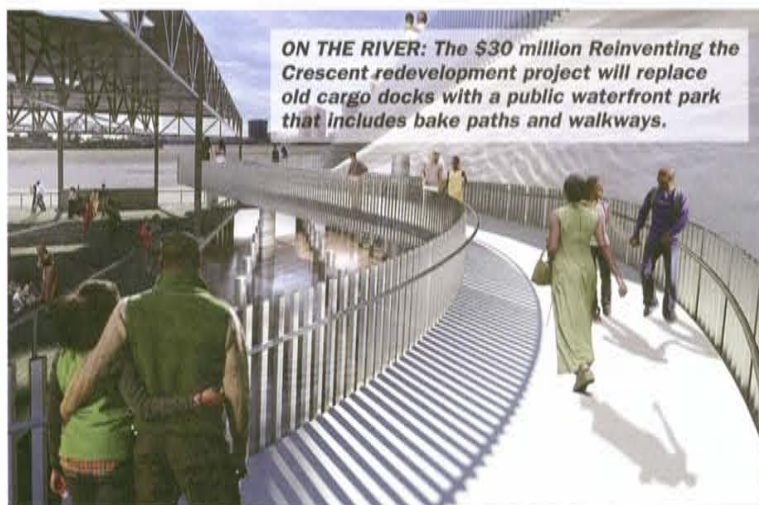
construction projects related to flood protection, drainage, road and street repair, and replacement of housing and public buildings have bolstered local employment, he says.

These projects have helped offset job losses in the area's vital tourism sector. "That's where a big chunk of the problem is right now," Meistchovich says. The recovery work also has masked some of the turbulence in the maritime industry, which has suffered from a sharp slowdown in international trade.

Bureau of Labor Statistics reports for April showed unemployment in the New Orleans metropolitan area, at 5.3%, continued to run below the Louisiana average of 5.7% and far below the U.S. rate of 8.6%.

Orleans Parish, the area's hub for tourism, maritime and financial jobs, took steeper job losses than its neighbors. The city's unemployment rate topped 7% in April, looming above the rates in surrounding parishes, including Jefferson at 4.8% and St. Tammany at 4.1%.

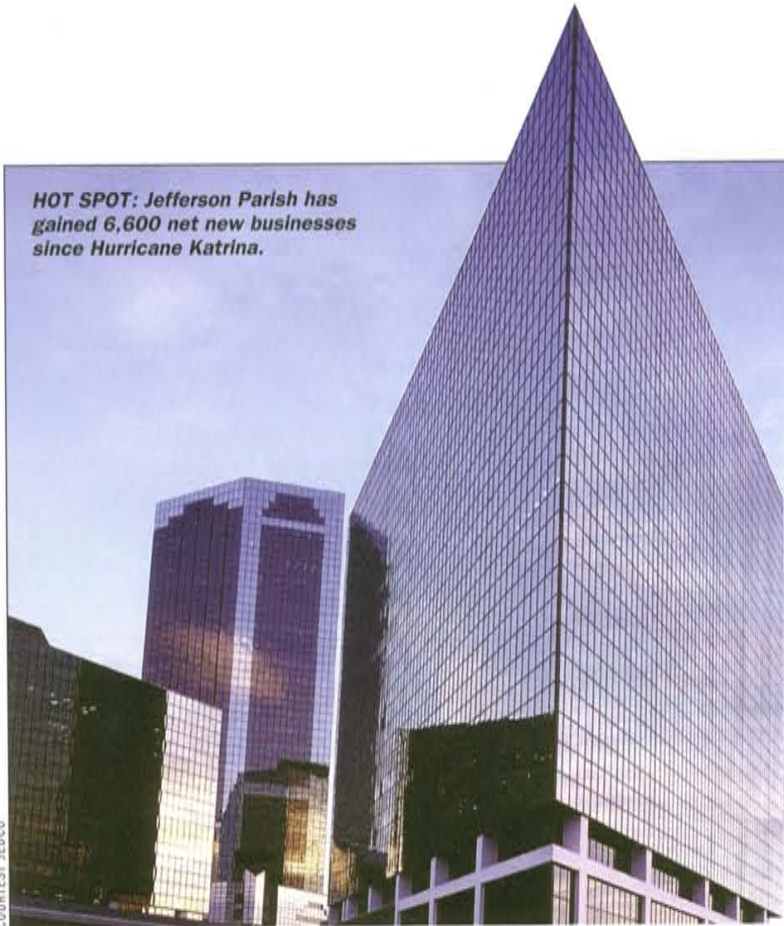
**A BRISK PACE OF** business formation in the latter two parishes has contributed to their strength.



