

WORK SESSION

1. Call to Order

2. Public Participation (*Non-Agenda Items Only*)

Public Participation enables the public to address the council about items that are not on the prepared agenda. Public Participation appears on the agenda twice, at the beginning and at the end of the work session. You may speak at one or the other, but not both. Anyone wishing to comment at the meeting is asked to fill out a speaker card and submit it to the recording clerk. When the item comes up on the agenda, your name will be called. You may address the Council up to three times throughout the meeting, including comments made during Public Participation. Please limit your remarks to three minutes per item to allow everyone to have an opportunity to speak. At the discretion of the Chair, ten or more persons present at the meeting and wishing to speak may appoint a representative who may have no more than fifteen minutes to speak.

3. Preliminary Review of Draft Agenda for the November 6, 2012, City Council Meeting.*

** Public comment on draft agenda items will be taken under “Review of Draft Agenda Items” later in the meeting. Citizens wishing to speak on agenda items not specifically called out by the City Council for discussion under the second Review section may submit a speaker card for their items of interest to the recording clerk. The item will be called out during the second “Review of Draft Agenda Items” to allow citizens the opportunity to comment. Citizens are also encouraged to submit written comments.*

4. Award of Race Equality T-Shirt Contest Winners.

5. Arts and Economic Prosperity Study IV - A Presentation by Flagstaff Cultural Partners.

6. Draft Parks and Recreation Master Plan Review.

7. Update on Information and Outreach on City Bond Questions.

8. Review of Draft Agenda Items for the November 6, 2012, City Council Meeting.*

** Public comment on draft agenda items will be taken at this time.*

9. Public Participation

10. Informational Items To/From Mayor, Council, and City Manager.

11. Adjournment

CERTIFICATE OF POSTING OF NOTICE

The undersigned hereby certifies that a copy of the foregoing notice was duly posted at Flagstaff City Hall on _____, at _____ a.m./p.m. in accordance with the statement filed by the City Council with the City Clerk.

Dated this _____ day of _____, 2012.

Elizabeth A. Burke, MMC, City Clerk

Memorandum

4.

CITY OF FLAGSTAFF

To: The Honorable Mayor and Council
FROM: Stacy Saltzburg, Deputy City Clerk
Date: 10/25/2012
Meeting Date: 10/30/2012



TITLE

Award of Race Equality T-Shirt Contest Winners.

RECOMMENDED ACTION

Mayor Nabours to present the awards.

INFORMATION

As part of Race Equality Week, children were able to enter into a contest to create a t-shirt displaying what diversity means to them. These awards recognize the contest winners.

Attachments:

Form Review

Inbox	Reviewed By	Date
DCM - Jerene Watson	Jerene Watson	10/25/2012 03:57 PM
Form Started By: Stacy Saltzburg		Started On: 10/25/2012 01:14 PM
	Final Approval Date: 10/25/2012	

Memorandum

5.

CITY OF FLAGSTAFF

To: The Honorable Mayor and Council
FROM: Karl Eberhard, Comm Design & Redevelopment Mgr
Date: 10/22/2012
Meeting Date: 10/30/2012



TITLE

Arts and Economic Prosperity Study IV - A Presentation by Flagstaff Cultural Partners.

RECOMMENDED ACTION

Hear the presentation, provide comments and direction as warranted.

INFORMATION

John Tannous, Executive Director of Flagstaff Cultural Partners, will present the Arts & Economic Prosperity IV study and discuss the implications for the City of Flagstaff. This study looked at the economic impact of nonprofit arts and culture organizations and their audiences in the City of Flagstaff, AZ. Arts & Economic Prosperity IV is the fourth study of the nonprofit arts and culture industry's impact on the economy. This study uses four economic measures to define economic impact: full-time equivalent jobs, resident household income, and local and state government revenues. It indicates the following about the arts and culture industry in Flagstaff:

1. \$73 Million industry.
2. Supports nearly 2,500 local jobs.
3. Generates \$3.8 Million in local government revenue.
4. Audiences spend \$30.92 per person (vs. \$24.6 nationally).
5. Tourist audiences spend \$22.8 Million in Flagstaff.

Local arts, science, and cultural organizations are supported by BBB revenues in the form of grants through Flagstaff Cultural Partners as a contractor for the City of Flagstaff. In addition, by contract, Flagstaff Cultural Partners serves as the coordinating agency for arts, science, and cultural programs, and provides long-range strategic planning, marketing and promotion, interagency coordination, and grant administration. This is an informational presentation only.

