

8.0 Economic Vitality

8.1 Economic Overview

The City of Monroe is the economic hub of northeast Louisiana. While the City and region have experienced a “growth spurt” since 2004, it will be a challenge and opportunity for the area to extend this growth profile into the future. The post-Katrina marketplace helped Monroe reduce its unemployment rate to below four percent in 2006. The overall value of new building permits increased from \$59 million in 2004 to nearly \$100 million in 2005. Retail sales have posted an annualized 7.5% increase between 2004 and 2006. Construction starts for new homes more than doubled between 2003 and 2005, while construction starts for commercial property have also been significant.¹³

More challenging for Monroe is the contraction of the region’s robust manufacturing industry. An overall contraction of forest product employment and the closing of the Guide automotive plant and the State Farm Insurance regional headquarters were significant losses. Back-office and call center operations, including the strong presence of Century Tel and Chase Bank and new presence of Accent Marketing Services, have helped to offset these losses albeit with jobs that pay lower wages and offer fewer benefits.

An Economic Development Strategy was completed for the Monroe region in 2007 outlining some of the challenges and opportunities Monroe faces as the City attempts to strengthen its employment base. Monroe’s assets include the beauty of the bayous and the Ouachita River, strong ground transportation network, well educated workforce, presence of local colleges, adequate retail infrastructure, the Monroe Regional Airport and strong federal and state incentives. The region also offers a large and diverse array of available industrial sites and buildings (including a “mega site” in Richland parish).¹⁴

The report cites community division, community identity, and physical appearance are the three primary challenges Monroe will face as the City works toward greater prosperity. It recommends the “three Monroe’s” (north Monroe, West Monroe and south Monroe) must be united with a strong urban core to function efficiently.

The following chapter outlines some of the primary economic characteristics that define the City of Monroe. Information relevant to developing Comprehensive Plan policy and future land use decisions are also included.

¹³ College of Business Administration of ULM. The Economy and Demography of Northeast Louisiana, 2007.

¹⁴ Competitive Strategies Group, LLC. Creating Excellence in Economic Development...2007



8.2 Labor Force and Employment

According to the US Census, “labor force” consists of all residents 16 years or older who are employed or are seeking employment. Students, retired people, people in prisons or similar institutions or those not seeking employment are not included in the labor force. The size of the labor force provides an indication of the availability of workers in the community.

The following table illustrates the labor force characteristics of Monroe and its comparison communities from the 2000 Census.

Table 8-1 Labor Force Characteristics – 2000

	Monroe, LA	Alexandria, LA	Lake Charles, LA	Meridian, MS	Ouachita Parish	Louisiana
Total:	39,294	35,380	55,394	30,282	110,838	3,394,546
In labor force:	23,350	18,830	33,288	16,521	69,940	2,016,114
Unemployed	2,978	1,670	3,031	1,534	5,747	146,218
% in Labor Force	59.4%	53.2%	60.1%	54.6%	63.1%	59.4%
In Labor Force, Unemployed	12.8%	8.9%	9.1%	9.3%	8.2%	7.3%

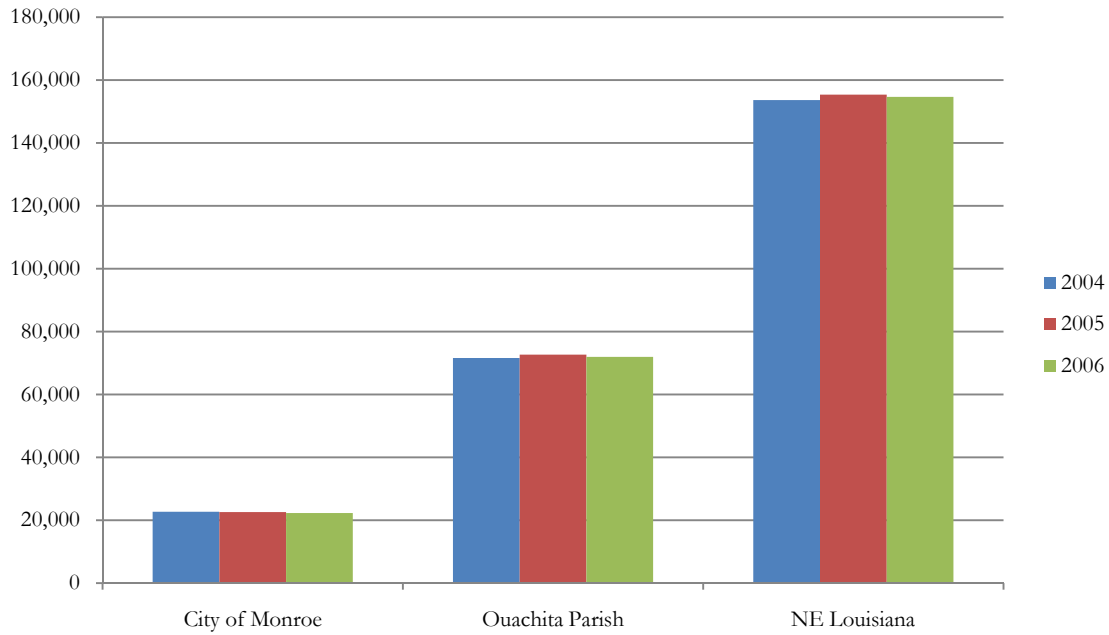
Source: US Bureau of Census and peter j. smith & company, inc.

