

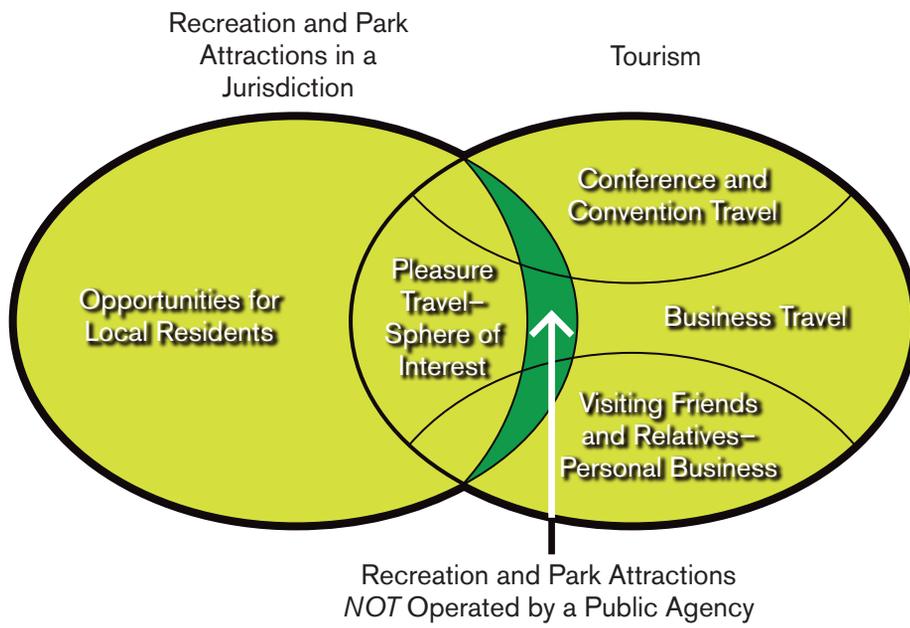
Economic Impact to the Local Economy Collaborating and Cooperating with Local Government as Social Entrepreneurs

By Wes Tilghman

Is there a secret language to speaking with local government when you want their support? Maybe not a secret language per se, however in my opinion, opportunities do exist for considering how your mission aligns with local government's initiatives. When you need the local community's support, you might consider taking time to prepare for how you will communicate the value your events provide, as an essential service.

Three common roles local municipalities may establish include economic development, parks and recreation, and cultural art initiatives. Within one or all three of these realms, an opportunity exists to position your concepts and missions to align with the community's goals. The key is to communicate the benefits that festivals and events provide in such a way that help the public sector recognize how you support accomplishing their mission.

For example, according to a report by the National Recreation and Parks Association (NRPA), Parks and Recreation plays a major role in tourism, which contributes significantly to the local economy. (Crompton, 2010). Attractions developed by the public sector that are likely to activate pleasure travel and tourism include recreation (festivals and cultural events, sports and outdoor tournaments) and the arts (theaters, art galleries, museums, performing groups, music, concerts).



Festifall Arts Festival Up Close

Agencies that present this kind of data in the form of an economic balance sheet to their stake holders, demonstrating their contribution to economic development, are likely to reposition themselves favorably in the minds of legislators and the general public.

One of the first steps is to draw the conclusion for the potential economic benefits and positive impact festivals and events produce. Economic impact can be communicated as total expenditures and most notably, as a return on investment. Expenditures by event patrons include spending with hotels, restaurants, local retailers, etc. These returns are not only realized as total expenditures with local merchants, but also have far reaching impacts, such as the number of times one dollar of expenditures turns over in a local economy via purchases from local suppliers and service providers, or how many jobs are supported by total expenditures, and perhaps most meaningful to local government, the sales tax revenue generated as a result of total expenditures.

Awaken Your Community with Art

Arts managers working with a variety of arts and cultural organizations, provide a wide array of arts and cultural opportunities that offer benefits to individuals and societies. Participation in the arts occurs in a variety of contexts including museums, galleries, community arts centers, art fairs and festivals, and performance venues.

Arts and cultural recreation opportunities continue to be both a part of public agencies' responsibilities to their citizens, and viable offerings in terms of self-support programs. (Carpenter 2005). The

Many regard tourism as a commercial phenomenon concerned with economic development that is rooted in the private domain. In contrast, parks and recreation typically is viewed as being concerned with social and resource issues and being rooted in the public domain. However, that perception of parks and recreation's role is truncated. While we affirm the field's social service role in providing parks and programs, we also affirm recreations role in attracting visitors to a community. (Crompton, 2010). This exhibit demonstrates the segments of travel and their inter-relationship with Parks and Recreation.