Attachments: [Executive Summary](#)
[Complete Study](#)
[Powerpoint](#)

Form Review

Inbox	Reviewed By	Date
Economic Vitality Director	Karl Eberhard	10/22/2012 08:19 AM
Comm Design & Redevelopment Mgr (Originator)	Karl Eberhard	10/25/2012 09:37 AM
Economic Vitality Director	Elizabeth A. Burke	10/26/2012 08:17 AM
DCM - Jerene Watson	Jerene Watson	10/26/2012 08:27 AM

Form Started By: Karl Eberhard
Started On: 10/22/2012 07:52 AM
Final Approval Date: 10/26/2012



The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences in the City of Flagstaff, AZ (Fiscal Year 2010)



Direct Economic Activity	Arts and Culture Organizations	+	Arts and Culture Audiences	=	Total Industry Expenditures
Total Industry Expenditures	\$37,774,574		\$35,163,708		\$72,938,282

Spending by Arts and Culture Organizations and Their Audiences Supports Jobs and Generates Government Revenue

Total Economic Impact of Expenditures (Direct & Indirect Impacts Combined)	Economic Impact of Organizations	+	Economic Impact of Audiences	=	Total Economic Impact
Full-Time Equivalent (FTE) Jobs Supported	1,489		1,008		2,497
Household Income Paid to Residents	\$33,009,000		\$22,649,000		\$55,658,000
Revenue Generated to <u>Local</u> Government	\$1,296,000		\$2,540,000		\$3,836,000
Revenue Generated to <u>State</u> Government	\$1,437,000		\$2,347,000		\$3,784,000

Event-Related Spending by Arts and Culture Audiences Totaled \$35.2 million (excluding the cost of admission)

Attendance to Arts and Culture Events	Resident* Attendees	+	Non-Resident* Attendees	=	All Cultural Audiences
Total Attendance to Arts and Culture Events	721,250		416,369		1,137,619
Percentage of Total Attendance	63.4%		36.6%		100%
Average Event-Related Spending Per Person	\$17.13		\$54.78		\$30.92
Total Event-Related Expenditures	\$12,355,014		\$22,808,694		\$35,163,708

Nonprofit Arts and Culture Event Attendees Spend an Average of \$30.92 Per Person (excluding the cost of admission)

Category of Event-Related Expenditure	Resident* Attendees	Non-Resident* Attendees	All Cultural Audiences
Meals and Refreshments	\$10.14	\$20.39	\$13.89
Souvenirs and Gifts	\$3.70	\$7.57	\$5.12
Ground Transportation	\$1.25	\$5.65	\$2.86
Overnight Lodging (one night only)	\$0.46	\$18.10	\$6.92
Other/Miscellaneous	\$1.58	\$3.07	\$2.13
Average Event-Related Spending Per Person	\$17.13	\$54.78	\$30.92

* For the purpose of this study, residents are attendees who live within Coconino County; non-residents live outside that area.

Source: *Arts & Economic Prosperity IV: The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences in the City of Flagstaff*. For more information about this study or about other cultural initiatives in the City of Flagstaff, visit Flagstaff Cultural Partners' web site at www.CulturalPartners.org.

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About This Study

The *Arts & Economic Prosperity IV* study was conducted by Americans for the Arts to document the economic impact of the nonprofit arts and culture industry in 182 communities and regions (139 cities and counties, 31 multi-city or multi-county regions, and ten states, and two individual arts districts)—representing all 50 U.S. states and the District of Columbia. The diverse communities range in population (1,600 to more than 3 million) and type (rural to urban). The project economists, from the Georgia Institute of Technology, customized input-output analysis models for each participating study region to provide specific and reliable economic impact data about their nonprofit arts and culture industry—specifically (1) full-time equivalent jobs, (2) household income, and (3) local and (4) state government revenue.

Surveys of Nonprofit Arts and Culture ORGANIZATIONS

Each of the 182 study regions attempted to identify its comprehensive universe of nonprofit arts and culture organizations using the Urban Institute's National Taxonomy of Exempt Entity (NTEE) coding system, a definitive classification system for nonprofit organizations recognized as tax exempt by the Internal Revenue Code. In addition, the study partners were encouraged to include other types of eligible organizations if they play a substantial role in the cultural life of the community or if their primary purpose is to promote participation in, appreciation for, and understanding of the visual, performing, folk, and media arts. These include government-owned or government-operated cultural facilities and institutions, municipal arts agencies and councils, private community arts organizations, unincorporated arts groups, living collections (such as zoos, aquariums, and botanical gardens), university presenters, and arts programs that are embedded under the umbrella of a non-arts organization or facility (such as a community center or church). In short, if it displays the characteristics of a nonprofit arts and culture organization, it is included. *For-profit businesses (e.g., Broadway and motion picture theaters) and individual artists were excluded from this study.*

Nationally, detailed information was collected from 9,721 eligible organizations about their fiscal year 2010 expenditures in more than 40 expenditure categories (e.g., labor, local and non-local artists, operations, materials, facilities, and asset acquisition), as well as about their event attendance. Response rates for the 182 communities averaged 43.2 percent and ranged from 5.3 percent to 100 percent. It is important to note that each study region's results are based solely on the actual survey data collected. No estimates have been made to account for non-respondents. Therefore, the less-than-100 percent response rates suggest an understatement of the economic impact findings in most of the individual study regions.