In 2000, 59.4% of Monroe residents were a part of the labor force. This figure matches exactly with the State total of 59.4%, and compares favorably with its comparison communities. Only Ouachita Parish had a greater number at 63.1%. Monroe did have a significantly higher rate of overall unemployed in 2000 (12.8%). This figure could indicate that Monroe had a greater number of “discouraged workers”: able-bodied workers who temporarily gave up looking for a job due to depressed market conditions.

The following table examines labor force characteristics between 2004 and 2006. The chart examines trends in Monroe, Ouachita Parish and Northeast Louisiana. In all three cases, the number of overall workers in the labor force remains consistent.

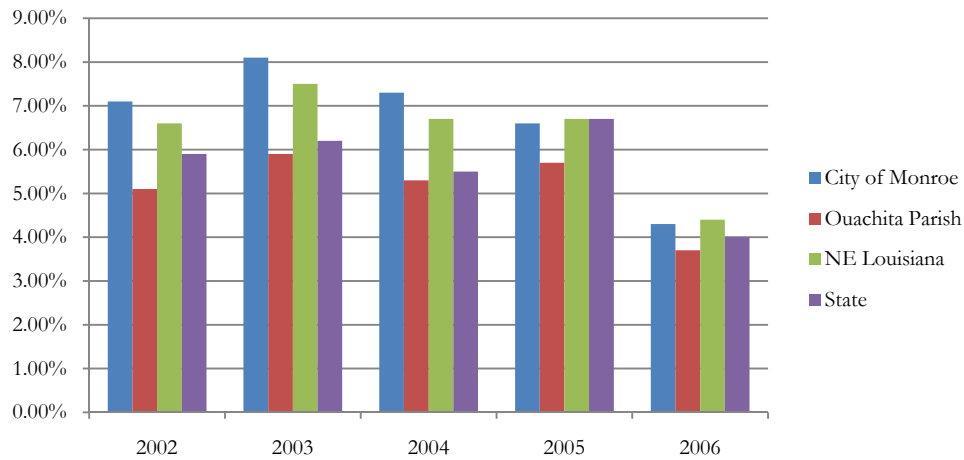


Figure 8-1 Persons in Labor Force 2004-2006



“Unemployment” is defined by the US Census as: “not being in a job last week, but seeking work or wanting to take up a job. The following table illustrates City, Parish, Region, and State unemployment levels between 2002 and 2006:

Figure 8-2 Unemployment Rates 2002-2006



The above referenced table indicates that, in all cases, unemployment levels dropped significantly between 2004 and 2006. The majority of this influence can be attributed to work associated with Hurricane Katrina and its aftermath.



8.2.1 Industry and Occupation

An examination of the industries in which residents are employed and the types of occupations they have can provide an indication of the quality of jobs residents hold and translate to their potential buying power. The following table illustrates the US Census figures for Monroe and its comparison communities.

