



June 23, 2011

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 Kathy Lowrey, General Manager of the Northshore Harbor Center, and was conducted using generally accepted research methods, models, and techniques.

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Sincerely,

A handwritten signature in cursive script that reads 'William Joubert'.

William Joubert  
Director  
Business Research Center

**Southeastern Louisiana University Business Research Center**  
*A Collaborative Effort of the Southeast Louisiana Business Center and  
the Southeastern Louisiana University College of Business*

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Estimated  
Economic  
Contributions of:  
  
The 2010  
Activities of the  
**Northshore  
Harbor Center**

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To the Economy of  
St. Tammany Parish,  
Louisiana

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June 2011

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University  
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## Introduction

The Northshore Harbor Center is a convention facility located in Slidell, Louisiana. The Harbor Center is utilized by individuals, local civic and community groups, local and regional businesses, and local, regional, state, and national government agencies for various private and public functions. This study will analyze the economic contributions of the 2010 activities of the Northshore Harbor Center to the economy of St. Tammany Parish, Louisiana.

The Northshore Harbor Center facility is pictured in Figure 1, and its location is illustrated in Figure 2.

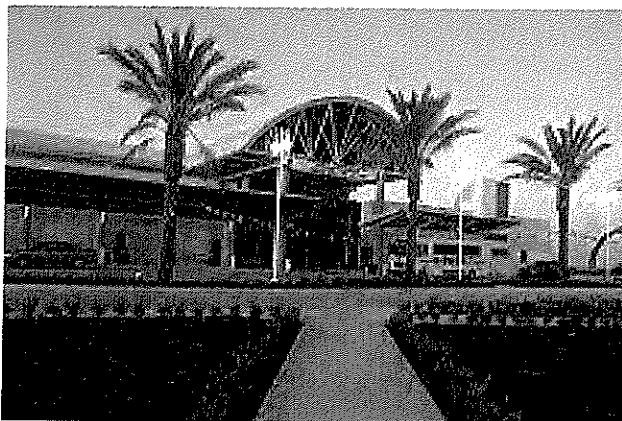


Figure 1. The Northshore Harbor Center (main entrance).

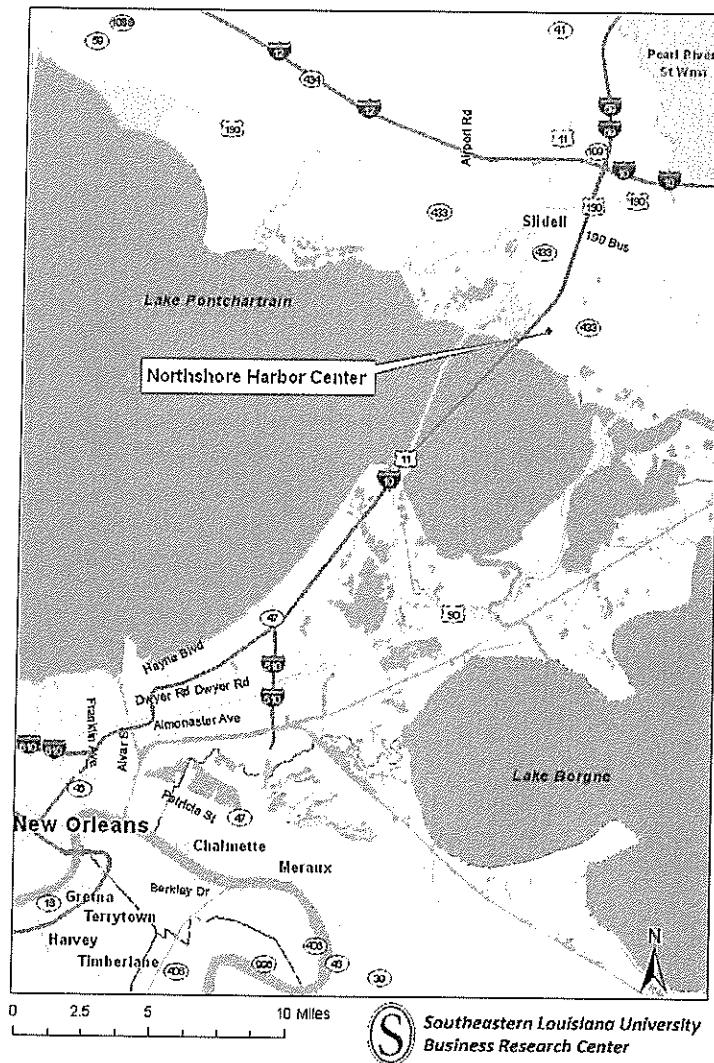
## Analysis Methodology

This analysis utilized the input-output method to estimate the economic contributions of the Harbor Center's operations to the St. Tammany Parish 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 contribution of a facility, 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 facility, company, industry, event, or project being studied.

Figure 2. Location of Northshore Harbor Center



*Indirect* effects occur in sectors that supply materials, goods, and services to the directly-affected entity. For example, a landscaping contractor hired by the facility under study is *directly* impacted by expenditures of the facility. Plant nurseries which provide plants to the landscape contractor are *indirectly* impacted, when the landscaper purchases plants to use on the facility's grounds. 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 facility 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 contributions. The total economic contributions divided by the direct effect yields the economic impact *multiplier* of the facility, company, industry, event, or project in question. In most cases, the multiplier will be between 1.0 and 2.0.

IMPLAN Professional 2.0<sup>®</sup> software and structural matrices (Minnesota IMPLAN Group) were utilized to complete the analysis of the estimated economic contribution of the Northshore Harbor Center's operations on St. Tammany Parish.