In the City of Flagstaff, 37 of the approximately 47 total eligible nonprofit arts and culture organizations identified by Flagstaff Cultural Partners participated in this study—an overall participation rate of 79 percent. The organizations that participated are listed below:

Alliance for Audience (Showup.com); Arizona Historical Society (Northern Division); Artists' Coalition of Flagstaff; Ballet Folklorico De Colores; Canyon Movement Company, Inc; Children's Chorale of Flagstaff; Coconino Coalition for Children & Youth (PAWS Sculpture Program); Coconino Community College Fine Arts Dept.; College of Arts & Letters (Northern Arizona University); Elden Pueblo Project/Arizona Natural History Assn; Flagstaff Arts & Leadership Academy; City of Flagstaff Public Art Program; Flagstaff Community Band; Flagstaff Cultural Partners; Flagstaff Festival of Science; Flagstaff Friends of Traditional Music; Flagstaff Light Opera Company; Flagstaff Mountain Film Festival; Flagstaff Music Festival; Flagstaff Symphony Orchestra; Flagstaff Youth Theater; Grand Canyon Guitar Society; Heritage Square Trust; Hozhoni Art Gallery; Human Nature Dance Theatre; KNAU Arizona Public Radio; Lowell Observatory; Master Chorale of Flagstaff; Museum of Northern Arizona; Northern Arizona Book Festival; Northern Arizona Celtic Heritage Society; Northland Family Help Center; Orchestra Northern Arizona; The Arboretum at Flagstaff; Theatrikos Theatre Company; The Noise; and Willow Bend Environmental Education Center.

Surveys of Nonprofit Arts and Culture AUDIENCES

Audience-intercept surveying, a common and accepted research method, was conducted in all 182 of the study regions to measure event-related spending by nonprofit arts and culture audiences. Patrons were asked to complete a short survey while attending an event. Nationally, a total of 151,802 valid and usable attendees completed the survey for an average of 834 surveys per study region. The randomly selected respondents provided itemized expenditure data on attendance-related activities such as meals, souvenirs, transportation, and lodging. Data were collected throughout 2011 (to guard against seasonal spikes or drop-offs in attendance) as well as at a broad range of both paid and free events (a night at the opera will typically yield more spending than a weekend children's theater production or a free community music festival, for example). The survey respondents provided information about the entire party with whom they were attending the event. With an overall average travel party size of 2.69 people, these data actually represent the spending patterns of more than 408,000 attendees, significantly increasing the reliability of the data.

In the City of Flagstaff, a total of 1,332 valid and usable audience-intercept surveys were collected from attendees to nonprofit arts and culture performances, events, and exhibitions during 2011.

Studying Economic Impact Using Input-Output Analysis

To derive the most reliable economic impact data, input-output analysis is used to measure the impact of expenditures by nonprofit arts and culture organizations and their audiences. This is a highly regarded type of economic analysis that has been the basis for two Nobel Prizes. The models are systems of mathematical equations that combine statistical methods and economic theory in an area of study called econometrics. They trace how many times a dollar is re-spent within the local economy before it leaks out, and it quantifies the economic impact of each round of spending. This form of economic analysis is well suited for this study because it can be customized specifically to each study region. To complete the analysis for the City of Flagstaff, project economists customized an input-output model based on the local dollar flow between 533 finely detailed industries within the economy of Coconino County. This was accomplished by using detailed data on employment, incomes, and government revenues provided by the U.S. Department of Commerce (County Business Patterns, the Regional Economic Information System, and the Survey of State and Local Finance), local tax data (sales taxes, property taxes, and miscellaneous local option taxes), as well as the survey data from the responding nonprofit arts and culture organizations and their audiences.

Local Partners

Locally, data from participating organizations and audiences was collected by Flagstaff Cultural Partners, the non-profit local arts agency for Flagstaff. The primary funder of the project locally was the Flagstaff Chamber of Commerce. Additional funding and support was provided by Coconino County, the City of Flagstaff, and NAU's College of Arts & Letters.





ARTS &

The Economic Impact of Nonprofit
Arts and Culture Organizations
and Their Audiences

ECONOMIC PROSPERITY IV

in THE CITY OF FLAGSTAFF, AZ



Arts and Economic Prosperity IV was conducted by Americans for the Arts, the nation's leading nonprofit organization for advancing the arts in America. Established in 1960, we are dedicated to representing and serving local communities and creating opportunities for every American to participate in and appreciate all forms of the arts.

Local data collection for Arts & Economic Prosperity IV was conducted by Flagstaff Cultural Partners (FCP), the local arts agency for Flagstaff, Arizona. FCP is focused on enhancing the spectrum and quality of cultural experiences available to residents of and visitors to our community. The organization operates the Coconino Center for the Arts as an arts center for all.



Additional Local Support from:



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"The arts and sciences non-profit sector in Flagstaff is an economic force that can't be ignored. We already know that the arts feed the soul. Now we know that they put food on the table by supporting local jobs and attracting out-of-town visitors who spend in support of local businesses."