Table 8-2 Industry of Employment – 2000

	Monroe, LA	Alexandria, LA	Lake Charles, LA	Meridian, MS	Ouachita Parish	Louisiana
Total	20,357	17,094	30,219	14,720	64,071	1,851,777
Agriculture, forestry, fishing and hunting, and mining:	0.6%	1.2%	1.2%	1.5%	1.1%	4.2%
Construction	4.6%	3.7%	6.1%	4.7%	6.9%	7.9%
Manufacturing	8.0%	6.0%	11.4%	14.0%	10.5%	10.1%
Wholesale trade	2.7%	3.0%	2.8%	2.9%	3.4%	3.5%
Retail trade	12.6%	14.4%	12.1%	12.6%	12.5%	11.9%
Transportation and warehousing, and utilities:	3.1%	3.4%	4.0%	4.3%	3.9%	5.3%
Information	2.9%	2.1%	2.6%	1.9%	2.9%	2.0%
Finance, insurance, real estate and rental and leasing:	9.7%	5.4%	4.9%	4.3%	9.4%	5.7%
Professional, scientific, management, administrative, and waste management services:	6.7%	7.8%	7.1%	4.9%	6.9%	7.6%
Educational, health and social services:	27.4%	32.1%	23.0%	28.1%	23.9%	21.7%
Arts, entertainment, recreation, accommodation and food services:	11.2%	9.3%	14.5%	8.9%	7.6%	9.1%
Other services (except public administration)	5.0%	4.8%	5.6%	6.6%	5.7%	5.2%
Public administration	5.6%	6.6%	4.7%	5.4%	5.4%	5.8%

Universe: Employed Civilian Population 16 Years and Over
 Source: US Bureau of Census and peter j. smith & company, inc.

The City of Monroe does have a diversified economic base and the figures are representative of the City’s position as the healthcare and retail center for the surrounding area. There is also a strong presence of finance and insurance employment in Monroe and the Parish. A large percentage of the workforce in all comparison communities is concentrated in the areas of education, healthcare, and manufacturing.

Similarities also existed among all comparison areas in regards to predominant occupation types. In all comparison areas the predominant job type was professional and related occupations, office and administrative support, and sales and related occupations.



Table 8-3 Occupation – 2000

	Monroe, LA	Alexandria, LA	Lake Charles, LA	Meridian, MS	Ouachita Parish	Louisiana
Total	20,357	17,094	30,219	14,720	64,071	1,851,777
Management, business, and financial operations occupations	11.1%	10.3%	9.0%	10.3%	11.1%	10.8%
Professional and related occupations	21.5%	22.5%	19.8%	20.5%	19.8%	19.1%
Healthcare support occupations	3.6%	4.9%	2.9%	3.2%	2.4%	2.2%
Protective service occupations	2.1%	2.4%	2.7%	2.3%	2.5%	2.5%
Food preparation and serving related occupations	7.9%	7.0%	8.0%	6.1%	5.2%	5.5%
Building and grounds cleaning and maintenance occupations	5.3%	5.7%	4.9%	4.2%	3.7%	3.6%
Personal care and service occupations	3.4%	3.1%	4.0%	3.4%	2.8%	3.0%
Sales and related occupations	13.8%	13.7%	12.1%	12.4%	13.0%	11.8%
Office and administrative support occupations	15.0%	14.1%	14.6%	14.2%	16.6%	15.0%
Farming, fishing, and forestry occupations	0.1%	0.2%	0.1%	1.0%	0.2%	0.8%
Construction and extraction occupations:	3.7%	3.2%	5.8%	3.3%	5.7%	7.2%
Installation, maintenance, and repair occupations	2.9%	2.6%	4.3%	3.4%	4.5%	4.5%
Production occupations	5.1%	4.2%	5.8%	9.3%	6.8%	7.3%
Transportation and material moving occupations:	4.7%	6.1%	6.1%	6.3%	5.8%	6.9%

Source: US Bureau of Census and peter j. smith & company, inc.

8.2.2 Resident Income

Both per capita and median household incomes are used as indicators of a community’s wealth. Per capita income is determined by dividing the total income of residents by the total population. The median household income is the point at which the number of households with higher incomes is equal to those with less. Per capita income better reflects the wealth of the community while median household income better reflects the distribution of income within the community.



