

**THE LOCAL AND REGIONAL
ECONOMIC IMPACTS OF
THE PORT OF CORPUS CHRISTI**

prepared for



PORTCORPUSCHRISTI

April 18, 2010

**Martin Associates
941 Wheatland Ave., Suite 203
Lancaster, PA 17603**

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
I. OVERVIEW OF THE ANALYSIS AND SUMMARY OF METHODOLOGY	8
1. FLOW OF IMPACTS	8
1.1 Business Revenue Impact.....	9
1.2 Employment Impact	9
1.3 Personal Earnings Impact	10
1.4 Tax Impact	10
2. IMPACT STRUCTURE	11
2.1 The Surface Transportation Sector	11
2.2 The Maritime Services Sector	11
2.3 Shippers/Consignees.....	13
2.4 Port of Corpus Christi Authority.....	13
3. SUMMARY OF METHODOLOGY	13
3.1 Data Collection	13
3.2 Direct Jobs, Income, Revenue, and Tax Impacts.....	14
3.3 Induced Impacts	15
3.4 Indirect Jobs	16
3.5 Related Impacts.....	16
4. COMMODITIES INCLUDED IN THE ANALYSIS.....	17
II. MARITIME EMPLOYMENT IMPACTS	18
1. TOTAL MARINE CARGO EMPLOYMENT IMPACT	18
2. DIRECT MARINE CARGO JOB IMPACTS	19
2.1 Job Impacts by Sector	19
2.2 Direct Job Impacts by Commodity.....	21
2.3 Job Impacts Per Ton	22
2.4 Direct Job Impacts by Place of Residency.....	23
3. INDUCED JOBS.....	24
4. INDIRECT JOBS.....	24
5. RELATED JOBS	25
III. MARINE CARGO REVENUE, INCOME AND TAX IMPACTS	27
1. REVENUE IMPACT.....	28
1.1 Revenue Impacts By Economic Sector	28
1.2 Revenue Impacts By Commodity	29
2. PERSONAL EARNINGS IMPACT.....	30
3. TAX IMPACTS	31
IV. ECONOMIC IMPACTS OF THE ORTIZ CENTER	32
V. COMPARISON WITH 2003 ECONOMIC IMPACTS	33
1. COMPARISON OF TONNAGE HANDLED AT THE PORT OF CORPUS CHRISTI PUBLIC AND PRIVATE MARINE TERMINALS	34
2. COMPARISON OF JOB IMPACTS	35
3. SUMMARY	38

EXECUTIVE SUMMARY

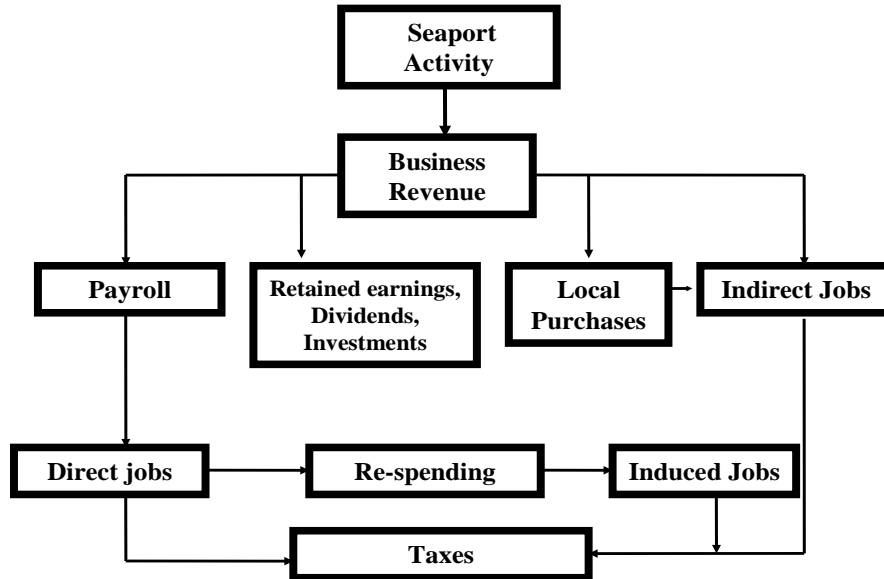
Martin Associates was retained by the Port of Corpus Christi Authority to estimate the economic impacts generated by marine cargo activity at the public and private marine terminals at the Port of Corpus Christi. The public marine terminals are those owned by the Port of Corpus Christi Authority and include the Corpus Christi Public Elevator, the Public Bulk Terminal Docks 1 and 2, the Public Oil Docks, and the Public General Cargo Docks. Also included are private marine terminals such as those associated with chemical plants and refineries located at the Port of Corpus Christi. An estimate was also developed of the economic impacts created by the functions held at the Ortiz Center.

The impacts are measured for the year 2008 and an economic impact model has been developed to measure the impacts generated by marine cargo and vessel and barge activity at the public and private marine terminals. The economic impact model can be used to estimate annual updates, as well as to test the sensitivity of the impacts to changes in such factors as marine cargo tonnage levels, labor productivity and work rules, new marine facilities development and expansion, the impacts of harbor and channel deepening and widening, and the impacts of bridge height restrictions. The model can also be used to compare the economic impacts of marine activity with non-maritime development of waterfront land. For the most part, the same methodology has been used to estimate the 2008 economic impacts of marine cargo activity as was used to estimate the economic impacts of the Port of Corpus Christi in 2003 and 1994¹. Therefore, the marine cargo impacts can be directly compared with those of the earlier studies.

Exhibit E-1 graphically demonstrates how seaport activity impacts the local and regional economies. As this exhibit indicates, the marine cargo and vessel activity initially generate business revenue to the firms supplying marine services. This revenue is used to purchase employment (direct jobs) to provide the services, to pay stockholders and for retained earnings, and to purchase goods and services from local firms, as well as national and international firms (creating indirect jobs with these firms). Businesses also pay taxes from the business revenue.

¹*The Economic Impact of the Port of Corpus Christi prepared for the Port of Corpus Christi Authority, 1995, by Martin Associates. The Local and Regional Economic Impact of the Port of Christi prepared for the Port of Corpus Christi Authority, February 10, 2004.*

Exhibit E-1
Flows of Economic Impacts through the Economy



The employees hired by the firms receive wages and salaries (personal income), a portion of which is saved, while another portion is used to buy goods and services such as food, housing, clothing, health care, etc. These purchases create a re-spending impact throughout the economy, known as the personal income multiplier. As a result of these local purchases, additional jobs (known as induced jobs) are created in the local economy. Finally, taxes are paid by individuals employed with the firms providing the services to the marine terminals.

As demonstrated by this chart, the following types of impacts are measured:

- Jobs
- Employee earnings
- Business revenue
- Local Purchases by Firms
- State and local taxes

With respect to jobs, three types of job impacts are measured. These are direct, induced, and indirect jobs. The job impacts are defined as follows:

- Direct jobs are those jobs with local firms providing support services to the seaport. These jobs are dependent upon this activity and would suffer immediate dislocation if the seaport activity were to cease. Seaport direct jobs include jobs with railroads and trucking companies moving cargo to and from the Port of Corpus Christi's public and private marine

terminals, members of the International Longshoremen's Association (ILA) and non-ILA dockworkers, steamship agents, freight forwarders, ship chandlers, warehouse operators, bankers, lawyers, terminal operators, stevedores, etc.

- Induced jobs are jobs created locally and throughout the regional economy due to purchases of goods and services by those directly employed. These jobs are with grocery stores, the local construction industry, retail stores, health care providers, local transportation services, etc., and would also be discontinued if seaport activity were to cease.
- Indirect jobs are those jobs generated in the local economy as the result of local purchases by the firms directly dependant upon seaport activity. These jobs include jobs in local office supply firms, equipment and parts suppliers, maintenance and repair services, etc.

The employee earnings consist of wages and salaries and include a re-spending effect (local purchases of goods and services by those directly employed), while business revenue consists of total business receipts by firms providing services in support of the marine activity. State and local taxes include taxes paid by individuals, as well as firms dependent upon the seaport activity.

The study is based on interviews with 279 firms providing services to the cargo and vessels handled at the Port of Corpus Christi's public and private marine terminals within the Port of Corpus Christi. These 279 firms represent 99 percent of the firms in the Corpus Christi seaport community, underscoring the defensibility of the study. Furthermore, the impacts can be traced back to the individual firm. The data collected from the interviews were then used to develop an operational model of the Port of Corpus Christi public and private marine terminals.

SUMMARY OF IMPACTS GENERATED BY THE PORT OF CORPUS CHRISTI

The economic impacts generated by the public and private marine terminals are summarized in Exhibit E-2.

