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The Southeastern Louisiana University Business Research Center (BRC) is jointly operated by the Southeast Louisiana Business Center and the Southeastern College of Business. The BRC provides applied economic analyses and research studies that aid business and economic development efforts for the five-parish Northshore region of southeast Louisiana. The Center represents one aspect of the University's commitment to economic development in the region.

The Center is located in the Southeast Louisiana Business Center on Martens Drive, two blocks west of the main campus of Southeastern Louisiana University. The Business Research Center is a proud member of the Association for University Business and Economic Research (AUBER) and the Council for Community and Economic Research (C2ER).

The following study was commissioned by Michael Mayer, developer of Oasis Louisiana, and was conducted using generally accepted research methods, models and techniques.

 The information gathered and/or study results are for informational purposes only, and are not intended to be used for investment or lending decisions. Research and results of this study do not represent any form of endorsement by Southeastern Louisiana University.

Sincerely,

William Joubert
Director
Business Research Center

Estimated Economic Impacts of:

Oasis Louisiana

A Proposed Marina Development in Livingston Parish, Louisiana

August 2009

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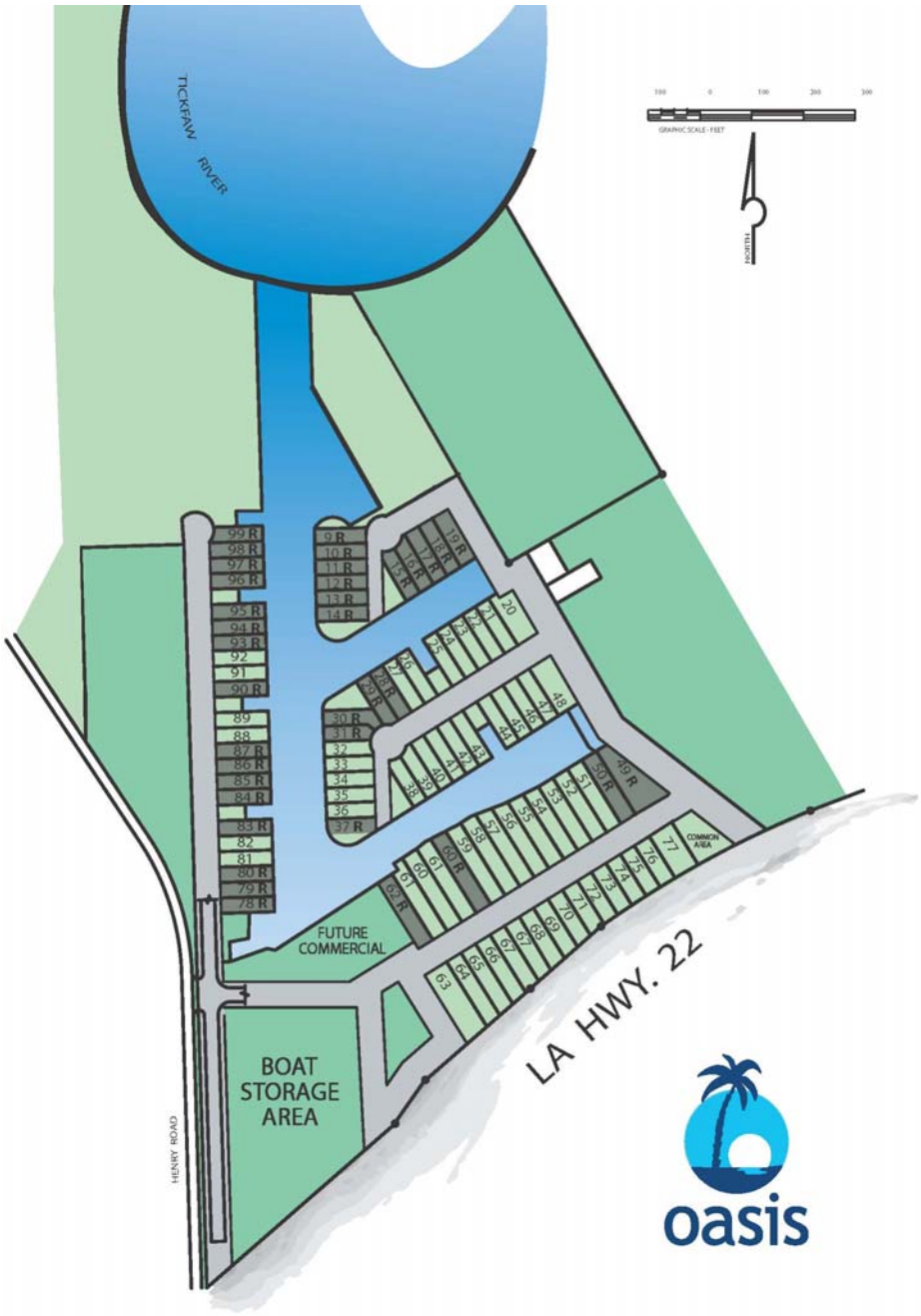
Introduction

Oasis Louisiana is a proposed upscale marina development in Livingston Parish, Louisiana on the Tickfaw River near Springfield. The developer's plans for the 30-acre site include 100 "dockominiums" – multi-level homes with boat storage underneath, a dry rack storage facility with slots for 200 boats, and a fuel dock/convenience store. The location is shown in Figure 1 and the planned layout is illustrated in Figure 2.