Table 8-4 Income Characteristics – 1999

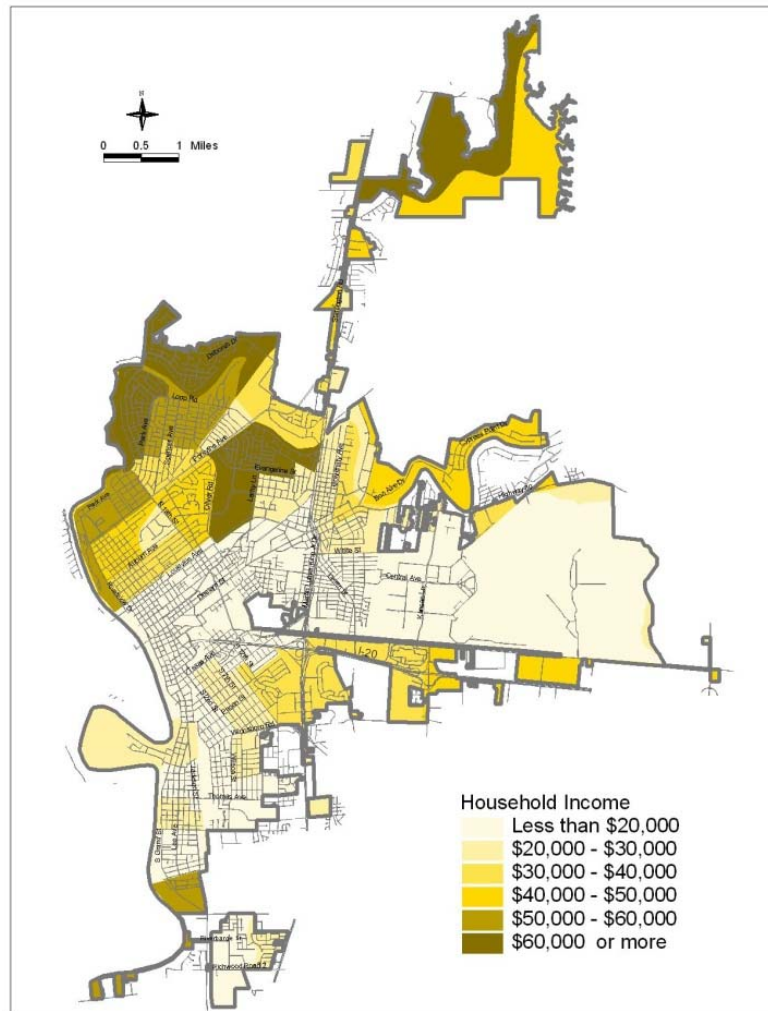
	Monroe, LA	Alexandria, LA	Lake Charles, LA	Meridian, MS	Ouachita Parish	Louisiana
Total	19,447	17,822	27,965	16,062	55,276	1,657,107
Less than \$10,000	24.8%	21.2%	16.5%	23.4%	16.4%	15.6%
\$10,000 to \$19,999	17.0%	18.3%	18.4%	20.1%	16.1%	16.2%
\$20,000 to \$29,999	13.9%	16.1%	13.7%	12.5%	14.6%	14.4%
\$30,000 to \$39,999	10.7%	11.5%	13.2%	12.2%	12.1%	12.3%
\$40,000 to \$49,999	7.7%	8.6%	8.2%	9.3%	9.4%	9.9%
\$50,000 to \$74,999	12.0%	11.9%	14.8%	13.3%	15.7%	16.6%
\$75,000 to \$99,999	6.2%	4.8%	7.3%	4.0%	8.2%	7.6%
\$100,000 or more	7.8%	7.5%	7.8%	5.2%	7.6%	7.4%
1999 Median household income	25,864	26,097	30,774	25,085	32,047	32,566
1999 Per capita income	15,933	16,242	17,922	15,255	17,084	16,912
Percent Below Poverty	32.30%	27.40%	19.6%	28.6%	20.70%	19.60%

Source: US Bureau of Census and peter j. smith & company, inc.

The figure that follows shows the spatial distribution of household income levels in Monroe. The core and south areas of the city are home to the lowest income households, while the north and the general perimeter are home to higher income households. The highest income households are generally in the northernmost and northwest sections of the city. This spatial arrangement reinforces the perception of the north side of the city as being more affluent.