## **Data, Assumptions, and Model Construction**

The Northshore Harbor Center hosted 80 clients or events in 2010 (see Appendix A), including events as diverse as evening homeowners' association meetings, high school proms, church services, Mardi Gras balls, training sessions for cleanup of the Gulf oil spill, and the state convention of Lions Club International.

This analysis was based on expenditure data for Northshore Harbor Center provided by the Harbor Center staff for calendar year 2010, as well as their estimates of spending by clients who utilized the facility in 2010.

Approximately 72 percent (\$2.3 million) of the Harbor Center's 2010 revenues were derived from property taxes collected from St. Tammany Parish businesses and residents. Approximately \$1.3 million of the property tax revenue allocated to the Harbor Center in 2010 was dedicated to servicing the bond debt issued when the facility was constructed in 2004-2005, and most of approximately \$500,000 of tourism and hotel tax revenues were invested in a deferred maintenance/ contingency fund account. None of this \$1.8 million of revenue was involved in estimating the Harbor Center's 2010 economic contributions to the St. Tammany Parish economy.

The impact associated with the Harbor Center's bonds occurred *in the past* when the facility was built, and other than the interest portion of any bond payments going to St. Tammany Parish residents who may hold the bonds, the bond payments have no impact on the local economy.

Conversely, the impact from the tax revenues going into the deferred maintenance account will not be felt in St. Tammany Parish until the funds are used for repairs and renovations *in the future*.

Because a large portion of the Harbor Center's 2010 funding was derived from local property taxes, and because no mechanism existed to separate vendors or attendees and allocate their spending based on parish or state of residence, this analysis should only be viewed as a **Contribution Analysis** which estimates the Harbor Center's contribution to the overall economy of St. Tammany Parish in 2010, and not as an **Impact Analysis** analyzing the impact of new or outside money.

## Contribution to Economic Output

The Northshore Harbor Center spent approximately \$1.3 million in operational expenses in 2010. Clients and attendees spent an estimated \$739,000 of additional expenditures at area businesses. Combined, the Harbor Center and its clients and patrons spent approximately \$2 million in St. Tammany Parish in 2010. Operating expenditures of the Harbor Center are detailed in Table 1 (in descending order of amount), and estimated expenditures by clients and attendees are shown in Table 2.

<u>Category</u>	<u>2010 Expenditures</u>
Employee compensation and benefits	\$ 534,141
Insurance	\$ 157,191
Utilities and telephone expenses	\$ 152,309
Building maintenance, operation, & repairs	\$ 94,998
Professional fees	\$ 88,551
Event expenses	\$ 73,700
Capital outlays	\$ 64,998
Marketing, advertising, & promotion	\$ 57,288
General & administrative expenses	\$ 26,674
Office expenses	\$ 13,777
Other employee expenses	\$ 8,869
Miscellaneous expenses	\$ 1,869
Total	\$ 1,274,363

Based on the detailed expenditure patterns and multipliers built into the IMPLAN model, these expenditures contributed an estimated total output effect of **\$3.8 million** to the St. Tammany Parish economy in 2010.

## Contribution to Earnings

As shown in Table 1, the Northshore Harbor Center had approximately \$534,000 of employee payroll and benefit expenses in 2010. Of even greater importance to St. Tammany Parish wage-earners, local spending by the Harbor Center and its clients and attendees generated an estimated additional \$878,000 of earnings, for a combined contribution of **\$1.4 million in local earnings** due to activities of the Harbor Center in 2010 (Table 3).



**Table 2. Estimated expenditures of Harbor Center clients and attendees: 2010**

<u>Category</u>	<u>2010 Expenditures</u>
Catering	\$ 249,308
Hotels	\$ 170,336
Sound & Lighting	\$ 80,329
Advertising	\$ 57,400
Music	\$ 33,200
Misc.	\$ 31,940
Local Restaurants	\$ 30,000
Outside Equipment Rental	\$ 24,811
Décor	\$ 23,900
Photography	\$ 18,500
Security	\$ 16,768
Insurance	\$ 1,942
Fire Watch	\$ 150
<b>Total Non-NHC Client Expenditures</b>	<b>\$ 738,584</b>

**Table 3. Estimated earnings contributions of Northshore Harbor Center activities: 2010**

Earnings contributed by:	Northshore Harbor	Client/Attendee	<u>Total</u>
	<u>Center Expenditures</u>	<u>Expenditures</u>	
Direct	\$ 534,141	\$ -	\$ 534,141
Indirect/Induced	\$ 488,622	\$ 389,755	\$ 878,377
<b>Total Earnings Contributions</b>	<b>\$ 1,022,763</b>	<b>\$ 389,755</b>	<b>\$ 1,412,518</b>

## Contribution to Employment

The Northshore Harbor Center employs 22 people in full and part-time positions. Local expenditures by the Harbor Center and its clients and attendees supported an additional 26.8 positions in 2010, for a total combined employment contribution of **48.8 full and part-time jobs** in St. Tammany Parish (Table 4).

**Table 4. Estimated employment contributions of Northshore Harbor Center activities: 2010**

	Northshore Harbor	Client/Attendee	<u>Total</u>
	<u>Center Expenditures</u>	<u>Expenditures</u>	
Direct	22.0	0.0	22.0
Indirect/Induced	12.5	14.3	26.8
<b>Total Employment Contributions</b>	<b>34.5</b>	<b>14.3</b>	<b>48.8</b>

## Summary of Economic Contributions

The Northshore Harbor Center and the clients and events it hosted contributed an estimated \$3.8 million of economic output to the St. Tammany Parish economy in 2010, supporting an estimated 48.8 full- and part-time jobs with earnings of \$1.4 million.

The Northshore Harbor Center has established itself as the “go-to” place in St. Tammany Parish for cultural and community events, and provides a significant boost to the Parish’s economy by keeping events and the associated spending within St. Tammany Parish.