This leads to the conclusion that in most communities, pleasure travel is a business that the public and non-profit sectors drive, and park and recreation agencies are central to. In most communities, attractions such as sports tournaments, festivals and cultural arts signify the public sector are engines of tourism.

Economic Impact

If in fact, we accept that the public sector attracts tourism to the local economy, then, it's important to be able to communicate those tangible and intangible benefits. For example, a proportion of the tax funds invested in a parks and recreation agency's festival serves as seed money that leverages substantial economic gains. Expanding on this concept urges us to tell our story in a holistic fashion, in order to capture the entire picture.

Consider a traditional balance sheet for an arts festival produced by parks and recreation. Total income from exhibitors, sponsors and concessions may not exceed total operating expenditures, commonly perceived as a net loss.

However, if the parks and recreation agency used an economic balance sheet as tourism agencies do, then it would show a substantial return. Consider this example from one of North Carolina's longest running events, a one day arts festival in Chapel Hill, NC. The Festifall Arts Festivals draws upwards of fifteen thousand patrons each year to historic Franklin Street in Downtown Chapel Hill. Our mission is to celebrate the local arts culture in Orange County, provide opportunities for local artists to display their work, and promote awareness of the arts. Let's take a closer look.

TOTAL REVENUES	
Artist/Exhibitor Fees	\$21,178
Beverage Sales	\$ 8,169
Sponsors & In-kind	\$11,300
Total Revenue	\$40,647
Production Expenses	\$49,444
NET LOSS (INVESTMENT)	(\$8,797)

RESIDENTS NON-RESIDENTS EVENT ATTENDEES

	RESIDENTS	TOURISTS	TOTAL
Total Attendance	10,350	5,857	16207
Percent of Tourists	61 percent	39 percent	100 percent
Average Dollars Spent	\$22.46	\$37.71	\$30.08
Event-Related Expenditures	\$232,461.00	\$220,861.47	\$453,322.47

ECONOMIC IMPACT OF SPENDING BY TOURISTS AT THE FESTIFALL ARTS FESTIVAL

Direct Expenditures	\$220,458.98
Total Impact on local Sales (1.5% modifier)	\$330,688.48
Total Impact to Local Income (7.52 jobs)	\$165,344.24
Local Sales Tax Revenue (2%)	\$2,887.83
State Sales Tax Revenue (5.75%)	\$ 7,195.52

Return on Investment to the community based on the Town's \$8,797 investment

(\$330,688/\$8,797 total expenditures/net loss) Leverage ratio of 1:38

For each town dollar invested, Festifall generated \$38 in a Positive Economic Impact

importance of arts and cultural programming in recreation and leisure agencies is illustrated in an example from Boise, Idaho and the Treefort Music Festival, where the local government recognized the value of the event to the local community, and committed significant funding from the city's department of art and history.

Boise Mayor, Dave Bieter, named a new cultural ambassador for the City of Trees

in 2015. The Treefort Music Fest, an alternative music festival that brings hundreds of bands to Boise, will in its fourth year of operation, receive \$25,000 as part of the honor through the Boise City Department of Arts and History.

"Treefort is such a great event because of how organically Boise truly is," Bieter told a crowd at El Korah Shrine, one of the festival's venues, "Perhaps more than

any other event, the Treefort Music Fest captures the essence of Boise's creative, vibrant and unique cultural scene—especially its music."

Obviously, the organizers for the Treefort Festival found it viable, to begin collaborating creatively with local legislators and program managers, in ways they were able to recognize meaningful value to both constituencies.

We often see media attention given to specific segments of leisure programming. It is not unusual to find that outdoor pursuits and sports are more frequently reported upon than art and cultural programs. However, one cannot assume that because arts and culture may be less visible, that people don't appreciate the benefits of arts programs. (Carpenter 2005)

Economic impact studies show the importance of arts and cultural activities to communities throughout North America. Studies show that when community leaders invest in the arts, they also invest in the economic health of their local communities.

"Understanding and acknowledging the incredible economic impact of the nonprofit arts and culture, we must always remember their fundamental value. They foster beauty, creativity, originality, and vitality. The arts inspire us, soothe us, provoke us, involve us, and connect us. They also create jobs and contribute to the economy," said Robert L. Lynch, President and CEO of Americans for the Arts.