Figure 8-3 Household Income – 2000



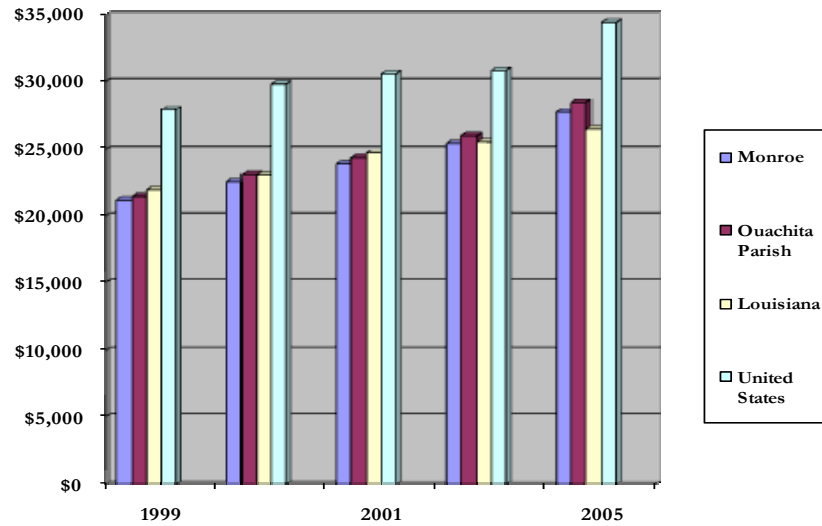
Source: US Census Bureau and peter j. smith & company

The City of Monroe had a poverty rate of 32.3% in 1999; this figure is significantly higher than all comparison communities and the State of Louisiana as a whole. Additionally, per capita income and median household income in 1999 were also the lowest in Monroe.



The figure below extends the per capita income trend into 2005 which is the most recent data available from the US Bureau of Economic Analysis. The figure includes information from Monroe, Ouachita Parish, the State of Louisiana and the United States. While Monroe lags behind the comparison areas in this figure, per capita income does trend upward each year. The figure illustrates the large difference between the State of Louisiana’s overall per capita income and the per capita figure for the United States as a whole. The sharp drop in State per capita in 2005 can be attributed to the effects of Hurricane Katrina.

Figure 8-4 Per Capita Personal Income (Current Dollars)



Source: US Bureau of Economic Analysis, 2006

8.3 Business Activity and Potentials

The Economic Development Strategy prepared for the Monroe area considers the region to demonstrate trends that are distinct from any other area in the State or the country. The average wage per job, in all sectors, lags below the nation with no significant gains over the last 15 years.¹⁵

The following table lists the Monroe area’s twelve largest private sector employers. These include employers located outside of the City in West Monroe or in the Parish. CenturyTel, an S&P 500 company, is headquartered in Monroe. The list of firms represents the relative diversification of Monroe’s economy, which includes non-durable manufacturing, high technology, and financial services.

¹⁵ Ibid.



Table 8-5 Monroe Area (Private/Non-Retail) Businesses – 2006

Company	Description	Estimated Employment
CenturyTel	Telephone Communications	1,470
Graphic Packaging International	Kraft paper, corrugated containers, paper packaging	1,500
Bancroft Bag	Bags, paper containers	450
Bank One, JP Morgan Chase	Mortgage/financial services center	1,800
Tyco	Plastics	420
International Paper	Paper Manufacturing	600
St Francis Medical Center	Hospital services	1,600
Glenwood Hospital	Hospital services	950
Angus Chemical	Specialty chemicals	150
Pilgrim’s Pride	Chicken Processing	1,900
Entergy	Electrical Utility	470

Source: ULM College of Business Administration 2006

8.3.1 Significant Future Economic Opportunities

The Economic Development Strategy prepared for Monroe included an “Industry Target Selection” process. This multi-phase assessment helped to identify economic potentials for the Monroe region that maximize employment and wage growth opportunities. Ultimately, a list of industry categories was selected for Monroe to pursue because they closely matched the region’s unique character and existing private business base as outlined in the previous table. The industry selection process included:¹⁶

- Local economic assessment
- Field evaluation of existing sites and buildings
- Location quotient analysis to reveal local industry specialization
- Field evaluation of physical factors
- Evaluation of local strengths
- Field survey to assess business climate
- Evaluation of “community fit”
- Assessment of industry life-cycle position
- Shift-share analysis to identify local competitive advantages
- Evaluation of workforce demographics
- Consideration of global economic trends

The results of this analysis indicated significant future opportunities in the business sectors that follow.