— John "JT" Tannous
Executive Director
Flagstaff Cultural Partners

"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, sooth us, provoke us, involve us, and connect us. But they also create jobs and contribute to the economy."

— Robert L. Lynch
President and CEO
Americans for the Arts



Visitors at Lowell Observatory

The Arts Mean Business

By Robert L. Lynch, President and CEO, Americans for the Arts

America's artists and arts organizations live and work in every community from coast-to-coast—fueling creativity, beautifying our cities, and improving our quality of life. In my travels across the country, business and government leaders often talk to me about the challenges of funding the arts amid shrinking resources and alongside other pressing needs. They worry about jobs and the economy. Is their region a magnet for attracting and retaining a skilled and innovative workforce? How well are they competing in the high-stakes race to attract new businesses? The findings from *Arts & Economic Prosperity IV* send a clear and welcome message: leaders who care about community and economic vitality can feel good about choosing to invest in the arts.

Arts & Economic Prosperity IV is our fourth study of the nonprofit arts and culture industry's impact on the economy. The most comprehensive study of its kind ever conducted, it features customized findings on 182 study regions representing all 50 states and the District of Columbia as well as estimates of economic impact nationally. Despite the economic headwinds that our country faced in 2010, the results are impressive. Nationally, the industry generated \$135.2 billion dollars of economic activity—\$61.1 billion by the nation's nonprofit arts and culture organizations in addition to \$74.1 billion in event-related expenditures by their audiences. This economic activity supports 4.1 million full-time jobs. Our industry also generates \$22.3 billion in revenue to local, state, and federal governments every year—a yield well beyond their collective \$4 billion in arts allocations.

Arts and culture organizations are resilient and entrepreneurial businesses. They employ people locally, purchase goods and services from within the community, and market and promote their regions. Arts organizations are rooted locally; these are jobs that cannot be shipped overseas. Like most industries, the Great Recession left a measurable financial impact on the arts—erasing the gains made during the pre-recession years, and leaving 2010 expenditures three percent behind their 2005 levels. The biggest effect of the recession was on attendance and audience spending. Inevitably, as people lost jobs and worried about losing their houses, arts attendance—like attendance to sports events and leisure travel—waned as well. Yet, even in a down economy, some communities saw an increase in their arts spending and employment. As the economy rebounds, the arts are well poised for growth. They are already producing new and exciting work—performances and exhibitions and festivals that entertain, inspire, and attract audiences.

Arts & Economic Prosperity IV shows that arts and culture organizations leverage additional event-related spending by their audiences that pumps revenue into the local economy. When patrons attend an arts event they may pay for parking, eat dinner at a restaurant, shop in local retail stores, and have dessert on the way home. Based on the 151,802 audience-intercept surveys conducted for this study, the typical arts attendee spends \$24.60 per person, per event, beyond the cost of admission.

Communities that draw cultural tourists experience an additional boost of economic activity. Tourism industry research has repeatedly demonstrated that arts tourists stay longer and spend more than the average traveler. *Arts & Economic Prosperity IV* reflects those findings: 32 percent of attendees live outside the county in which the arts event took place, and their event-related spending is more than twice that of their local counterparts (nonlocal: \$39.96 vs. local: \$17.42). The message is clear: a vibrant arts community not only keeps residents and their discretionary spending close to home, it also attracts visitors who spend money and help local businesses thrive.

Arts & Economic Prosperity IV demonstrates that America's arts industry is not only resilient in times of economic uncertainty, but is also a key component to our nation's economic recovery and future prosperity. Business and elected leaders need not feel that a choice must be made between arts funding and economic prosperity. This study proves that they can choose both. Nationally, as well as locally, **the arts mean business.**



Flagstaff Youth Theater

"As all budgets—local and national, public and private—continue to reel from the effects of the economic downturn, some may perceive the arts as an unaffordable luxury reserved for only the most prosperous times. Fortunately, this rigorous report offers evidence that the nonprofit arts industry provides not just cultural benefits to our communities, but also makes significant positive economic contributions to the nation's financial well being regardless of the overall state of the economy. This certainly is something to applaud."

— Jonathan Spector
President & CEO
The Conference Board

The Economic Impact of the Nonprofit Arts and Culture Industry in the City of Flagstaff, AZ

Arts & Economic Prosperity IV provides compelling new evidence that the nonprofit arts and culture are a significant industry in the City of Flagstaff—one that generates \$72.9 million in total economic activity. This spending—\$37.8 million by nonprofit arts and culture organizations and an additional \$35.2 million in event-related spending by their audiences—supports 2,497 full-time equivalent jobs, generates \$55.7 million in household income to local residents, and delivers \$7.6 million in local and state government revenue. This economic impact study sends a strong signal that when we support the arts, we not only enhance our quality of life, but we also invest in the City of Flagstaff’s economic well-being.