Figure 1. Location of Proposed OASIS LOUISIANA Development

Figure 2. Oasis Louisiana Site Plan



Analysis Methodology

This analysis utilized the input-output method to estimate the economic impacts of Oasis Louisiana's construction and operations on the Louisiana economy. The input-output method is based on the economic linkages between various sectors and industries, which cause every dollar of expenditures to "ripple through" the study area's economy. This results in expenditures being "multiplied" to various degrees, causing a larger economic effect than the original amount of the expenditure. These "ripple" or "multiplier" effects continue to contribute to the economic impact of the expenditure until the effects leave the study area or become too small to measure.

The total economic impact of a company, industry, event, or project consists of *direct*, *indirect*, and *induced* effects. *Direct* effects are the immediate effects on business activity in the area occurring as a direct consequence of the company, industry, event, or project being studied.

Indirect effects occur in sectors that supply materials, goods, and services to the directly-affected businesses. For example, a landscaping contractor hired by the company under study is *directly* impacted by expenditures of the company. Plant nurseries which provide plants to the landscape contractor are *indirectly* impacted, when the landscaper purchases plants to use at the subject company's facilities. In turn, businesses that provide goods and services to the plant nurseries are indirectly impacted from the increased activities of the nurseries. These indirect impacts continue to contribute to the economic impact until the subsequent expenditures become too small to measure or leave the study area, e.g. if the plant nursery purchased their potting soil from outside the study area, that portion of the impact chain would stop. However, other expenditures by the nursery, such as fuel and maintenance for greenhouses, may continue to accrue to the study area.

Induced effects are created by the increase in consumer spending generated by increased payrolls in the directly and indirectly impacted industries. In the example above, the company under study has employees and their associated wages, the landscape contractor will hire employees (or increase the work hours of existing employees) to handle the work at the subject company's facilities, and the plant nurseries will hire workers to produce the plants for the landscape contractor. All of these employees in the various industries will then spend their wages on food, housing, entertainment, etc., creating further economic benefits in the region. The sum of all of the impacts deriving from increased payroll spending is the induced effect.

The sum of the direct, indirect, and induced effects represents the total economic impact. The total economic impact divided by the direct effect yields the economic impact *multiplier* of the company, industry, event, or project in question. In most cases, the multiplier will be between 1.0 and 2.0.

IMPLAN Professional 2.0® software and structural matrices (Minnesota IMPLAN Group) were utilized to complete the analysis of estimated economic impacts of Oasis Louisiana's construction and operations on the state of Louisiana. RIMS II (Bureau of Economic Analysis) multipliers for the state of Louisiana were also used to generate impact estimates for verification and comparison.

Data, Assumptions, and Model Construction

The total economic impacts of Oasis Louisiana will derive from the construction of the marina development and homes on the site in the early years of the project, as well as the operation of the marina over time.

This study will analyze the first five years of the project, with the assumption that Years 6+ will be similar to Year 5, when all construction is completed and the marina is projected to be operating at full capacity.

Initial Development Costs

Estimated costs of construction and operational revenues were obtained from the developer and financier of Oasis Louisiana. Initial capital outlays used for the impact analysis, which were all assumed to occur in Year 1, are shown in Table 1.

Table 1. Estimated construction and capital item costs used in calculating the economic impacts of Oasis Louisiana

Item	Estimated Cost (Year 1)
Infrastructure (streets, parking, utilities, etc.) construction	$3,700,000
Dry storage building & racks, fuel dock, and convenience store construction	$3,500,000
Equipment purchases (marine fork lift, pumpout system, refrigeration equipment, etc.)	$250,000
Total Initial Capital Expenditures	$7,450,000

Home Construction Expenditures

The 100 home sites in Oasis Louisiana were assumed to have homes built on them over a 4-year period, at 25 per year from Year 1 through Year 4. Based on estimates from the developer, 75 percent of the homes are projected to be modular homes constructed by the developer using local sub-contractors, while 25 percent are projected to be custom homes constructed by independent contractors.

A Year 1 selling price of $200,000 was assumed for the modular homes, consisting of $150,000 for the modular sections and $50,000 for construction costs and developer mark-up. These costs were projected to increase at 4 percent per year to account for the effects of inflation. The component cost was assumed to be paid directly to an out-of-state firm, with no impact on the state of Louisiana's economy, while the construction and mark-up charges were assumed to accrue to local entities.