8.3.1.1 Financial Services

The financial services industry is comprised of commercial banks, savings and leasing firms, and insurance companies. Support and back-office facilities for financial services are often registered under their parent companies North American Industry Classification System (NAICS) code.

¹⁶ Ibid.



This sector was selected for the Monroe region because the sector has a strong established presence and the immediate ability to support new and expanded firms. The location quotient for the sector in Ouachita Parish is 1.24. Weekly wages are relatively high (\$657 in 2005) and the 10 year growth forecast for the future is excellent (18.3%).

Challenges the region faces in attracting new business in this sector is a lack of Class A office parks, defined as the newest and most modern office accommodations with current amenities demanding the top lease rates for office space in the local economy. Speculative office development and a lack of diversified living options for executive personnel were also cited by the study.

8.3.1.2 Plastics Products Manufacturing

One of the largest manufacturing industries in the United States, plastics products manufacturing comprises establishments primarily engaged in processing plastic resins into intermediate or final products.

While the relative size of the industry in Ouachita Parish is small, the location quotient is extremely high at 2.17. According to the study, this quotient implies that the region “enjoys a unique set of local factors that enables this high degree of specialization.” Because the plastics industry seeks close proximity to customers, suppliers and markets, the region enjoys future opportunity. The average weekly wage for employees in 2005 was \$637 and the 10 year growth forecast is 9.5%.

Challenges to be faced by Monroe in attracting new plastics firms include a strong union presence, but the availability of sites and a trained workforce is significant.

8.3.1.3 Pharmaceutical and Healthcare Products Distribution

This sector provides distribution services to independent pharmacies, chain pharmacies and mass merchandisers, hospital pharmacies, mail order pharmacies, food stores, long-term care and home health facilities, clinics and HMO's.

The sector was chosen for Monroe because it is an emerging industry with tremendous growth opportunity, it matches the existing institutional strengths of the region (University of Louisiana at Monroe College of Pharmacy), and it pays an excellent weekly wage (\$560 to \$1640 in 2005). Because it is a new sector, there is not yet an NAICS code that specifically records the industry's presence in Ouachita Parish.

The challenge to grow this sector in the Monroe region was cited to be a weak ability to attract and retain the young professionals that will be required to fill some positions.



8.3.2 Available Industrial and Commercial Sites

Attracting new industry to the Monroe region must be accompanied by the ability to provide attractive sites and buildings that fit the specific needs of the sector. The Economic Development Strategy cited a lack of Class A Office Space and speculative building development as a hindrance and challenge. There are however, significant development sites both public and private that could be developed to meet economic opportunity. The region also has several vacant and partially vacant buildings that can be marketed to meet specific opportunities.

The following tables were assembled using the information from the 2007 Economic Development Strategy. The information presented in the tables includes the specific location of sites and/or buildings, the acreage and/or square footage of the property, the ownership status, and the potential uses that each might satisfy:

Table 8-6 Monroe Area Sites with Short-Term Development Potential

Site	Ownership	Location	Acreage	Potential Use
Charleston Plantation	Private	South Monroe I-65	600	Manufacturing and Distribution
I.B. Cox Property	Private	West Monroe	146	Small/Medium Size Industrial
Killoden Plantation	Public	Chennault Park	400	Wetlands Mitigation
Luffey Property (Northeast LA Business Park)	Private	I-20	150	Large Single Industrial User
Marshall Property	Private	North of I- 20	160	Light Industrial Park
Mid-City	Public/ Private	I-20	198	Long term Rail potential
Millhaven Plantation	Private	North of I- 20	650	Large Scale Industrial Park
Monroe Air Industrial Park	Public	Airport	610	Small Manufacture/Distributor with Rail Needs
West Monroe Industrial Park	Public	West Monroe	125	Office Development
West Ouachita Industrial Park	Public	West Monroe	100	Mid-Sized Manufacture with Rail