Exhibit E-2
Summary of the Local and Regional Economic Impacts Generated by
the Port of Corpus Christi
(State of Texas)

IMPACTS	Cargo	Ortiz Center	Total
JOBS			
DIRECT	10,400	87	10,487
INDUCED	13,644	25	13,669
INDIRECT	<u>16,381</u>	<u>23</u>	<u>16,404</u>
TOTAL JOBS	40,425	135	40,560
PERSONAL INCOME (Millions)			
DIRECT	\$510.0	\$1.4	\$511.4
INDUCED	\$1,811.6	\$1.4	\$1,813.0
INDIRECT	<u>\$709.9</u>	<u>\$0.4</u>	<u>\$710.2</u>
TOTAL INCOME (Millions)	\$3,031.6	\$3.1	\$3,034.6
BUSINESS REVENUE (Millions)	\$1,580.9	\$2.9	\$1,583.8
INDIRECT PURCHASES (Millions)	\$1,676.7	\$0.6	\$1,677.4
STATE/LOCAL TAXES (Millions)	\$281.9	\$0.3	\$282.2

Specifically, the marine cargo facilities, cruise activity by the Texas Treasure and activity at the Ortiz Center generated the following impacts in the State of Texas in 2008:

- **40,560 jobs in Texas** are in some way related to the cargo moving via the public and private marine terminals and the passenger and convention center activity at the Port of Corpus Christi. Maritime cargo creates 40,425 of these jobs.
- Of the 40,560 jobs, **10,487 direct jobs** are generated by the marine cargo and vessel activity including the convention center activity at the Port of Corpus Christi.
- As the result of local and regional purchases by those 10,487 individuals holding the direct jobs, an additional **13,669 induced jobs** are supported in the regional economy.

- **16,404 indirect jobs** were supported by \$1.7 billion of local purchases by businesses supplying services at the marine terminals and by businesses dependent upon the Port of Corpus Christi for the shipment and receipt of cargo.
- **\$511.4 million of direct wages and salaries** were received by those 10,487 directly employed, representing an average salary of nearly \$48,765. In comparison, the average salary for the Corpus Christi Metropolitan area (Nueces County), as reported by the U.S. Bureau of Labor Statistics, is \$33,970. As the result of re-spending this income, an additional \$1.8 billion of income and consumption expenditures were created. The 16,404 indirect job holders in Texas received \$710.2 million of indirect wages and salaries. In total, about **\$3.0 billion of direct, induced and indirect personal wages and salaries** were generated by maritime activity at the public and private terminals located in the Port of Corpus Christi as well as convention activity at the Ortiz Center.
- Businesses providing services at the marine terminals and to the convention center received **\$1.6 billion of revenue**, excluding the value of cargo shipped through the public and private marine terminals. Another **\$1.7 billion of indirect revenue** was generated with local suppliers of goods and services as the result of the local purchases by firms directly dependent upon the public and private marine terminals, and convention center.
- **\$282.2 million of state and local taxes** were generated by activity at the marine terminals
- **1,101 Texas jobs with shippers/consignees** using the marine facilities to move steel, machinery, grain, and liquid and dry bulk cargoes are classified as related to the port's public and private marine terminals. These jobs are classified as related, not directly dependent upon the marine terminals, because the employment with these shippers/consignees is driven by the demand for the product, not by the use of the Port's public and private marine facilities.

COMPARISON OF PORT-WIDE IMPACTS WITH THE 2003 IMPACT MEASURES

The basic methodology used to measure the 2003 economic impacts for the Port of Corpus Christi is the same as that used by Martin Associates for this current study, with the following exceptions.² In 2008, the personal income multiplier used to estimate the re-spending impact has been updated by the U.S. Bureau of Economic Analysis for the Corpus Christi metropolitan area -- in 2003, the income multiplier was estimated by the Bureau of Economic Analysis for the entire transportation sector in the region. As of 2008, the Bureau of Economic Analysis now provides an estimate of the personal income multiplier for the water transportation sector of the metropolitan region, which more accurately reflects the higher wages and re-spending impact associated with port generated jobs compared to the transportation sector in total, which also includes mass transit, taxis, air and surface transportation sectors. In 2003, the personal income multiplier was 2.23 while in 2008, the income multiplier for the water transportation sector is 4.55, reflecting the higher wages in this sector. As a result, for a given dollar of income, the updated multiplier will generate a much larger induced job impact and greater re-spending impact.

The focus on the comparisons should, therefore, be on the direct job impacts, since the same methodology to measure the direct impacts was used both in estimating the impacts in 2003 and in this current study.

Total tonnage increased by about 1 million tons over the 2003-2008 period. The most significant tonnage changes are summarized as:

- Petroleum and petro-chemicals fell by more than 4 million tons
- Bulk grain exports grew by 3.8 million tons
- Ore grew by 873 thousand tons
- Break bulk cargo grew by 306 thousand tons
- Other dry bulk cargo grew by 270 thousand tons
- Military cargo fell by 90 thousand tons

Exhibit E-3 presents a comparison of the total impacts generated by both public and private terminals and the convention center. The impacts of the Texas Treasure are included in the 2003 impacts, but not in the 2008 impacts since service was discontinued in May of 2008.

² Since 2003, the Texas Treasure has discontinued operation.

Exhibit E-3
Comparison of Direct Economic Impacts: 2003-2008
Public and Private Marine Facilities
(State of Texas)

	2008	2003	Change
JOBS			
DIRECT	10,487	11,859	(1,372)
INDUCED	13,669	8,930	4,739
INDIRECT	<u>16,404</u>	<u>19,116</u>	<u>(2,712)</u>
TOTAL JOBS	40,560	39,905	655
PERSONAL INCOME (Millions)			
DIRECT	\$511.4	\$555.8	(\$44.4)
INDUCED	\$1,813.0	\$686.4	\$1,126.6
INDIRECT	<u>\$710.2</u>	<u>\$929.3</u>	<u>(\$219.1)</u>
TOTAL INCOME (Millions)	\$3,034.6	\$2,171.5	\$863.1
BUSINESS REVENUE (Millions)	\$1,583.8	\$1,262.7	\$321.1
INDIRECT PURCHASES (Millions)	\$1,677.4	\$1,491.9	\$185.5
STATE/LOCAL TAXES (Millions)	\$282.2	\$195.4	\$86.8

As these comparisons indicate, the public and private marine terminals at the Port of Corpus Christi continue to be an economic engine for the Corpus Christi area, Nueces County, **San Patricio County** and the State of Texas. However, direct jobs have fallen by 1,372 jobs primarily reflecting the loss of jobs with manufacturers of off-shore oil rigs and the petrochemical industry. The impact of the higher income multiplier is reflected in the growth of induced jobs. Although local purchases grew by \$185.5 million since 2003, indirect jobs actually fell by 2,712 jobs reflecting the continued growth in productivity in the United States. As the result of the gains in productivity, the indirect jobs generated per thousand dollars of revenue declined, and as a result, fewer jobs were generated in 2008 for a given level of expenditures than was the case in 2003.

The remainder of the report is organized as follows. Chapter I presents an overview of the analysis and summarizes the methodology. Chapter II describes the marine cargo generated employment impacts, while the business revenue, personal earnings and tax impacts created by marine cargo activity are detailed in Chapter III. Chapter IV summarizes the impacts of the Ortiz center. Chapter V presents a comparison with the 2003 impacts.

I. OVERVIEW OF THE ANALYSIS AND SUMMARY OF METHODOLOGY

Martin Associates was retained by the Port of Corpus Christi Authority to measure the local and regional economic impacts generated by cargo and vessel activity at the Port of Corpus Christi Authority's marine terminals -- including the Public Grain Elevator, the Public Oil Docks, the Bulk Terminal Docks, and the Public General Cargo Docks, as well as the private terminals such as the petroleum refineries and petro-chemical plants. The impacts are estimated in terms of jobs, personal earnings, business revenue, and state and local taxes. The impacts are estimated for marine cargo and vessel activity in 2008. In addition to quantifying the baseline impacts of the Port of Corpus Christi Authority's marine terminals and the impacts of the private marine terminals, the impact of convention and other functions at the Ortiz Center was analyzed. An economic impact model has also been developed, which can be used in evaluating the sensitivity of impacts to changes in tonnage, labor productivity, labor work rules, commodity mix, inland origins/destinations of commodities and vessel size.

The methodology used in this analysis has been developed by Martin Associates and has been used to estimate the economic impacts of seaport activity at public and private marine terminals of more than 300 United States and Canadian ports. Martin Associates previously conducted an economic impact study for the Port of Corpus Christi in 2003 and 1994. Since a similar methodology was used, comparisons can be made with the 2003 analysis.