The City of Flagstaff is one of 182 study regions that participated in *Arts & Economic Prosperity IV*, the most comprehensive study of its kind ever conducted. It documents the economic impact of the nonprofit arts and culture sector in 139 cities and counties, 31 multi-city or multi-county regions, 10 states, and two individual arts districts—representing all 50 U.S. states and the District of Columbia. The diverse study regions range in population (1,600 to four million) and type (rural to large urban). Project economists customized input-output analysis models to calculate specific and reliable findings for each study region. This study focuses solely on the economic impact of nonprofit arts and culture organizations and event-related spending by their audiences. Spending by individual artists and the for-profit arts and culture sector (e.g., Broadway or the motion picture industry) are excluded from this study. For the purpose of this study, the geographic area included in this analysis is defined as **the City of Flagstaff**.

Defining Economic Impact

This proprietary study uses four economic measures to define economic impact: full-time equivalent jobs, resident household income, and local and state government revenues.

(1) Full-Time Equivalent (FTE) Jobs describes the total amount of labor employed. Economists measure FTE jobs, not the total number of employees, because it is a more accurate measure that accounts for part-time employment.

(2) Resident Household Income (often called Personal Income) includes salaries, wages, and entrepreneurial income paid to local residents. It is the money residents earn and use to pay for food, mortgages, and other living expenses.

Revenue to (3) Local and (4) State Government includes revenue from local and state taxes (e.g., income, property, sales, and lodging) as well as funds from license fees, utility fees, filing fees, and other similar sources.

Economic Impact of the ENTIRE Nonprofit Arts and Culture Industry (Combined Spending by Both Organizations and Their Audiences) in the City of Flagstaff

During fiscal year 2010, aggregate nonprofit sector spending by both the City of Flagstaff’s nonprofit arts and culture organizations and their audiences totaled \$72.9 million. The table below demonstrates the total economic impact of this spending.

TOTAL Economic Impact of the Nonprofit Arts and Culture Industry in the City of Flagstaff (Spending by Nonprofit Arts and Culture Organizations <u>and</u> Their Audiences)			
	City of Flagstaff	Median of Similar Study Regions <i>Pop. = 50,000 to 99,999</i>	National Median
Direct Expenditures	\$72,938,282	\$10,872,627	\$49,081,279
Full-Time Equivalent Jobs	2,497	489	1,533
Resident Household Income	\$55,658,000	\$9,770,000	\$35,124,500
Local Government Revenue	\$3,836,000	\$438,000	\$1,946,500
State Government Revenue	\$3,784,000	\$519,000	\$2,498,000

Direct and Indirect Economic Impact: How a Dollar is Re-spent in the Economy

Arts & Economic Prosperity IV uses a sophisticated economic analysis called input-output analysis to measure economic impact. It is a system of mathematical equations that combines statistical methods and economic theory. Input-output analysis enables economists to track how many times a dollar is “re-spent” within the local economy, and the economic impact generated by each round of spending. How can a dollar be re-spent? Consider the following example:

A theater company in the City of Flagstaff purchases several gallons of paint from a local hardware store for \$200. The hardware store then uses a portion of the \$200 to pay the sales clerk; the sales clerk re-spends some of the money at a grocery store; the grocery store uses some to pay its cashier; the cashier spends some on rent; and so on ...

Thus, the initial expenditure by the theater company was followed by four additional rounds of local spending (by the hardware store, the sales clerk, the grocery store, and the cashier).

- The economic impact of the theater company’s initial \$200 expenditure is the direct economic impact.
- The economic impacts of the subsequent rounds of local spending are the indirect impacts.
- Eventually, the \$200 dollars will “leak out” of the local economy (i.e., be spent non-locally) and cease to have a local economic impact. In this example, if the theater company purchased the paint from a non-local hardware store there would be no local economic impact. Since the hardware store is located in Coconino County, the dollars remain within the local economy and create at least one more round of local spending by the hardware company.
- The total impact is the sum of the direct impact plus all indirect impacts. **This report provides the total impact.**

A dollar “ripples” very different through each community, which is why a customized input-output model was created for the City of Flagstaff.

"Mayors understand the connection between the arts industry and city revenues. Arts activity creates thousands of direct and indirect jobs and generates billions in government and business revenues. The arts also make our cities destinations for tourists, help attract and retain businesses, and play an important role in the economic revitalization of cities and the vibrancy of our neighborhoods."

— Philadelphia Mayor Michael A. Nutter
President, The United States Conference of Mayors 2012–2013

"Many businesses support the arts across the country because they intuitively understand that the arts matter, so it is great to get the facts and a clearer understanding of the links between the arts and economic prosperity."

