

STUDY TITLE: Deepwater Program: Benefits and Burdens of Deepwater OCS Activities on Selected Communities and Local Public Institutions

REPORT TITLE: Benefits and Burdens of OCS Activities on States, Labor Market Areas, Coastal Counties, and Selected Communities

CONTRACT NUMBER: 1435-01-98-CT-30899

SPONSORING OCS REGION: Gulf of Mexico

APPLICABLE PLANNING AREAS: Western, Central and Eastern

COMPLETION DATE OF REPORT: November 2008

COSTS: 30899 - \$719,933; 31066 - \$322,433

PROJECT MANAGER: John S. Petterson

AFFILIATION: Impact Assessment, Inc.

ADDRESS: 2166 Avenida de la Playa, Suite F, La Jolla, CA, 92037

PRINCIPAL INVESTIGATORS*: Edward Glazier, Laura Stanley, Carson Mencken, Karl Eschbach, Patrick Moore, Pamela Godde

KEY WORDS: Gulf of Mexico coastal counties and parishes, labor market areas, labor market analysis, state profiles, county and parish profiles, demographic characteristics, Texas, Louisiana, Mississippi, Alabama, Florida, socioeconomics, oil development

BACKGROUND: The oil and gas industry has operated in Louisiana and Texas for nearly 100 years and has operated in offshore waters for over 50 years. While growth in this industry slowed in the early 1980s through the early 1990s, recent changes reinvigorated the industry and focused many of its new efforts in deepwater (i.e., water depths greater than 300 meters). These changes have brought benefits to communities, such as increased economic activity and employment, but they have also placed new demands on local infrastructure and institutions. Since ports with sufficient draft to accommodate deepwater servicing equipment are limited, increasingly, many onshore effects appear to be concentrated in a few communities. This outcome contrasts with that of nearer shore activities, which are supported by many ports and coastal communities, particularly in coastal Louisiana and Texas.

OBJECTIVES: The study's purpose is to develop reliable and consistent baseline information for States bordering the Gulf of Mexico and the coastal parishes and counties that host the onshore, OCS-related activities that are needed to find, produce and market offshore petroleum. This baseline information is used in the analysis of past and potential future human effects of OCS development which supports of the Minerals Management Service's lease sale and management decision-making process.

DESCRIPTION: The report is organized into five components. The first consists of an introduction and overview of the study. The second provides state-level profiles for each of the U.S. states that border the Gulf of Mexico. These state-level profiles are not intended to be encyclopedic or summaries. They are included because many things that happen at the level of the Labor Market Areas (LMAs), or counties and parishes, are consistent across all counties of the state. Examples include the bases of taxation, local government structure, revenue sharing procedures, and educational funding and priorities. Thus, to avoid redundancies it is appropriate to describe these state-based processes one time at the state level and to use these discussions as a reference for each of the county profiles within that state. The third component consists of profiles of selected counties or parishes. The selection is intended to encompass the on-shore Gulf areas that may experience localized effects of OCS-related activities. This study area includes all counties or parishes that are in part or whole within the Coastal Zone of the five states bordering on the Gulf of Mexico, and all counties or parishes that are part of Labor Market Area (LMA) that is in part or whole within this coastal zone. The fourth component consists of LMAs. These were selected as a foci because they are limited in number, yet are a standard, functional unit sufficiently large to support the analysis of socioeconomic trends. The fifth component of the study consists of a comparative analysis of two coastal communities that have experienced only very modest effects (primarily anticipatory) of OCS oil and gas activities, but that could, under hypothesized scenarios, be expected to experience impacts from future OCS activities. These two communities, Panama City and Pensacola, Florida, represent two very different orientations to development effects and are compared and contrasted with respect to their “pre-adaptation” to potential future OCS-related development.

SIGNIFICANT CONCLUSIONS: This study is organized to provide reliable and consistent information about past and potential human effects of Outer Continental Shelf development. It provides historical baseline information gathered from the counties/parishes. In addition, for selected areas, it uses U.S. Census Bureau’s Decennial Census data and the results of unstructured discussions with individuals such as city planners and industry representatives to identify economic and social trends and issues that may relate to the assessment of the consequences of the OCS program. The study provides insight to how areas developed and the chains of events leading to their current socioeconomic state. At the level of this study analysis, the presence of the oil and gas industry was generally only one of many factors that created change, and often not the most obvious one, and only in a few areas of highly concentrated petroleum-related activities was it a major factor.

STUDY RESULTS: Each county and parish contains eight sections covering topics standard for socioeconomic impact analysis including: (1) introduction; (2) build environment; (3) history; (4) demographic characteristics; (5) economy; (6) local government; (7) social context; and (8) issues of concern. Many important components of the analyses are consistent across all counties or parishes in each of the five Gulf of Mexico Region states of Texas, Louisiana, Mississippi, Alabama, and Florida. State level decision-making and structural requirements result in differences that are meaningful at the level of the counties/parishes and this relationship is explained at the level of the state. State profiles are structured around the same general categories

employed in the county-level analyses in order to facilitate understanding of the relationship between, for example, state level economic trends and county level trends.

While county/parish- and state-level sections are entirely descriptive, the study provides an analysis of changes to LMAs. These LMA analyses consist of three components: (1) development of a short history of the LMA involving the compilation and integration of county/parish level data; (2) aggregation and integration of the county/parish analyses to reflect the overall context of change at the LMA level; and (3) a summary of trends observed at the LMA level in each of the principal domains (history, geography and environment, demography, economy, infrastructure, and fiscal trends). This analysis is aggregated, integrated, and synthesized into a cohesive statistical and analytical summary.

STUDY PRODUCT: Petterson, J.S., E. Glazier, L.D. Stanley, C. Mencken, K. Eschbach, P. Moore and P. Goode. 2008. Benefits and burdens of OCS activities on states, labor market areas, coastal counties, and selected communities. U.S. Dept. of the Interior, Minerals Management Service, Gulf of Mexico OCS Region, New Orleans, LA. OCS Study MMS 2008-052. 491 pp.

* P.I.'s affiliation may be different than that listed for Project Managers.