The nonprofit arts and culture industry generates \$85.4 million in annual economic activity in Orange County, NC—supporting 3,352 full-time equivalent jobs and generating \$8.0 million in local and state government revenues, according to the Arts & Economic Prosperity IV national economic impact study. A comprehensive economic impact study of the nonprofit arts and culture industry, Arts & Economic Prosperity IV was conducted by Americans for the Arts (AFTA), and the nation's leading nonprofit organization for advancing the arts and arts education.

Private sector businesses and organizations benefit from activity related spending by attendees who spend money on eating, transportation services and overnight lodging. Cultural activities attract tourists and spur the creation of ancillary facilities such as restaurants, hotels and the services needed to support them. Cultural facilities and events enhance property values, tax resources and overall profitability for communities. In doing so, the arts become a great contributor to urban and rural revitalization. (Arts & Economic Prosperity IV, 2012)

The Americans for the Arts make it a practice to report findings associated with the economic impact of arts and culture participation. Including:

- The total economic activity in the non-profit arts industry in the United States was \$134 billion, which included the total spending by organizations (\$53.2 billion) and spending by arts audiences (\$80.8 billion).

- Two-thirds of American travelers included a cultural, arts, heritage or historic activity or event while on a trip of 50 miles or more, one-way. Cultural tourists spend more and stay longer than other types of U.S. tourists.
- Non-local U.S. arts attendees (e.g., attending performances, festivals, etc.) spend almost twice as much as local attendees (\$38.05 compared to \$21.75).
- 39.4 percent of American adults attend at least one live arts event such as jazz, classical music, opera, musical, play, ballet or art museum.

Social Entrepreneurship

Think about social entrepreneurship as extraordinary people coming up with brilliant ideas and against all the odds, succeed at creating new products and services that dramatically improve people's lives. The social entrepreneur aims for value in the form of large-scale, transformational benefits to society. What distinguishes social entrepreneurship is the primacy of social benefit, what Duke University professor Greg Dees in his seminal work on the field characterizes as the pursuit of "mission-related impact."

Art and cultural activities not only contribute to the economic health of communities, they also create opportunities to enrich peoples' lives and relationships with others. Positive outcomes can be realized through both individual and group cultural activities.

Robert Putnam is one of a long series of writers on community and civic participation. The concept of social capital, advocated by Robert Putnam's research (Putnam 2002), is relevant to those recreational professionals who see that public-based recreation experiences contribute positively to community development.

Art and cultural leisure experiences are particularly advantageous because they create environments conducive to the development of social capital. Three examples will illustrate this. Researchers in Philadelphia found that local cultural activity had a dramatic influence on neighborhoods (Stern & Seifert, 2002). Their findings showed that:

- Cultural activity drew new residents into communities, reducing poverty and increasing population
- Cultural participation and diverse communities are mutually reinforcing and tend to promote gradual growth rather than rapid gentrification
- Culture creates a positive social environment resulting in greater civic participation, lower truancy rates and lower delinquency rates
- Cultural participation builds bridges across neighborhood, ethnic and class divides in ways that many other forms of civic engagement do not.

See Yourself as an Essential Service

Economic impact, social entrepreneurship, and cultural events that enhance lives ... all three good outcomes that beckon engagement with community stakeholders. These decision makers have the capacity to impact your success and establish the kind of results that make your mission a significant value to the local community. How you see yourself, your mission, and the outcomes you desire, all play a massive role in deciding how you might posture and position your organization to play an integral role in the community's success. See the essence of applying yourself as an essential service to the community, rather than a leisure option.

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Wes Tilghman is the Marketing & Sponsorship Manager for the Town of Chapel Hill's Parks & Recreation Department. His unique role involves collaborating with other like-minded stakeholders, to attract and sustain vibrant economic endeavors. In 2012, Wes lead an economic impact study of Chapel Hill's festivals and events, noting Chapel Hill generates a 1:40 ratio, forty dollars of total expenditures for every one dollar the town invests in festivals and events. Wes can be reached at:

Wes Tilghman,
Marketing & Sponsorship Manager
Town of Chapel Hill
Parks and Recreation
200 Plant Road
Chapel Hill, NC 27514-5705
Phone: (919) 968-2823;
Email: wtilghman@townofchapelhill.org
www.chapelhillparks.org