**ON THE RIVER:** The \$30 million Reinventing the Crescent redevelopment project will replace old cargo docks with a public waterfront park that includes bike paths and walkways.

COURTESY ESKEW &amp; DUMEZ &amp; RIPPLE

**HOT SPOT:** Jefferson Parish has gained 6,600 net new businesses since Hurricane Katrina.



COURTESY JEDCO

Jerry Bologna, an outreach director at Jefferson Parish Economic Development Commission, says the parish has gained almost 6,600 net new businesses since Katrina. He attributes the growth in part to Jedco's efforts to improve the business climate and quality of life by tackling matters ranging from insurance costs and crime abatement to education and beautification.

St. Tammany Parish, too, has seen steady business growth, in some cases stemming from south shore employers shopping for locations perceived as safer from hurricanes. The biggest cross-lake move in recent years was that of Chevron Corp., which in 2008 shifted 500 employees from downtown New Orleans into newly built quarters in Covington.

Brenda Reine-Bertus, executive director of St. Tammany Economic Development Foundation, says several other firms are opening offices in the area and more growth lies ahead. Applications for new commercial permits in the parish increased more than 40% in the first quarter of 2009 compared with the year-earlier quarter, and new business licenses were up by almost 25%, she says.

**ONE FACTOR THAT** may help keep the region's recovery and growth on track is increased commitment to what in the past has seemed something of a foreign concept: collaboration.

Michael Hecht, CEO of the 10-parish area economic development agency Greater New Orleans Inc., says the separate parish jurisdictions are motivated to join forces because "the New Orleans region represents an extraordinary opportunity right now."

The billions of dollars flowing into the lo-

cal economy have made New Orleans a small bright spot in the national recession. But Hecht says economic developers realize they can't just sit and wait for expanding businesses to notice the area.

"I think Katrina made clear that regional cooperation was going to be essential," he says. "People began to understand that companies and (relocation) site selectors will not consider regions of under a million people, generally."

Hecht says the need to put greater heft behind economic development efforts has drawn regional leaders together. For the first time, major business groups from both sides

of the lake have become financial investors in GNO Inc. Also a first: A St. Tammany businessman, Stirling Properties CEO Martin Mayer, chairs the organization's board.

In addition, the agency has extended its hand to Baton Rouge. GNO Inc. teamed with the Baton Rouge Area Chamber of Commerce to form a southeast region "super committee" and work "on issues of mutual self interest," ranging from improving New Orleans' airport to growing international trade, Hecht says.

Noting that the New Orleans and Baton Rouge areas combined hold almost half of the state's population and total employees, he adds: "Those 2.1 million people represent a compelling economic and political critical mass."

Hecht expects the southeastern regional group will address areas from workforce issues to tax legislation to business growth incentives. GNO Inc. and the Baton Rouge chamber recently released a joint study

on how to maximize the region's international trade assets. The groups also will work together toward development of a high-speed rail connection between New Orleans and Baton Rouge. And they have joined in lobbying the Legislature to maintain adequate funding for higher education.

**WHILE THE GREATER** New Orleans area has held up relatively well through the national downturn, economists and business leaders are keenly aware that the area's tendency to run counter to national trends applies in better times as well. Job growth in the region has plodded at 1% or less for years, and an uptick in the national economy will not necessarily translate into significant growth in the New Orleans area.