— Stephen Jordan, Executive Director
Business Civic Leadership Center
U.S. Chamber of Commerce

Economic Impact of Spending by Nonprofit Arts and Culture ORGANIZATIONS in the City of Flagstaff

Nonprofit arts and culture organizations are active contributors to their business community. They are employers, producers, and consumers. They are members of the Chamber of Commerce as well as key partners in the marketing and promotion of their cities, regions, and states. Spending by nonprofit arts and culture organizations totaled \$37.8 million in the City of Flagstaff during fiscal year 2010. This spending is far-reaching: organizations pay employees, purchase supplies, contract for services, and acquire assets within their community. These actions, in turn, support jobs, create household income, and generate revenue to the local and state governments.

The City of Flagstaff’s nonprofit arts and culture organizations provide rewarding employment for more than just administrators, artists, curators, choreographers, and musicians. They also employ financial staff, facility managers, and salespeople. In addition, the spending by these organizations directly supports a wide array of other occupations spanning many industries (e.g., printing, event planning, legal, construction, and accounting).

Data were collected from 37 eligible nonprofit arts and culture organizations in the City of Flagstaff. Each provided detailed budget information about more than 40 expenditure categories for fiscal year 2010 (e.g., labor, payments to local and nonlocal artists, operations, administration, programming, facilities, and capital expenditures/asset acquisition). The following tables demonstrates the total economic impacts of their aggregate spending.

TOTAL Economic Impact of Spending by Nonprofit Arts and Culture ORGANIZATIONS in the City of Flagstaff			
	City of Flagstaff	Median of Similar Study Regions Pop. = 50,000 to 99,999	National Median
Direct Expenditures	\$37,774,574	\$6,245,874	\$23,141,643
Full-Time Equivalent Jobs	1,489	231	791
Resident Household Income	\$33,009,000	\$6,234,000	\$19,488,000
Local Government Revenue	\$1,296,000	\$234,000	\$867,000
State Government Revenue	\$1,437,000	\$239,000	\$1,010,000

An Economic Impact Beyond Dollars: Volunteerism

While arts volunteers may not have an economic impact as defined in this study, they clearly have an enormous impact by helping the City of Flagstaff's nonprofit arts and culture organizations function as a viable industry. *Arts & Economic Prosperity IV* reveals a significant contribution to nonprofit arts and culture organizations as a result of volunteerism. During 2010, a total of 2,035 volunteers donated a total of 91,168 hours to the City of Flagstaff's participating nonprofit arts and culture organizations. This represents a donation of time with an estimated aggregate value of \$1,947,348 (Independent Sector estimates the dollar value of the average 2010 volunteer hour to be \$21.36).

The 37 participating organizations reported an average of 44.8 volunteers who volunteered an average of 55.0 hours, for a total of 2,464 hours per organization.

The Value of In-Kind Contributions to Arts Organizations

The participating organizations were asked about the sources and value of their in-kind support. In-kind contributions are non-cash donations such as materials (e.g., office supplies from a local retailer), facilities (e.g., rent), and services (e.g., printing costs from a local printer). The 37 participating nonprofit arts and culture organizations in the City of Flagstaff reported that they received in-kind contributions with an aggregate value of \$371,872 during fiscal year 2010. These contributions were received from a variety of sources including corporations, individuals, local and state arts agencies, and government.

"At Aetna, we encourage our employees to be active volunteers. It's good for the employee, good for the community, and a source of corporate pride. The research also makes clear that employees who are engaged in the community are more engaged at the workplace—and that is good for business. Arts organizations are part of the fabric of a healthy community, so we are delighted to provide incentives to our workers to be regular arts volunteers."

— Floyd W. Green, III
Head of Community Relations and Urban Marketing
Aetna

Economic Impact of Spending by Nonprofit Arts and Culture AUDIENCES in the City of Flagstaff

The nonprofit arts and culture industry, unlike most industries, leverages a significant amount of event-related spending by its audiences. For example, when patrons attend a cultural event, they may pay to park their car, purchase dinner at a restaurant, shop in nearby stores, eat dessert after the show, and pay a babysitter upon their return home. Attendees from out of town may spend the night in a hotel. This spending generates related commerce for local businesses such as restaurants, parking garages, retail stores, and hotels.

To measure the impact of nonprofit arts and culture audiences in the City of Flagstaff, data were collected from 1,332 event attendees during 2011. Researchers used an audience-intercept methodology, a standard technique in which patrons complete a written survey about their event-related spending while attending the event. In the City of Flagstaff, arts attendees spend an average of \$30.92 per person, per event as a direct result of their attendance to the event. Local businesses that cater to arts and culture audiences reap the rewards of this economic activity.

The 37 participating nonprofit arts and culture organizations reported that the aggregate attendance to their events was 1.1 million during 2010. These attendees spent an estimated total of \$35.2 million, excluding the cost of event admission. The following table demonstrate the total impacts of this spending.