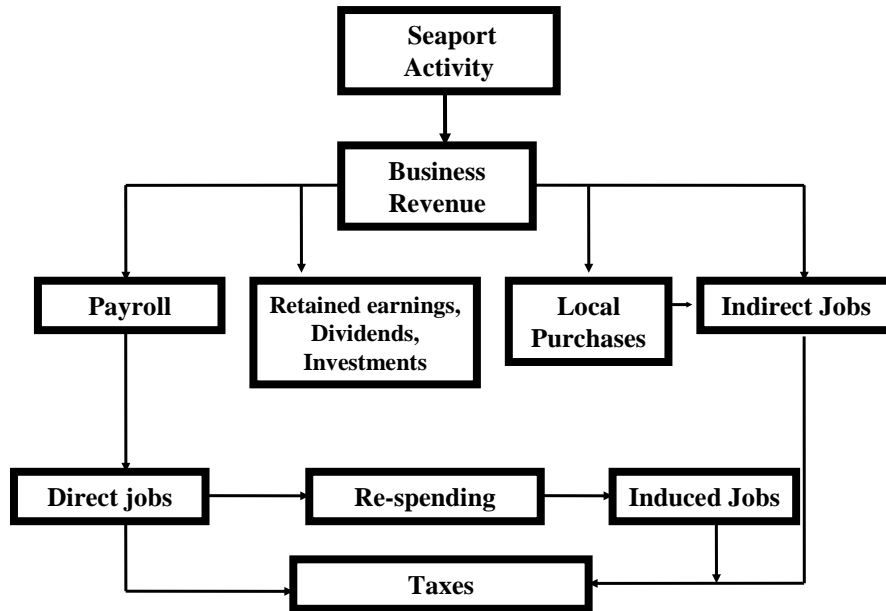
The remainder of this chapter presents an overview of the economic impact analysis and consists of the following sections:

- Flow of economic impacts through the local and regional economies
- The structure of the impact analysis
- Summary of the methodology
- Commodities included in the analysis.

1. FLOW OF IMPACTS

Waterborne activity at a seaport contributes to the local and regional economy by generating business revenue to local and national firms providing vessel and cargo handling services at the marine terminals. These firms, in turn, provide employment and income to individuals, and pay taxes to state and local governments. Exhibit I-1, on the following page, shows how activity at marine terminals generate impacts throughout the local, state and national economies. As this exhibit indicates, the impact of a seaport on a local, state or national economy cannot be reduced to a single number, but instead, the seaport activity creates several impacts. These are the revenue impact, employment impact, personal income impact, and tax impact. These impacts are non-additive. For example, the income impact is a part of the revenue impact, and adding these impacts together would result in double counting. Exhibit I-1 shows graphically how activity at the Port of Corpus Christi's public and private marine terminals generate the four impacts.

Exhibit I-1
Flow of Economic Impacts Generated By
Marine Activity



1.1 Business Revenue Impact

At the outset, activity at the port generates business revenue for firms which provide services. This business revenue impact is dispersed throughout the economy in several ways. It is used to hire people to provide the services, to purchase goods and services, and to make Federal, state and local tax payments. The remainder is used to pay stockholders, retire debt, make investments, or is held as retained earnings. It is to be emphasized that the only portions of the revenue impact that can be definitely identified as remaining in the local economy are those portions paid out in salaries to local employees, for local purchases by individuals and businesses directly dependent on the seaport, in contributions to state and local taxes, in lease payments to the Port of Corpus Christi Authority by tenants, and wharfage and dockage fees paid to the Port of Corpus Christi Authority.

1.2 Employment Impact

The employment impact of seaport activity consists of four levels of job impacts.

- Direct employment impact - jobs directly generated by seaport activity. Direct jobs generated by marine cargo include jobs with railroads and trucking companies moving cargo between inland origins and destinations and the marine terminals, longshoremen and dockworkers, steamship agents, freight forwarders, stevedores, etc. It is to be

emphasized that these are classified as directly generated in the sense that these jobs would experience near term dislocation if the activity at the Port of Corpus Christi marine terminals or private terminals were to be discontinued.

- Induced employment impact - jobs created throughout the local economy because individuals directly employed due to seaport activity spend their wages locally on goods and services such as food, housing and clothing. These jobs are held by residents located throughout the region, since they are estimated based on local and regional purchases.
- Indirect Jobs - jobs created locally due to purchases of goods and services by firms, not individuals. These jobs are estimated directly from local purchases data supplied to Martin Associates by the companies interviewed as part of this study, and include jobs with local office supply firms, maintenance and repair firms, parts and equipment suppliers, etc. It is to be emphasized that special care was taken to avoid double counting, since the current study counts certain jobs as direct (i.e., trucking jobs, jobs with railroads, jobs with insurance companies and admiralty law firms, etc.) which are often classified as indirect by other approaches, notably the input/output model approach.
- Related user employment impact - jobs with firms using the seaport to ship and receive cargo. While the facilities and services provided at the Port of Corpus Christi's marine terminals are a crucial part of the infrastructure allowing these jobs to exist, they would not necessarily be immediately displaced if marine activity were to cease.

1.3 Personal Earnings Impact

The personal earnings impact is the measure of employee wages and salaries (excluding benefits) received by individuals directly employed due to seaport activity. Re-spending of these earnings throughout the regional economy for purchases of goods and services is also estimated. This, in turn, generates additional jobs -- the induced employment impact. This re-spending throughout the region is estimated using a regional personal earnings multiplier, which reflects the percentage of purchases by individuals that are made within the Corpus Christi region. The re-spending effect varies by region -- a larger re-spending effect occurs in regions that produce a relatively large proportion of the goods and services consumed by residents, while lower re-spending effects are associated with regions that import a relatively large share of consumer goods and services (since personal earnings "leak out" of the region for these out-of-regional purchases). The direct earnings are a measure of the local impact since they are received by those directly employed by seaport activity.

1.4 Tax Impact

Tax impacts are tax payments to the state and local governments by firms and by individuals whose jobs are directly dependent upon and supported (induced jobs) by activity at the marine terminals.

2. IMPACT STRUCTURE

The four types of economic impacts are created throughout various business sectors of the state and local economies. Specifically, four distinct economic sectors are impacted as a result of activity at the marine terminals. These are the:

- Surface Transportation Sector
- Maritime Services Sector
- Shippers/Consignees using the Port
- Port of Corpus Christi Authority

Within each sector, various participants are involved. Separate impacts are estimated for each of the participants. A discussion of each of the four economic impact sectors is provided below, including a description of the major participants in each sector.

2.1 The Surface Transportation Sector

The surface transportation sector consists of both the railroad and trucking industries. The trucking firms and railroads are responsible for moving the various cargoes between the marine terminals and the inland origins and destinations. Pipeline transportation is also included in this sector.

2.2 The Maritime Services Sector

This sector consists of numerous firms and participants performing functions related to the following maritime services:

- Cargo Marine Transportation
- Vessel Operations
- Cargo Handling
- Federal, State and Local Government Agencies

A brief description of the major participants in each of these four categories is provided below:

- Cargo Marine Transportation

Participants in this category are involved in arranging for inland and water transportation for export or import freight. The freight forwarder/customhouse broker is the major participant in this category. The freight forwarder/ customhouse broker arranges for the freight to be delivered between the terminals and inland destinations, as well as the ocean transportation. This function performed by freight forwarders and customhouse brokers is most prevalent for general cargo commodities.

- Vessel Operations

This category consists of several participants. The steamship agents provide a number of services for the vessel as soon as it enters the port; the agents arrange for pilot services and towing, for medical and dental care of the crew, and for ship supplies. The agents are also responsible for vessel documentation. In addition to the steamship agents arranging for vessel services, those providing the services include:

- Chandlers - supply the vessels with ship supplies (food, clothing, nautical equipment, etc.)
- Towing firms - provide the tug service to guide the vessel to and from port
- Pilots - assist in navigating the vessels along the Inner Harbor to and from the Port of Corpus Christi marine terminals and private marine terminals
- Bunkering firms - provide fuel to the vessels
- Marine surveyors - inspect the vessels and the cargo
- Shipyards/marine construction firms - provide repairs, emergency or scheduled, as well as marine pier construction and dredging.

