



SUSTAINABLE INDUSTRIES

Background

Sustainable Industries is an emerging cluster in New Orleans. At its most basic level, this cluster encompasses companies that can profitably manage and solve environmental issues and challenges. The baseline data included companies that handle water, waste, building efficiency and remodeling, and environmental administration. As defined, New Orleans' location quotient in this cluster is 1.2 and it has a total of 1,735 jobs. However, other opportunities and industries fit in this cluster, such as solar energy, coastal restoration, and disaster recovery.

Hurricane Katrina illustrated the fragility of our coast and the importance of rebuilding sustainably in the face of increasing flood risks and other environmental hazards. Through the city's rebuilding process, new companies moved to New Orleans and existing companies refocused towards sustainable industries. New Orleans is also home to a large number of engineers, scientists, and professionals with deep expertise in Southeast Louisiana ecology and geography, water management, coastal restoration, and catastrophic event resilience. Given that much of the growth of this cluster is driven by customer preference, natural resource scarcity, and regulatory changes, businesses in this cluster respond to the public sector leading the way.

Strengths

New Orleans is competitive in a number of segments within the cluster including: component manufacturing (nuclear, wind), advanced biofuels, coastal restoration and protection, disaster mitigation and management, wastewater treatment, water management, and solar.

Other strengths include:

- » A number of support organizations which have developed post-Katrina, such as Propeller, an incubator and investor for social purpose businesses

- » Logistical access to foreign and domestic markets

- » Strong incentives like solar tax credits
- » Businesses that may work regionally while placing headquarters or subsidiaries in New Orleans, i.e. coastal restoration engineering firms
- » Potentially significant resources in coastal restoration (RESTORE Act, National Resources Defense Act, Revenue Sharing)

Challenges

The primary challenge facing the cluster is the lack of a clear definition. This makes coordination and growth planning difficult. One of the first actions needed to drive potential growth in the cluster is to develop the business case that would include a true cost accounting model to make the case for using sustainable products and processes in major infrastructure products, clarifying longer term cost savings that can be realized.

Because this cluster is emerging, and offers major opportunities for growth in the near future, there is also a need for increased coordination among industry, educational institutions, government and economic development organizations.

Knowledge management and transfer is also a challenge. Local companies that have significant expertise in disaster management, water management and coastal restoration struggle to package and market their knowledge to effectively respond to environmental issues elsewhere.

Other areas of the country may be growing faster, based on investments being made, at the same time that incentives for solar and other sustainable products are vulnerable to state budget cuts. The uncertainty of the timing of coastal restoration funding, especially from RESTORE Act, leaves local businesses unable to plan and identify their workforce needs.

In addition to coordination and institutional development efforts, there is a need to focus on both the supply and demand sides of growing businesses: nurturing entrepreneurship and developing businesses to serve gaps in the cluster, and adjusting policies, programs, and incentives to encourage the use of sustainable products and processes.

Opportunities

Despite the challenges, there are great opportunities, as environmental hazards become more prominent locally as well as across the world. One of these most immediate opportunities is the funding for coastal resto-

ration that is heading to Louisiana, including the penalties from the 2010 Deepwater Horizon oil spill through the RESTORE Act.

In addition, the development of two institutions, Tulane University's Riverfront Campus and the proposed International Resilience Center at the former Naval Support Activity in the Bywater neighborhood, can position New Orleans as a center of excellence in water management, coastal restoration, and catastrophic event resilience. These developments will nurture and house companies that work in these areas who can benefit from the city's knowledge and expertise. From the International Resilience Center, companies will be able to transform our city's extraordinary knowledge about responding to and recovering from disasters into exportable products and processes that aid communities around the world.

Catalyzing sustainable actions through policy is important not only for growing local companies, but also for attracting innovative, forward-looking firms and professionals who make location decisions based on sustainability priorities. New Orleans can continue to become more sustainable in practice through innovative policies developed in conjunction with local enterprises.

With proper planning and business development, rebuilding Louisiana's coast, implementing comprehensive water management strategies, and transferring expertise in catastrophic event, among other sustainable opportunities, will be the work of New Orleans' businesses.