TOTAL Economic Impact of Spending by Nonprofit Arts and Culture AUDIENCES in the City of Flagstaff (excluding the cost of event admission*)			
	City of Flagstaff	Median of Similar Study Regions Pop. 50,000 to 99,999	National Median
Direct Expenditures	\$35,163,708	\$6,076,502	\$21,573,435
Full-Time Equivalent Jobs	1,008	206	643
Resident Household Income	\$22,649,000	\$4,235,000	\$12,823,000
Local Government Revenue	\$2,540,000	\$287,000	\$1,084,000
State Government Revenue	\$2,347,000	\$362,000	\$1,334,000

* Why exclude the cost of admission? The admissions paid by attendees are excluded from the analysis because those dollars are captured in the operating budgets of the participating nonprofit arts and culture organizations and, in turn, are spent by the organization. This methodology avoids “double-counting” those dollars in the study analysis.

Cultural Tourists Spend More

The 1,332 audience survey respondents were asked to provide the ZIP code of their primary residence, enabling researchers to determine which attendees were local residents (live within Coconino County) and which were non-residents (live outside Coconino County). In the City of Flagstaff, researchers estimate that 63.4 percent of the 1.1 million nonprofit arts attendees were residents; 36.6 percent were non-residents.

Non-resident attendees spend an average of 220 percent more per person than local attendees (\$54.78 vs. \$17.13) as a result of their attendance to cultural events. As would be expected from a traveler, higher spending was typically found in the categories of lodging, meals, and transportation. When a community attracts cultural tourists, it harnesses significant economic rewards.

Event-Related Spending by Arts and Culture Event Attendees Totaled \$35.2 million in the City of Flagstaff (excluding the cost of event admission)			
	Residents	Non-Residents	All City of Flagstaff Event Attendees
Total Attendance	721,250	416,369	1,137,619
Percent of Attendees	63.4 percent	36.6 percent	100 percent
Average Dollars Spent Per Attendee	\$17.13	\$54.78	\$30.92
Direct Event-Related Expenditures	\$12,355,014	\$22,808,694	\$35,163,708

Nonprofit Arts and Culture Event Attendees Spend an Average of \$30.92 Per Person in the City of Flagstaff (excluding the cost of event admission)			
	Residents	Non-Residents	All City of Flagstaff Event Attendees
Refreshments/Snacks During Event	\$3.64	\$5.57	\$4.34
Meals Before/After Event	\$6.50	\$14.82	\$9.55
Souvenirs and Gifts	\$3.70	\$7.57	\$5.12
Clothing and Accessories	\$1.24	\$1.92	\$1.49
Ground Transportation	\$1.25	\$5.65	\$2.86
Event-Related Child Care	\$0.27	\$0.53	\$0.37
Overnight Lodging (<i>one night only</i>)	\$0.46	\$18.10	\$6.92
Other	\$0.07	\$0.62	\$0.27
Total Per Person Spending	\$17.13	\$54.78	\$30.92

Cultural Events Attract New Dollars and Retain Local Dollars

The City of Flagstaff’s nonprofit arts and culture sector provides attractions that draw visitors to the community. In fact, 53.3 percent of all non-resident survey respondents reported that the primary reason for their trip was “specifically to attend this arts/cultural event.”

In addition, 27.7 percent of the City of Flagstaff’s non-resident survey respondents reported that they will spend at least one night away from home in the City of Flagstaff as a direct result of attending the cultural event. Non-resident attendees who stay overnight in paid lodging spend an average of \$118.87 per person as a result of their attendance—significantly more than the overall per person average for all non-resident attendees to events in the City of Flagstaff \$54.78.

Finally, the audience survey respondents were asked, “If this event were not happening, would you have traveled to another community to attend a similar cultural experience?”

- 32.4 percent of the City of Flagstaff’s resident cultural attendees report that *they would have traveled to a different community in order to attend a similar cultural experience.*
- 48.6 percent of the City of Flagstaff’s non-resident cultural attendees report *the same.*

These figures demonstrate the economic impact of the nonprofit arts and culture in the purest sense. If a community does not provide a variety of artistic and cultural experiences, it will fail to attract the new dollars of cultural tourists. It will also lose the discretionary spending of its local residents who will travel elsewhere to experience the arts.

"As a banker, I have visited businesses in almost every city and town in Oklahoma. There is a visible difference in places with a vibrant arts community. I see people looking for places to park, stores staying open late, and restaurants packed with diners ... the business day is extended and the cash registers are ringing."

— Ken Fergeson
Chairman & CEO, NBanC
Past President, American Bankers Association

Cultural Attendees are Artists!

- 54.5 percent of the City of Flagstaff’s arts attendees report that they actively participate in the creation of the arts (e.g., sing in a choir, act in a community play, paint or draw, play an instrument).