- Cargo Handling

This category involves the physical handling of the cargo at the terminals between the land and the vessel. Included in this category are the following participants:

- Longshoremen - include members of the International Longshoremen's Association (ILA), as well as non-ILA dockworkers that are involved in the loading and unloading of cargo from the vessels, as well as handling the cargo prior to loading and after unloading.
- Stevedoring firms - manage the longshoremen and cargo-handling activities. Stevedoring services at the Port of Corpus Christi Authority terminals are provided by private stevedoring companies.
- Terminal operators - are often stevedoring firms who operate the maritime terminals where cargo is loaded and off-loaded.
- Warehouse operators - store cargo after discharge or prior to loading and consolidate cargo units into shipment lots.

- Government Agencies

This service sector involves federal, state and local government agencies that perform services related to cargo handling and vessel operations at the Port. U.S. Customs, Bureau of Immigration, U.S. Department of Labor, U.S. Department of Agriculture, U.S. Coast Guard, the Army Corps of Engineers, and U.S. Department of Commerce employees are involved. These services are provided by the government offices located in the Corpus Christi area.

2.3 Shippers/Consignees

Two categories of shippers and consignees are considered in the analysis: those that are totally dependent on the public and privately-owned marine terminals and those located throughout the regional economy whose business is only related to the Port. Those in the first category would most likely shut down operations if the marine terminals were not available for their use, while those in the second category would ship or receive materials via another port. Related jobs consist of jobs with steel fabrication firms, users and producers of machinery, producers of project cargo, and farmers producing the grain for export. Dependent shippers/consignees include employees of the oil refineries and petro-chemical plants that are dependent upon the receipt of crude and chemicals by vessel/barge and the shipment of refined product by vessel/barge, as well as plants within the Port of Corpus Christi that are dependent upon the receipt or shipment of machinery, construction materials and other miscellaneous breakbulk and bulk cargoes. For this current study, the majority of shippers and consignees are with petro-chemical plants and petroleum refineries.

Because of this difference, employment, income and tax impacts are estimated only for dependent shippers/consignees. Employment with related shippers and consignees is considered port-related, and not port-generated. For this group, no income and tax impacts are estimated.

2.4 Port of Corpus Christi Authority

The Port of Corpus Christi Authority sector includes those individuals employed whose purpose is to oversee port activity at the Port of Corpus Christi-owned marine terminals.

3. SUMMARY OF METHODOLOGY

The purpose of this section is to provide a summary of the methodological approach used to estimate the economic impacts of the vessel and cargo activity at the public and private terminals at the Port of Corpus Christi.

3.1 Data Collection

The cornerstone of this report is the collection of detailed baseline impact data from firms providing services at the Port of Corpus Christi marine terminals and the private terminals. To

ensure accuracy and defensibility, the baseline impact data were collected from interviews with 279 firms in the Corpus Christi maritime community. These firms represent the totality of service providers at the Port of Corpus Christi's public and private marine terminals located within the Port of Corpus Christi Port District, as identified by:

- Port of Corpus Christi's internal customer and tenant lists
- The 2003 data base developed by Martin Associates
- The Port of Corpus Christi, Port Directory

These 279 firms represent a 99 percent coverage of all firms identified in the seaport community. For the most part, multiple interviews were conducted with several persons in each firm.

Exhibit I-2 shows the distribution of firms interviewed by job category.

Exhibit I-2
Distribution of Firms Interviewed by Category

Category	Total
Terminals/Industries	22
Stevedores	7
Lines/Agents	23
Ship Builders/Repair	9
Bunkering	4
Chandlers	5
Government & Military	7
Marine Construction	20
Maritime Services	112
Non-maritime Services	14
Port Authority	1
Warehouse	33
Surveyors	10
Tug & Barge	6
Pilots	1
Railroads	5
Total	279

3.2 Direct Jobs, Income, Revenue, and Tax Impacts

The results of these interviews were then used to develop the baseline direct job, revenue and income impacts for the economic sectors and job categories associated with the Port of Corpus Christi's marine terminals, as well as the private terminals.

The direct tax impacts are estimated at a state, county and local level based on state and local per capita tax burdens at each jurisdictional level.

This baseline survey data was also used to develop operational models which can be used to update the impacts of the Port of Corpus Christi Authority's marine terminals and private terminals on an annual basis and to evaluate the impacts of changes in:

- Marine cargo tonnage, by commodity
- Seaport labor productivity, and work rules
- Modal distribution of seaport cargo (what percent of the inland transportation of a commodity is truck versus rail), as well as the geographical distribution of each commodity
- Vessel calls and vessel size
- New carrier services.

Also, the operational models can be used to evaluate alternative facilities expansion projects and new marine terminal construction, as well as the impacts associated with channel dredging and widening.

3.3 Induced Impacts

Induced impacts are those generated by the purchases of the individuals employed as a result of seaport activity. For example, a portion of the personal earnings received by those directly employed due to activity at the marine terminals is used for purchases of goods and services, both regionally, as well as out-of-the region. These purchases, in turn, create additional jobs in the region which are classified as induced. To estimate these induced jobs, a regional personal earnings multiplier was developed from data provided by the Bureau of Economic Analysis, Regional Income Division. This personal earnings multiplier is used to estimate the total personal earnings generated in the region as a result of the activity at the Port of Corpus Christi Authority's Marine Terminals and at private marine terminals. A portion of this total personal earnings impact is next allocated to specific local purchases (as determined from consumption data for Corpus Christi residents, as developed from the U.S. Bureau of Labor Statistics, Consumer Expenditure Survey, 2002). These purchases are next converted into retail and wholesale induced jobs in the regional economy.

Induced jobs are not estimated at lower levels of purchasing rounds (after the wholesale round) since it is not possible to trace with a sufficient degree of accuracy, geographically, where purchases at the remaining levels occur. However, about 80 percent of the consumption will likely occur at the first two rounds of purchases, which are most likely local retail and wholesale purchases.

3.4 Indirect Jobs

Indirect jobs are generated in the local economy as the result of purchases by firms that are directly dependent upon cargo and vessel activity at the marine terminals, including the dependent shippers/consignees. These purchases are for goods and services such as office supplies and equipment, maintenance and repair services, communications and utilities, transportation services and other professional services. To estimate the indirect economic impact, local purchases, by type of purchase, were collected from each of the 279 firms interviewed. These local purchases were then combined with employment to sales ratios in local supplying industries, developed from the U.S. Bureau of Economic Analysis Regional Input-Output Modeling System for the State of Texas. The indirect job ratios also account for the in-state spin-off effects from multiple rounds of supply chains that are required to provide the locally purchased goods and services.

3.5 Related Impacts

Related impacts measure the jobs with shippers and consignees moving cargo through the Port of Corpus Christi's marine terminals and private terminals. These jobs are classified as related jobs, since the firms using the marine terminals for the movement of cargo can and do use other seaports and marine terminals. For example, firms importing or exporting containerized cargo typically select a steamship line rather than the seaport through which the cargo will move, and the port through which the containerized cargo moves is ultimately determined by the steamship line's port call rotation. Similarly, exporters of breakbulk cargo often use freight forwarders, who in turn choose the port of export. Importers of breakbulk cargo often use several ports for the import of cargo, based on market locations. Because of the proximity of other ports and the associated steamship service at these ports, such as Galveston, Houston, New Orleans, as well as West Coast Ports (competing for the Far East land bridge cargo) to the Port of Corpus Christi's marine terminals, importers as well as exporters of containers and breakbulk cargo have some flexibility in port choice. As a result, jobs with these exporters and importers cannot be counted as dependent upon the public and private marine terminals.

These jobs are estimated based on the value per ton of the commodities exported and imported via the Port and the associated jobs to value of output ratios for the respective producing and consuming industries located in the state. The value per ton of each of the key commodities moving via the Port of Corpus Christi was developed from the U.S. Maritime Administration, Foreign Trade Statistics. Ratios of jobs to value of output for the corresponding consuming and producing industries were developed by Martin Associates from the U.S. Bureau of Economic Analysis, Regional Input-Output Modeling System for the State of Texas. These jobs to value coefficients include the in-state, spin-off impacts that would occur in order to produce the export commodity or use the import commodity in production. The percent of each commodity that is produced or consumed in the State of Texas was next developed from the interviews with the terminal operators, and the value of each commodity remaining in the State of Texas was calculated. The ratios of jobs to value of export or import cargo were then combined with the in-state value of

the respective commodities moving via the marine terminals to estimate related jobs and the spin-off jobs in-state to support the export and import industries.

4. COMMODITIES INCLUDED IN THE ANALYSIS

A major use of an economic impact analysis is to provide a tool for port development planning. As a port grows, available land and other resources for port facilities become scarce, and decisions must be made as to how to develop the land and utilize the resources in the most efficient manner. Various types of facility configurations are associated with different commodities. For example, containers require a large amount of paved, open storage space, while certain types of break bulk cargoes require covered storage. Frozen meat and perishable commodities require temperature controlled warehouses. Some dry bulk cargo requires covered storage and special dust removing equipment, while tank farms are needed to store liquid bulk cargo.