Source: Competitive Strategies Group, 2007

Table 8-7 Monroe Area Buildings with Suggested Short-Term Development Potential

Address	Description	Total SF	Available SF	Use Potentials
4600 Central Avenue	Former Gaylord Distribution Building	210,000	149,000	Warehouse and Distribution Space
700 S Grand Street	Downtown Office	70,000	70,000	Small Office and Professional Users
11000 Millhaven Road	Guide Building (former Auto Parts Manufacture)	413,000	413,000	Heavy Industrial
1350 Pecanland Drive	Former Basic TV Store	79,025	31,200	Small Call Center
1100 Oliver Road	Twin City Plaza	245,000	75,000	Call Center
281 Huey Lenard Loop	West Ouachita Industrial Park Warehouse	100,000	100,000	Warehouse and Distribution

Source: Competitive Strategies Group, 2007



8.4 Federal and State Incentive Programs

The Economic Development Strategy also cited the significant Federal and State incentive programs offered within the Monroe region as a potential inducement to future business. The area has been classified as a **Federal Renewal Community** that offers the following benefits to businesses:

- A \$1500 employment credit for each employee that lives and works in the designated area.
- A Commercial Revitalization Deduction that accelerates depreciation for new construction or substantial renovations.
- An increased Section 159 Deduction that offers an additional \$35,000 write-off for equipment and machinery for qualified businesses.
- A zero percent Capital Gains Rate available to qualified businesses for assets purchased during the Renewal Community designation and held for at least 5 years. This exclusion extends to December 31, 2014.

The **State of Louisiana** offers the following incentives:

- Quality Jobs – A payroll rebate of up to 6% annually for 10 years, sales/use tax rebates available for expansions and/or acquisitions used exclusively on site.
- Industrial Property Tax Abatement – Up to a ten year abatement of property taxes for manufacturer's new operations and/or expansions. The abatement is available for buildings, equipment and machinery, but not land.
- Enterprise Zone – A one-time tax credit of \$2,500 for each net new job created during the five-year contract period. Sales/use tax rebates are also available for expansions/acquisitions used exclusively on site

State “Innovation Corridor”

Additionally, the State operated University of Louisiana at Monroe holds out high hope for its “Innovation Corridor”. The research capabilities of Louisiana Tech, the University of Louisiana at Monroe and Grambling State University were cited as keys to economic development in a study released by the University of Louisiana in April of 2007. That study said the State universities could spark the economy by providing an “innovation corridor” across the State.

For example, university scientists and doctoral students have developed a new nanoassembly technology. Essentially, the process involves applying a thin coating to recycled fibers that makes paper stronger. That coating allows the paper industry to use more recycled content in paper, saving cash. The technique can also be applied to pharmaceuticals and biotechnology applications. Other inventions have included the use of nanoparticles in concrete. Louisiana Tech professor Henry Cardenas developed a method of making concrete impermeable to water, as well as strengthening hardened concrete. Professor Cardenas is being considered for a \$1 billion partnership with the Department of Defense for ammunition-shelter hardening and bridge development for his work with concrete.



8.5 *Economic Vitality Findings*

- Monroe and the Ouachita Parish serve and can continue to serve as the retail, health and employment hub for all of Northeast Louisiana.
- Monroe and its Regional Airport, represent a “gateway” to Northeast Louisiana. A Comprehensive Plan that establishes a Future Land Use Strategy which unifies, updates, and enhances the physical appearance of the community will enhance gateway potentials. Investors and potential future residents of Monroe must be welcomed by a more unified and physically attractive community that offers the quality of life demanded by business professionals.
- Monroe can build upon its existing economic strengths by seeking to enhance the Financial Services, Plastics Manufacture, and Pharmaceutical Distribution sectors of its economy.
- Attracting new industry to the Monroe region must be accompanied by the ability to provide attractive sites and buildings that fit the specific needs of the sector. The Economic Development Strategy cited a lack of Class A Office Space and speculative building development as a hindrance and challenge. There are however, significant development sites both public and private that could be developed to meet economic opportunity. The region also has several vacant and partially vacant buildings that can be marketed to meet specific opportunities.
- A potential “Innovation Corridor” could be formed by a network of State Universities completing important research and making new discoveries that will stimulate the economy of Northern Louisiana.
- The unified, community-wide vision that a Comprehensive Plan represents can serve as a powerful economic development tool and inducement to future investors.