The custom homes were estimated to have a Year 1 selling price of $300,000 each, all paid to local contractors. The custom home price was also projected to increase at an annual rate of 4 percent.

Estimated home construction expenditures, based on these assumptions and estimates, are illustrated in Table 2.

Table 2. Estimated home construction expenditures at Oasis Louisiana

	Year 1	Year 2	Year 3	Year 4
Number of homes built	25	25	25	25
Modular home components	$2,812,500	$2,925,000	$3,042,000	$3,163,680
Modular home construction and mark-up	$937,500	$975,000	$1,014,000	$1,054,560
Custom home construction	$1,875,000	$1,950,000	$2,028,000	$2,109,120

Operating Revenues

Annual revenues from the dry rack storage facility and fuel dock/convenience store were estimated by the developer to be $432,000 and $2,000,000, respectively, once they are operating at full capacity. The estimated annual dry storage revenues are based on 200 slots x 90% occupancy x $10/ft./month x 20 ft. average length x 12 months = $432,000. The estimated fuel dock/convenience store sales are based on estimated fuel sales to boaters and annual sales by other convenience stores in the Northshore region.

For the impact analysis, these annual operating revenues were phased in over the first four years, at 25 percent in Year 1, 50 percent in Year 2, 75 percent in Year 3, and 100 percent in Year 4 and following, as shown in Table 3.

Table 3. Estimated operating revenues of dry-rack storage facility and fuel dock/convenience store at Oasis Louisiana

	Year 1	Year 2	Year 3	Year 4+
Dry storage revenues	$108,000	$216,000	$324,000	$432,000
Fuel dock/convenience store revenues	$500,000	$1,000,000	$1,500,000	$2,000,000
Total operating revenues	$608,000	$1,216,000	$1,824,000	$2,432,000

Estimated Economic Impacts

The estimated initial development costs, home construction expenditures, and operating revenues for Years 1-5+ are summarized in Table 4.

These estimated expenditures and revenues (with the convenience store sales margined at 24.2 percent) were input into the appropriate sectors in the IMPLAN© model for the state of Louisiana, and an analysis was run for each of the first five years. The total direct, indirect, and induced impacts are shown in Table 5.

The most useful impact estimate is the Earnings Impact, which ranges between $1.8 million and $6.2 million during the development phase, and is projected to be approximately $650 thousand per year in the operational years (Year 5+). The Output Impact is also provided for comparison to estimated impacts of other projects.

Table 4. Projected expenditures and revenues for Oasis Louisiana used for economic impact analysis (Retail margin of 24.2% of revenue shown used for impact of convenience store/fuel sales)					
Category	Year 1	Year 2	Year 3	Year 4	Years 5+
Dry storage revenues	$ 108,000	$ 216,000	$ 324,000	$ 432,000	$ 432,000
Convenience store/fuel sales	$ 500,000	$1,000,000	$1,500,000	$2,000,000	$2,000,000
Infrastructure construction	$3,700,000	$ -	$ -	$ -	$ -
Dry storage/C-store construction	$3,500,000	$ -	$ -	$ -	$ -
Equipment purchases	$ 250,000	$ -	$ -	$ -	$ -
Modular home components	$2,812,500	$2,925,000	$3,042,000	$3,163,680	$ -
Modular home construction	$ 937,500	$ 975,000	$1,014,000	$1,054,560	$ -
Custom home construction	$1,875,000	$1,950,000	$2,028,000	$2,109,120	$ -

Table 5. Estimated total economic effects of the development and operation of Oasis Louisiana					
Impact Item	Year 1	Year 2	Year 3	Year 4	Years 5+
Output impact	$17,654,076	$5,791,300	$6,355,828	$6,926,072	$1,562,892
Earnings impact	$ 6,214,512	$1,783,046	$1,998,795	$2,216,482	$ 656,480
Employment impact (# of annual jobs)	137.1	41.7	46.1	50.3	17.2
State/local tax impacts	$ 536,783	$ 212,900	$ 239,122	$ 263,989	$ 103,231

Conclusions

The development and operation of Oasis Louisiana will have significant and lasting impacts on the economies of Livingston Parish and the state of Louisiana. Because of the intensive construction activities in the first four years of the project, benefits are front-weighted (especially in Year 1), providing an economic boost to assist the region in recovering from the current national recession.

Estimated annual earnings impacts range from $6.2 million in Year 1 to approximately $650,000 in Year 5+, which will support an estimated 137.1 jobs in Year 1 and 17.2 jobs in Year 5+. The project will contribute an estimated $1.3 million of state and local taxes during the 4-year development phase, and an estimated $103 thousand per year in subsequent years.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