An understanding of the commodity's relative economic value in terms of employment and income to the local community, the cost of providing the facilities, and the relative demand for the different commodities is essential in making future port development plans. Because of this need for understanding relative commodity impacts, economic impacts are estimated for the following commodities handled at the public and private marine terminals.

- Iron and steel products
- Machinery
- Military cargo
- Wind Energy Components
- Temperature controlled break bulk cargo
- Break Bulk
- Bulk grain
- Alumina
- Bauxite and ore
- Other dry bulk, including petroleum coke
- Chemicals
- Liquid fertilizer
- Petroleum

It should be emphasized that commodity-specific impacts are not estimated for each of the four economic sectors described in the last section. Specific impacts by commodity could not be allocated to individual commodities with any degree of accuracy for marine construction, ship repair, or the state and federal government. In addition, taxes have not been displayed by specific commodity since these tax impacts will reflect the same distribution over commodities as the employment impact.

II. MARITIME EMPLOYMENT IMPACTS

In this chapter, the employment generated by maritime cargo activity at the public and private marine terminals within the Port of Corpus Christi Port District is estimated. The chapter is organized as follows:

- First, the total employment that is in some way related to the activities at the public and private marine terminals is estimated.
- Second, the subset of total employment that is judged to be totally dependent (i.e., direct jobs) on port activity is analyzed as follows:
 - The direct job impact is estimated in terms of key economic sectors, i.e., surface transportation sector, maritime services sector, etc.
 - The direct job impact is estimated by detailed job category, i.e., trucking, ILA/dockworkers, freight forwarders/customhouse brokers, steamship agents, chandlers, surveyors, etc.
 - The direct job impact is estimated for each of the key commodities/commodity groups.
 - The direct job impact is assessed on a per 1,000 ton basis.
 - The direct job impact is estimated based on the residency of those directly employed.
- Induced and indirect jobs are estimated.
- Finally, jobs related to the marine activity at the public and private marine terminals are described.

1. TOTAL MARINE CARGO EMPLOYMENT IMPACT

It is estimated that about 40,425 jobs are directly or indirectly generated by port activities at the public and private marine terminals within the Port of Corpus Christi Port District. Of the 40,425 jobs:

- 10,400 jobs are directly generated by activities at the public and private marine terminals and if such activities should cease, these jobs would be discontinued over the short term.

- 13,644 jobs (induced jobs) are supported by the local purchases of the 10,400 individuals directly generated by port activity at the marine terminals. An additional 16,381 indirect jobs were supported by \$1.7 billion of purchases in the local and regional economy by firms providing direct cargo handling and vessel services, as well as the dependent shippers/consignees (petroleum refineries and petro-chemical plants).
- 1,101 jobs are related to cargo imported and exported via the public and private marine terminals. These jobs are primarily with local companies importing steel and construction equipment that moves through the Port, and farmers producing grain for export. These jobs are considered to be related to activities at the public and private marine terminals, but the degree of dependence on these terminals is difficult to estimate. It is to be emphasized that the level of employment with these exporters and importers is based on the demand for the final product by the use of the marine terminals at Corpus Christi. However, if other terminals were used, it is likely that the costs of importing and exporting would increase, which could have long run implications on the level of employment with the related shippers/consignees.

2. **DIRECT MARINE CARGO JOB IMPACTS**

In 2008, nearly 86 million tons of domestic and foreign waterborne cargo moved via the public and private marine terminals. As a result of this activity, 10,400 full-time jobs were directly created³. In this section the jobs are analyzed in terms of:

- Distribution by economic sector
- Distribution by job category
- Distribution by commodity group
- Assessment on a per 1,000 ton basis
- Distribution by county and place of residency.

These distributions are developed in more detail below.

2.1 Job Impacts by Sector

Exhibit II-1 presents the distribution of the 10,400 direct jobs among the following economic sectors:

- Surface Transportation sector
- Maritime Service sector
- Shippers/Consignees sector

³ Jobs are measured in terms of full-time worker equivalents. If a worker is employed only 50 percent of the time by activity at the Port of Corpus Christi public and private marine terminals, then this worker is counted as .5 jobs.

- Port of Corpus Christi Authority

The exhibit indicates that the majority of direct jobs, 62 percent, are with dependent shippers/consignees, primarily petro-chemical firms and refineries located within the Corpus Christi Port District. About 3,800 of these dependent shippers/consignees are with refineries, chemical plants and petro-chemical plants. Another 450 jobs are associated with imported ore and alumina, while 1,700 shippers/consignees are directly dependent upon machinery, construction materials, and project cargo moving via private and public terminals.

Direct jobs with maritime service firms account for about 28 percent of the direct job impact. The majority of these maritime service sector jobs are with marine construction firms; followed by jobs with miscellaneous maritime services firms; federal, and state government agencies; ship repair operations; terminal employees with the grain elevators, bulk and break bulk terminals; and members of the International Longshoremen's Association (ILA) and other dockworkers involved in loading and off-loading vessels and barges. About 8 percent of the direct jobs are with the surface transportation sector, the majority of which is held by truckers. The employees of the Port of Corpus Christi Authority account for 1.2 percent of the direct job impact.

Exhibit II-1 also shows the job impacts by detailed job category within the sectors. As this exhibit shows, the largest job impacts are with shippers and consignees dependent upon the cargo moving via the terminals at the Port of Corpus Christi. Jobs with construction companies that have their own private terminals account for the next largest impact, followed by direct jobs generated with trucking companies moving cargo to and from the Corpus Christi marine terminals and the private marine terminals. The majority of these trucking jobs are generated by the distribution of petroleum products from the refineries and the movement of dry bulk cargo to and from Public Bulk Docks and private terminals.

Exhibit II-1
Employment Impacts by Sector and Job Category

Impact Category	Direct Jobs
Surface Transportation	
Rail	83
Truck	726
Maritime Services	
Terminal Operators	181
ILA/Dockworkers	132
Towing	59
Pilots	18
Agents	29
Chandlers/Surveyors	106
Warehousing	137
Marine Construction	833
Government	408
Ship Repair	326
Barge/Bunkers	92
Miscellaneous Marine Services	592
Shippers/Consignees	6,500
Port of Corpus Christi Authority	<u>178</u>
Total	10,400

2.2 Direct Job Impacts by Commodity

Most of the 10,400 jobs considered to be generated by port activity can be associated with the handling of specific commodities or commodity groups. Certain employment categories such as government employees and employees with marine construction and ship repair cannot be identified with a specific commodity. As a result, employment in these groups (which totaled 2,636) was not allocated to commodity groups.

Exhibit II-2 presents the relative employment impacts in terms of commodity groups.

Exhibit II-2
Distribution of Direct Job Impact by Commodity

Cargo	Direct Jobs
Petroleum	3,896
Machinery	1,757
Chemicals	915
Ore	236
Alumina	232
Other Dry Bulk	273
Bulk Grain	207
Military	81
Refrigerated Break Bulk	27
Fertilizer	10
Break Bulk	80
Steel	47
Containerized Cargo	4
Not Allocated	<u>2,636</u>
TOTAL JOBS	10,400

Petroleum and petroleum products created the largest number of direct jobs, 3,896 jobs. The majority of these jobs were with petroleum refineries located within the Port of Corpus Christi Port District. The next largest direct job impact was generated by machinery and construction equipment moving via the Port, and the majority are with port dependent consignees. Petro-chemicals created the third largest direct job impact, accounting for 915 direct jobs, and the majority of these jobs are also with petro-chemical plants.

2.3 Job Impacts Per Ton

The assessment of the job impacts on a per 1,000 ton basis provides a tool for port planners to use in evaluating the relative importance of different commodities as economic generators. Exhibit II-3 presents the job impacts per 1,000 tons for each commodity moving via the public and private marine terminals.