Most business leaders agree that the local economy needs greater industry diversity, and achieving that will require continued work. "Our greatest strength will be a healthy business environment," says Jedco's Bologna. "We have to have responsive government and be a place where people want to do business."

That said, returning strength in the national economy should create some local ripples. Area tourism and convention businesses will benefit from rising confidence around the country. And a pickup in international trade will bolster activity in the local port.

UNO's Meistchovich points out that as profits return to the corporate sector, big development projects that hinge on obtaining bond financings or the sale of tax credits will begin to regain momentum. That could be important for some projects in St. Tammany Parish, such as the Colonial Pinnacle Nord du Lac "lifestyle" center near Covington. A souring retail economy forced the \$200 million development into the pause mode after construction was well under way.

"When retailers around the country come back—and after they sort out who's going to go bankrupt and who will survive—then you'll still have companies looking for good locations. Sites along the I-12

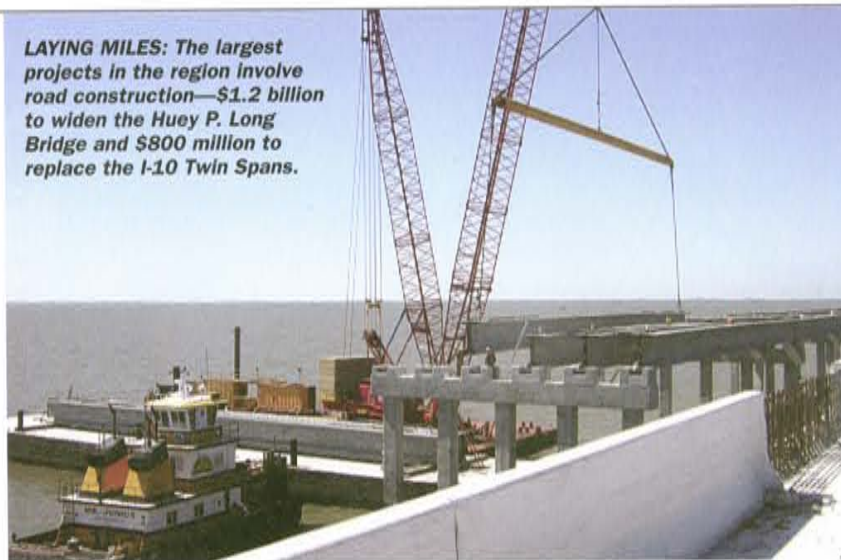


**BIOINNOVATION CENTER:** The research and office center will include a lab business incubator and space for the Louisiana Gene Therapy Research Consortium.

COURTESY BIOINNOVATION CENTER



**LAYING MILES:** The largest projects in the region involve road construction—\$1.2 billion to widen the Huey P. Long Bridge and \$800 million to replace the I-10 Twin Spans.



corridor and west into Livingston Parish and on into Baton Rouge will look attractive," Meistchovich says.

**WHILE NORTH SHORE** areas and parts of St. Charles, St. John and St. James parishes will hold more appeal when the broader economy begins to turn, Meistchovich believes one of the brightest spots in the region's economic future lies on the West Bank of Jefferson Parish.

"When the Huey [P. Long Bridge expansion] is done, then you'll have much better access to the interstate system, and everything from the Harvey Canal west will become much more acceptable for all kind of different developments, but particularly for business," he says.

That view bodes well for the future of the Churchill Technology and Business Park under development on the West Bank, near the bridge. Streets and underground utilities are in place for development on the first 40 acres

of what could become the largest planned, mixed-use business park in the state. Plans include up to 500 acres of well-landscaped grounds winding through a series of sleek buildings that accommodate uses ranging from office, commercial and retail to warehouse, distribution and light manufacturing.

The project arose from a long-range planning effort launched a decade ago by Jedco, and Jedco's Bologna says the agency is marketing the site to prospective tenants around the country.