Exhibit II-3
Job Impacts per 1,000 Tons

Cargo	Jobs/(1,000 Tons)
Petroleum	0.06
Machinery	NA
Chemicals	0.56
Ore	0.06
Alumina	0.16
Other Dry Bulk	0.12
Bulk Grain	0.04
Military	0.91
Refrigerated Break Bulk	1.05
Fertilizer	0.03
Break Bulk	0.26
Steel	0.40
Containerized Cargo	0.71

As this exhibit indicates, refrigerated break bulk cargo generates the largest job impact per 1,000 tons, reflecting the labor intensity of handling and storing the refrigerated cargo. No jobs to 1,000 ton ratio was developed for machinery, due to the large number of dependent shippers/consignees associated with the import of a relatively small tonnage of machinery. It is to be noted that as machinery tonnage imported via the port increases, employment will not likely grow in proportion. Despite the fact that petroleum generated the largest direct job impact, on a per 1,000 ton basis, petroleum generates 0.06 jobs per 1,000 tons. Dry bulk cargo, ores and grain also generate relatively small numbers of jobs per 1,000 tons. The finding that the petroleum and bulk cargoes generate relatively small direct jobs per 1,000 tons of throughput reflects the fact that the handling of liquid bulk and dry bulk cargoes is much less labor intensive than handling general cargo and further, the supporting infrastructure of agents, freight forwarders and customhouse brokers, warehousing and terminal operators is greater for general cargo such as machinery, steel, and break bulk cargoes than for the dry and liquid bulk cargoes. If the dependent shippers/consignees were not included in the direct job impacts per 1,000 ton measure, the difference in the labor intensity of general cargo versus liquid bulk cargo would be even more pronounced.

2.4 Direct Job Impacts by Place of Residency

To underscore the geographic scope of the impacts generated by the public and private marine terminals, Exhibit II-4 presents the distribution of the 10,400 direct jobs by place of residency. The residency analysis is based on the results of the interviews with 279 firms. As this exhibit indicates, the majority, 28 percent, of the direct jobs are held by residents of Corpus Christi, followed by about 21 percent held by residents of Nueces County, and 18 percent held by residents of **San Patricio County**. When the 28 percent of the direct jobs held by residents of Corpus Christi are included with the Nueces County impacts, nearly 50 percent of the 10,400 direct jobs are held by

residents of Nueces County.

Exhibit II-4
Distribution of Direct Jobs by Place of Residency

Jurisdiction	Share	Direct Jobs
Corpus Christi	28.00%	2,912
San Patricio	18.19%	1,892
Nueces	21.34%	2,219
Live Oak	0.82%	85
Bee	1.00%	104
Jim Wells	0.78%	81
Kleberg	0.79%	82
Aransas	1.30%	135
Refugio	0.79%	82
Other	<u>26.99%</u>	<u>2,807</u>
Total	100.00%	10,400

3. INDUCED JOBS

The 10,400 directly employed individuals due to activity at the public and private marine terminals received wages and salaries, a part of which was used to purchase local goods and services such as food, housing, clothing, transportation services, etc. As a result of these local purchases, 13,644 jobs in the regional economy were supported. The majority of the induced jobs are in the construction and home furnishings sector, followed by jobs in restaurant and with local and regional private sector social services, business services and educational services.

4. INDIRECT JOBS

In addition to the induced jobs generated by the purchases by directly employed individuals, the firms providing the direct services and employing the 10,400 direct jobs make local purchases for goods and services. These local purchases by the firms dependent upon the public and private marine facilities generate additional local jobs -- indirect jobs. Based on interviews with the 279 firms, these firms made \$1.7 billion of local and in-state purchases in 2008.⁴ These direct local purchases created an additional 16,381 indirect jobs in the local economy.

⁴The \$1.7 billion of in-state purchases includes purchases made by the petro-chemical plants, refineries, and chemical plants directly dependent upon the shipment and receipt of petroleum products and crude via marine terminals within the Port of Corpus Christi. The purchases by these dependent shippers were included, even though the revenue from the sales of the petroleum products and the petro-chemicals were not. The demand for the petroleum and chemical products determines the value of the commodity, not the use of the Port.

5. **RELATED JOBS**

It is estimated that about 1,101 jobs are related to cargo moving via the public and private marine terminals. These jobs are with shippers/consignees of break bulk cargo, steel, machinery and project cargo, as well as with farmers producing grain for export. It is to be emphasized, that the majority of the users of the Port of Corpus Christi tend to be dependent upon the Port, rather than related to the Port. This is typically not the case for Ports that handle a large share of general cargo and containerized cargo. To estimate these related jobs, Martin Associates developed ratios of jobs to the value of cargo exported/imported (by type of cargo). The jobs per value of shipment data for Texas were developed from the U.S. Bureau of Economic Analysis, RIMS II. The jobs per shipment value were multiplied by value and tonnage of cargo moving via the marine terminals, to estimate the related jobs. The percent of each commodity moving in Texas is based on data supplied for each commodity by the terminal operators and steamship lines interviewed.

No related jobs were estimated for petroleum, chemicals, petro-chemicals and bulk cargo, since the users of the port to ship and receive these products are counted as direct jobs.

It is to be emphasized that these are related jobs, and would not likely disappear if the marine terminals were to close to marine cargo and vessel/barge activity. Given a level of demand for the machinery, steel, export grain and breakbulk commodities (mostly manufactured cargo), the cargo would be shipped through another port such as Galveston, Freeport, Houston or Brownsville.

It is to be further emphasized that when the impact models are used for planning purposes, related jobs should not be used to judge the economic benefits of a particular project. Related jobs are not estimated with the same degree of defensibility as are the direct, induced and indirect jobs. Therefore, only these three types of job impacts should be used in evaluating port investments. The purpose of the related jobs estimates is to provide a proxy for the magnitude of the more general economic development impact of the private and public port facilities.

Since these jobs are classified as related, not port dependent, no estimates of income and taxes are developed.

III. MARINE CARGO REVENUE, INCOME AND TAX IMPACTS

The 86 million tons of cargo handled at the public and private marine terminals in the Corpus Christi Port District generated revenue for firms in each of the four economic sectors. For example, revenue is received by the railroads and the trucking companies within the surface transportation sector as a result of moving export cargo to the marine terminals and distributing the imported commodities inland after receipt at the marine terminals. The firms in the maritime services sector receive revenue from arranging for transportation services, cargo handling, providing services to vessels in port and repairs to vessels calling the port facilities. The Port of Corpus Christi Authority receives revenue from terminal leases and port charges such as wharfage and dockage assessed on cargo and vessels. In addition, revenue is received by shippers/consignees from the sales of cargo shipped or received via the marine cargo terminals and from the sales of products made with raw materials received through the terminals. Since this chapter is concerned with the revenue generated from providing maritime services, the shipper/consignee revenue (i.e., the value of the cargo shipped or received through the marine terminals, as well as the value of the products produced by the port-dependent shippers/consignees) will be excluded from the remaining discussion.

The revenue generated by port activity consists of many components. For example, gross revenue is used to pay employee salaries and taxes, it is distributed to stockholders of the companies providing the vessel and cargo handling services, and it is used for the purchases of equipment and maintenance services. Of these components, only three can be isolated geographically with any degree of accuracy. These are the personal income component of revenue, which can be traced to geographic locations based on the residence of those receiving the income, the payment of state and local taxes, and the local purchases made by firms dependent upon the maritime activity. The balance of the revenue is distributed in the form of payments to firms located outside the Corpus Christi region providing goods and services to the four sectors and for the distribution of company profits to shareholders.

Since it is difficult to trace all the components of the revenue beneficiaries, an estimate of revenue is developed, but no conclusions are formulated as to how the revenue (other than personal income, taxes and local purchases) is distributed, geographically. It is more accurate to trace the distribution of personal income (which is a subset of revenue) through the geographic locations of individuals receiving the income, as well as the local purchases by port-dependent firms.

1. REVENUE IMPACT

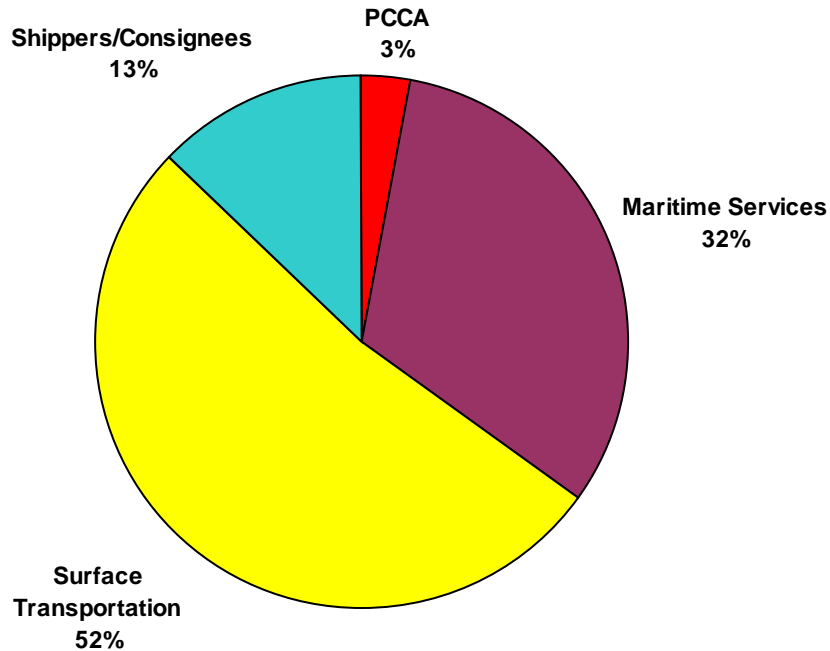
In 2008, the cargo and vessel activity at the Port of Corpus Christi's public and private marine terminals generated about \$1.6 billion of business revenue to the firms providing cargo handling and vessel services.

1.1 Revenue Impacts By Economic Sector

Exhibit III-1 presents the total revenue estimated to have been generated by port activity in 2008. This revenue includes the revenue received by firms providing services to the commodity and vessel activity at the public and private terminals, and includes revenue received by trucking firms, stevedores, the Port of Corpus Christi Authority, chandlers, agents, pilots, towing companies, etc. Not included is the revenue from the use/value of the cargo moving via the marine terminals.

About 52 percent of the \$1.6 billion revenue impact is received by **the railroads, pipelines and trucking firms in the surface transportation sector**. The majority of the surface transportation revenue is received by the pipelines, followed by the railroads, despite the fact that the majority of the direct jobs in this sector are held by the trucking companies. Petroleum, chemicals and bulk grain are the key cargoes moving via rail. The high revenue impact for the pipelines reflects the fact that the pipelines are not very labor intensive, but yield a relatively high revenue impact based on the transportation of petroleum products and petro-chemicals. The relatively high revenue impact for the railroads (compared to the relatively small job impact for railroads) reflects the relatively low labor intensive nature of rail transportation and the relatively high rail rates per ton, especially for petro-chemicals.

Exhibit III-1
Total Revenue Generated By
Port Activity



About 32 percent of the \$1.6 billion revenue impact was received by the maritime service sector firms. The majority of the \$506.4 million revenue impact with the maritime service sector firms is earned by terminal operators, followed by marine construction. Shippers and consignees and those supporting the cargo operations of the shippers and consignees received about 13 percent of the revenue impact.

The Port of Corpus Christi Authority received about 3 percent of the total direct revenue generated by port activity.

1.2 Revenue Impacts By Commodity

Exhibit III-2 shows the total revenue impact by commodity and the revenue per ton. It is to be emphasized that the revenue received by shippers/consignees from the sales of the products (value of the commodities) moving via the marine terminals is not included, since product value is determined by the demand for the product, not the use of the marine terminals. The exhibit shows that:

- In terms of total revenue, petroleum generates the greatest revenue impact, followed by other dry bulk and bulk grain, and petro-chemicals and chemicals. The majority of the revenue

generated by petroleum and petroleum products is from the pipeline transportation of petroleum products between the refineries and the end users. The revenue from the pipeline transportation is included in the surface transportation sector of moving the petroleum.

- In terms of per ton revenue, machinery generates the greatest revenue per ton, reflecting the relatively small tonnage moving via the port. Break bulk refrigerated cargo generates the next largest revenue per ton impact, reflecting the impact of chilled storage as well as labor intensity of handling palletized refrigerated cargo, as well as the expense of the transport of refrigerated cargo. Break bulk cargo and containerized cargo also generate relatively high revenue per ton impacts, reflecting the labor intensity of general cargo. Chemicals generate the fifth largest revenue impact, reflecting the relatively high rail, barge and pipeline transportation costs to move one ton of chemicals. Petro-chemicals, other dry bulk and steel follow in terms of revenue generated per ton of cargo, while fertilizer, alumina and ore generate the relative low revenue impacts per ton.

Exhibit III-2
Revenue Impacts by Commodity*

Cargo	Revenue(1,000)	Revenue/Ton
Petroleum	\$946,887	\$13.52
Machinery	\$3,547	\$415.00
Chemicals	\$54,527	\$33.45
Ore	\$9,199	\$2.23
Alumina	\$3,214	\$2.23
Other Dry Bulk	\$67,433	\$29.08
Bulk Grain	\$67,015	\$12.36
Military	\$3,667	\$41.18
Refrigerated Break Bulk	\$7,741	\$300.97
Fertilizer	\$3,300	\$10.96
Break Bulk	\$25,393	\$82.58
Steel	\$2,515	\$21.57
Containerized Cargo	\$425	\$83.33
Not Allocated	\$386,014	
Total	\$1,580,877	

*The revenue does not include an allocation of the marine construction and ship repair revenue, and Port of Corpus Christi Authority revenue to the commodity groups.

2. PERSONAL EARNINGS IMPACT

In the previous section of this chapter, the total revenue generated by port activity was identified. As described earlier, the personal income received by those directly dependent upon port activity along within the Port of Corpus Christi Port District is paid from the business revenue received by the firms supplying direct services at the marine terminals.

The income impact is estimated by multiplying the average annual earnings (excluding benefits) of each port participant, i.e., truckers, steamship agents, pilots, towing firm employees, longshoremen, warehousemen etc., by the corresponding number of direct jobs in each category. The individual annual earnings in each category multiplied by the corresponding job impact resulted in \$510.0 million in personal wage and salary earnings. It is important to emphasize that the average annual earnings of a port-dependent job is about \$49,043. These relatively high paying jobs will have a much greater economic impact in the local economy through stimulating induced jobs than will a job paying lower wages.

The impact of the re-spending of this direct income for local purchases is estimated using a personal earnings multiplier. The personal earnings multiplier is based on data supplied by the Bureau of Economic Analysis (BEA), Regional Input-Output Modeling System (RIMS II). The BEA estimates that for every one dollar earned by direct employees generated by activity at the marine terminals, an additional \$3.55 of personal income and consumption expenditures would be created as a result of re-spending the income for purchases of goods and services produced locally. Hence, a personal earnings multiplier of 4.55 was used to estimate the induced income and consumption impact of \$1.8 billion. This additional re-spending of the direct income generates the 13,644 induced job impact, described in the previous chapter.

The 16,381 indirect job holders earned \$709.9 million in indirect wages and salaries. Combining the direct, induced and indirect personal income impacts, the total income and local consumption impact is \$3.0 billion.

3. TAX IMPACTS

State and local tax impacts are based on per employee tax burdens which are developed at the county, local and state jurisdictional levels. These tax per employee burdens are essentially tax indices that are used to allocate total taxes at each level of government to economic activity generated by the marine terminals. To estimate the per employee tax indices, total taxes received at each governmental level in Texas were developed from the Tax Foundation, which reports total state and local taxes from all sources as a percent of total personal income.

Activity at the public and private marine terminals generated \$281.9 million of state, county and local taxes.

IV. ECONOMIC IMPACTS OF THE ORTIZ CENTER

In addition to the economic impacts created by marine cargo activity at the Port of Corpus Christi, Martin Associates also developed an analysis of the economic contribution of the impacts created by the Ortiz Center.

The Ortiz Center hosted conferences, weddings and other functions that were attended by about 74,000 individuals. Based on interviews with the Ortiz Center, it is estimated that about 9% of these attendees were out-of-town guests, spending an average of 1.5 days in Corpus Christi. These out-of-town guests spent money in local hotels and restaurants, which in turn supported jobs in the local tourism industry. Martin Associates estimated the local purchases per guest for specific types of purchases – hotels, restaurants, retail, etc. These local purchases are based on average expenditures per person for hotels and food and beverages as developed from interviews with the Ortiz Center and previous local purchase data for out-of-town guests that Martin Associates has developed as part of our numerous airport and cruise industry impact models, including our cruise impact model for the Port of Galveston. The Ortiz Center also provided Martin Associates with the amount of local purchases made for food and beverages and other expenses.

Based on these local purchases, as well as Ortiz Center staff, Martin Associates estimated the 2008 activity at the Ortiz Center created the following economic impacts:

- **135 direct, induced and indirect jobs, which consists of:**
 - 87 direct jobs, including direct Ortiz Center employees and those directly supplying the services to the overnight guests and the food and beverages to the Ortiz Center
 - 25 induced jobs supported by the local purchases of the 87 direct job holders
 - 23 indirect jobs based on the local purchases of \$600,000 by those directly supplying services and supplies to the Ortiz Center.