# NOW SERVING ALL OF BATON ROUGE, TANGIPAHOA, ST. TAMMANY, ORLEANS AND JEFFERSON PARISH



[www.sdtwds.com](http://www.sdtwds.com)

Call us for the best service and rates. **1-866-45-WASTE**

A recent groundbreaking on the site marked the beginnings of a new home for the Patrick F. Taylor Science and Technology Regional Academy, a public school founded with business support to improve education in science, mathematics and technology. "The idea is to start forming relationships with young people and build a curriculum that encourages them to stay in the local area to work," Bologna says.

At the Churchill park and elsewhere, Jedco hopes to expand existing industries in the area by targeting distribution, international trade, health care, defense and film-making firms.

Meistchovich says the expansion of the Huey P. Long Bridge, slated for completion in 2013, could also have positive implications for the port of New Orleans. The port has long been under pressure to place more cargo-handling facilities on the West Bank of the river, in part to relieve pressure on east bank areas that are either heavily residential or are largely dedicated to tourism uses. But the old, narrow bridge has hampered interstate and major highway access to potential wharf sites on the west side of the river.

If the lower Mississippi River ports were to unite under a consolidated authority—an idea that's gaining support among business and

political leaders—the maritime picture overall could change significantly. "The expanded bridge will provide much better transportation access to the West Bank and, particularly if the ports work together, there will be lots more room for port development," Meistchovich says.

**TANTAMOUNT TO** long-range development in any of the areas to the south of New Orleans is improved flood protection. During Hurricane Katrina, most West Bank areas escaped serious damage. But the area enjoyed that fate only because the storm took a slight turn to the east just before land-fall, sparing the city a direct hit. Had Katrina taken the track many predicted, the West Bank could have been inundated by an enormous storm surge.

That fact has kept business and political leaders from the West Bank lobbying government leaders hard for the strongest possible levee

protection. They know that in order to grow business in the area, employers must have confidence in the flood protection systems of the entire region.

Work is under way to bring levees and floodwalls up to minimal levels in West Bank areas such as the Harvey Canal, long a hotbed of oil service, industrial and manufacturing businesses. But optimal protection for the canal is still years away.

The U.S. Army Corps of Engineers is slated to build a 500-foot-wide pumping station and two floodgates on the canal to block water from surging into one of the area's most crucial channels.

At an estimated cost of \$500 million, the installation could become the largest such system in the world when it is completed in about 2013. **1012**



**A BIGGER D-DAY: \$300 million will quadruple the size of the National World War II Museum.**

COURTESY THE NATIONAL WORLD WAR II MUSEUM

"Cold Stone chose Cox Business as our partner because we can count on them as our trusted provider"

**Robert F. Gibase**  
Owner of Cold Stone Creamery



225-366-6485



Get up to **\$300 CREDIT** when you bundle business phone and Internet plus up to **\$150 CREDIT** on installation (with 3-year service plan).\*

\*Offer valid until 9/30/09 to new commercial subscribers of Cox Digital Telephone® (excluding Centrex) and Cox Business Internet™ in Greater Louisiana Cox-wired, serviceable locations. Minimum 3-year service contract required for \$300 credit and minimum 2-year service contract required for \$150 installation credit. \$300 service credit will appear on your second monthly bill and \$150 installation credit will be applied as discount at time of service. Additional costs for installation, construction, inside wiring and equipment may apply. Offer does not include usage, applicable taxes, surcharges or fees. Discounts are not valid in combination with or in addition to other promotions, and cannot be applied to any other Cox account. \*\*May require remote call forwarding in some areas. Telephone modem equipment required. Modem uses electrical power to operate and has backup battery power provided by Cox if electricity is interrupted. Telephone service, including access to #911 service, will not be available during an extended power outage or if modem is moved or inoperable. Cox cannot guarantee uninterrupted or error-free Internet service or the speed of your service. Rates and bandwidth options vary and are subject to change. Services not available in all areas. Other restrictions apply. Telephone services are provided by Cox Louisiana Telcom, LLC. ©2009 Cox Communications Louisiana, LLC. All rights reserved.