- **\$3.1 million of direct, induced and indirect personal income**

- **\$2.9 million of direct business revenue**

- **\$.6 million of local purchases**

- **\$.3 million of state and local taxes.**

V. COMPARISON WITH 2003 ECONOMIC IMPACTS

The basic methodology used to measure the 2003 economic impacts for the Port of Corpus Christi is the same as that used by Martin Associates for this current study, with the following exceptions.⁵ In 2008, the personal income multiplier used to estimate the re-spending impact has been updated by the U.S. Bureau of Economic Analysis for the Corpus Christi metropolitan area -- in 2003, the income multiplier was estimated by the Bureau of Economic Analysis for the entire transportation sector in the region. As of 2008, the Bureau of Economic Analysis now provides an estimate of the personal income multiplier for the water transportation sector of the metropolitan region, which more accurately reflects the higher wages and re-spending impact associated with port generated jobs compared to the transportation sector in total, which also includes mass transit, taxis, air and surface transportation sectors. In 2003, the personal income multiplier was 2.23 while in 2008, the income multiplier for the water transportation sector is 4.55, reflecting the higher wages in this sector. As a result, for a given dollar of income, the updated multiplier will generate a much larger induced job impact and greater re-spending impact.

The focus on the comparisons should, therefore, be on the direct job impacts, since the same methodology to measure the direct impacts was used both in estimating the impacts in 2003 and in this current study.

Exhibit V-1 presents a comparison of the total impacts generated by both public and private terminals and the convention center. The impacts of the Texas Treasure, a daily cruise ship, are included in the 2003 impacts, but not in the 2008 impacts since service was discontinued in May of 2008.

⁵ Since 2003, the Texas Treasure has discontinued operation.

Exhibit V-1
Comparison of Direct Economic Impacts: 2003-2008
Public and Private Marine Facilities
(State of Texas)

	2008	2003	Change
JOBS			
DIRECT	10,487	11,859	(1,372)
INDUCED	13,669	8,930	4,739
INDIRECT	<u>16,404</u>	<u>19,116</u>	<u>(2,712)</u>
TOTAL JOBS	40,560	39,905	655
PERSONAL INCOME (Millions)			
DIRECT	\$511.4	\$555.8	(\$44.4)
INDUCED	\$1,813.0	\$686.4	\$1,126.6
INDIRECT	<u>\$710.2</u>	<u>\$929.3</u>	<u>(\$219.1)</u>
TOTAL INCOME (Millions)	\$3,034.6	\$2,171.5	\$863.1
BUSINESS REVENUE (Millions)	\$1,583.8	\$1,262.7	\$321.1
INDIRECT PURCHASES (Millions)	\$1,677.4	\$1,491.9	\$185.5
STATE/LOCAL TAXES (Millions)	\$282.2	\$195.4	\$86.8

As these comparisons indicate, the public and private marine terminals at the Port of Corpus Christi continue to be an economic engine for the Corpus Christi area, Nueces County and the State of Texas. However, direct jobs have fallen by 1,372 jobs primarily reflecting the loss of jobs with manufacturers of off-shore oil rigs and the petrochemical industry. The impact of the higher income multiplier is reflected in the growth of induced jobs. Although local purchases grew by \$185.5 million since 2003, indirect jobs actually fell by 2,712 jobs reflecting the continued growth in productivity in the United States. As the result of the gains in productivity, the indirect jobs generated per thousand dollars of revenue declined, and as a result, fewer jobs were generated in 2008 for a given level of expenditures than was the case in 2003.

1. COMPARISON OF TONNAGE HANDLED AT THE PORT OF CORPUS CHRISTI PUBLIC AND PRIVATE MARINE TERMINALS

Total tonnage handled at the Port of Corpus Christi's public and private marine terminals in 2003 and 2008 is presented in Exhibit V-2. As this table indicates, total tonnage increased by about 1 million tons over the nine year period.

Exhibit V-2
 Comparison of Tonnage Handled at the Port of Corpus Christi
 Public and Private Terminals, 2003 and 2008
 (1,000 Tons)

Cargo	2008 Tonnage 1,000	2003 Tonnage 1,000	Change
Petroleum	70,061	73,685.0	-3,624.4
Machinery	9	93.2	-84.7
Chemicals	1,630	2,057.9	-427.9
Ore	4,130	3,256.7	873.0
Alumina	1,443	1,540.8	-97.8
Other Dry Bulk	2,319	2,049.2	269.5
Bulk Grain	5,424	1,669.8	3,754.1
Military	89	179.1	-90.1
Refrigerated Break Bulk	26	16.8	8.9
Fertilizer	301	243.6	57.4
Break Bulk	308	1.4	306.1
Steel	117	28.7	88.3
Containerized Cargo	5	NA	NA
Total	85,860	84,822.2	1,032.5

Total tonnage increased by about 1 million tons over the 2003-2009 period. The most significant tonnage changes are summarized as:

- Petroleum and petro-chemicals fell by more than 4 million tons
- Bulk grain exports grew by 3.8 million tons
- Ore grew by 873 thousand tons
- Break bulk cargo grew by 306 thousand tons
- Other dry bulk cargo grew by 270 thousand tons
- Military cargo fell by 90 thousand tons

2. COMPARISON OF JOB IMPACTS

Exhibit V-3 presents a comparison of the total impacts generated by both public and private terminals, excluding the impacts of the Ortiz Center and the Texas Treasure (in 2003).

Table V-3
 Comparison of Cargo Generated Economic Impacts: 2003-2008
 Public and Private Marine Facilities
 (State of Texas)

IMPACTS	2008	2003	Change
JOBS			
DIRECT	10,400	11,447	-1,047
INDUCED	13,644	8,753	4,891
INDIRECT	<u>16,381</u>	<u>19,060</u>	<u>-2,679</u>
TOTAL JOBS	40,425	39,260	1,165
PERSONAL INCOME (Millions)			
DIRECT	\$510.0	\$549.0	-\$39.0
INDUCED	\$1,811.6	\$677.9	\$1,133.7
INDIRECT	<u>\$709.9</u>	<u>\$928.4</u>	<u>-\$218.5</u>
TOTAL INCOME (Millions)	\$3,031.6	\$2,155.3	\$876.3
BUSINESS REVENUE (Millions)	\$1,580.9	\$1,247.0	\$333.9
INDIRECT PURCHASES (Millions)	\$1,676.7	\$1,486.6	\$190.1
STATE/LOCAL TAXES (Millions)	\$281.9	\$194.0	\$87.9

Between 2003 and 2008, direct jobs created by cargo operations fell by 1,047 jobs. As shown in Exhibit V-4, the largest employment losses were recorded with the petroleum and petrochemical industries, as well as with the firms involved in off-shore oil platform fabrication located within the Port District. Job losses were also recorded for the firms involved in the import of bauxite ore and export of alumina.

Exhibit V-4
Changes in Cargo Generated Direct Employment By Commodity

Cargo	Direct Jobs	Direct Jobs	Change
	2009	2003	
Petroleum	3,896	4,066	-170
Machinery	1,757	2,204	-447
Chemicals	915	1,368	-453
Ore	236	417	-181
Alumina	232	407	-176
Other Dry Bulk	273	226	47
Bulk Grain	207	178	29
Military	81	166	-85
Refrigerated Break Bulk	27	35	-7
Fertilizer	10	11	-1
Break Bulk	80	4	76
Steel	47	7	40
Containerized Cargo	4	NA	4
Not Allocated	<u>2,636</u>	<u>2,358</u>	<u>277</u>
TOTAL JOBS	<u>10,400</u>	<u>11,447</u>	<u>-1,047</u>

Exhibit V-5 presents the changes in direct jobs by type of job.

Exhibit V-5
Changes in Cargo Generated Direct Jobs by Job Category

	Direct Jobs	Direct Jobs	Change
	2008	2003	
Surface Transportation			
Rail	83	76	7
Truck	726	760	-34
Maritime Services			
Terminal Operators	181	128	54
ILA/Dockworkers	132	111	21
Towing	59	41	18
Pilots	18	19	-1
Agents	29	37	-8
Chandlers/Surveyors	106	42	64
Warehousing	137	85	52
Marine Construction	833	829	3
Government	408	381	27
Ship Repair	326	266	60
Barge/Bunkers	92	94	-2
Miscellaneous	592	545	48
Shippers/Consignees	6,500	7,895	-1,395
Port of Corpus Christi Authority	<u>178</u>	<u>139</u>	<u>39</u>
Total	<u>10,400</u>	<u>11,447</u>	<u>-1,047</u>

As demonstrated by this exhibit, the largest job loss was with dependent shippers/consignees. These job losses were concentrated with marine fabricators, alumina production and the petrochemical industry.

3. SUMMARY

The public and private marine terminals at the Port of Corpus Christi continue to be an economic engine for the Corpus Christi area, **San Patricio County**, Nueces County and the State of Texas. Despite the severe economic recession in 2008, the Port's public and private marine terminals, as well as the operation of the Ortiz Center supported nearly 41,000 direct, induced and indirect jobs.