Conclusion

The nonprofit arts and culture are a \$72.9 million industry in the City of Flagstaff—one that supports 2,497 full-time equivalent jobs and generates \$7.6 million in local and state government revenue. Nonprofit arts and culture organizations, which spend \$37.8 million annually, leverage a remarkable \$35.2 million in additional spending by arts and culture audiences—spending that pumps vital revenue into local restaurants, hotels, retail stores, parking garages, and other businesses. By demonstrating that investing in the arts and culture yields economic benefits, *Arts & Economic Prosperity IV* lays to rest a common misconception: that communities support the arts and culture at the expense of local economic development. In fact, they are investing in an industry that supports jobs, generates government revenue, and is a cornerstone of tourism. This report shows conclusively that **the arts mean business!**

"Disney has a rich legacy in animation, film and storytelling, so naturally we consider the arts to be an essential part of our business, as well as an essential element of our communities. We have seen how the arts not only enrich American life, but also support millions of jobs across the country, generate billions of dollars in economic impact, and help drive the family-vacation industry. By investing in the arts, we plant seeds for the future and make our communities better places to live."

— Meg Crofton, President
Walt Disney World Parks & Resorts Operations, U.S. and France

"A vibrant arts environment stimulates and sustains a richer quality of life and economic health. In Delaware, where the arts are among our top 10 employers, we see how the arts contribute to the renaissance of downtown areas, enhance our educational system, and attract new businesses and residents to the state."

— Governor Jack A. Markell
Chair, National Governors Association



Summer Concert Series at the Arboretum at Flagstaff



Patrons enjoy a concert at the Amphitheater at Fort Tuthill

The Arts & Economic Prosperity IV Calculator

To make it easier to compare the economic impacts of different organizations within the City of Flagstaff, the project researchers calculated the economic impact per \$100,000 of direct spending by nonprofit arts and culture organizations and their audiences.

Economic Impact Per \$100,000 of Direct Spending by ORGANIZATIONS

For every \$100,000 in direct spending by a nonprofit arts and culture organization in the City of Flagstaff, there was the following total economic impact.

TABLE 1:
Ratios of Economic Impact Per \$100,000 of Direct Spending by Nonprofit Arts and Culture Organizations in the City of Flagstaff

	City of Flagstaff	Median of Similar Study Regions <i>Pop. = 50,000 to 99,999</i>	National Median
Full-Time Equivalent Jobs	3.94	3.70	3.46
Resident Household Income	\$87,384	\$84,132	\$82,084
Local Government Revenue	\$3,431	\$3,489	\$3,819
State Government Revenue	\$3,804	\$4,109	\$4,656

An Example of How to Use the Organizational Spending Calculator Table (above):

An administrator from a nonprofit arts and culture organization that has total expenditures of \$250,000 wants to determine the organization’s total economic impact on full-time equivalent (FTE) employment in the City of Flagstaff. The administrator would:

1. Determine the amount spent by the nonprofit arts and culture organization;
2. Divide the total expenditure by 100,000; and
3. Multiply that figure by the FTE employment ratio per \$100,000 for the City of Flagstaff.

Thus, \$250,000 divided by 100,000 equals 2.5; 2.5 times 3.94 (from the top row of data on Table 1 above) equals a total of 9.9 full-time equivalent jobs supported (both directly and indirectly) within the City of Flagstaff by that nonprofit arts and culture organization. Using the same procedure, the estimate can be calculated for resident household income and local and state government revenue.

Economic Impact Per \$100,000 of Direct Spending by AUDIENCES

The economic impact of event-related spending by arts audiences can also be derived for individual or groups of nonprofit arts and culture organizations and events in the City of Flagstaff.

The first step is to determine the total estimated event-related spending by arts and culture event attendees (excluding the cost of admission). To derive this figure, multiply the average per person event-related expenditure in the City of Flagstaff by the total event attendance. The ratios of economic impact per \$100,000 in direct spending can then be used to determine the total economic impact of the total estimated audience spending.

TABLE 2:
Average Per Person Event-Related Spending by All Arts and Culture Event Attendees
in the City of Flagstaff (excluding the cost of event admission)

	City of Flagstaff	Median of Similar Study Regions <i>Pop. = 50,000 to 99,999</i>	National Median
Refreshments/Snacks During Event	\$4.34	\$2.14	\$3.02
Meals Before/After Event	\$9.55	\$7.77	\$10.12
Souvenirs and Gifts	\$5.12	\$2.05	\$2.74
Clothing and Accessories	\$1.49	\$1.05	\$1.31
Ground Transportation	\$2.86	\$2.03	\$2.65
Event-Related Child Care	\$0.37	\$0.26	\$0.36
Overnight Lodging (<i>one night only</i>)	\$6.92	\$2.73	\$3.51
Other	\$0.27	\$0.70	\$0.89
Total Per Person Spending	\$30.92	\$20.31	\$24.60

TABLE 3:
Ratios of Economic Impact Per \$100,000 of Direct Spending by Nonprofit Arts and Culture Audiences
in the City of Flagstaff

	City of Flagstaff	Median of Similar Study Regions <i>Pop. = 50,000 to 99,999</i>	National Median
Full-Time Equivalent Jobs	2.87	2.77	2.69
Resident Household Income	\$64,410	\$60,371	\$57,140
Local Government Revenue	\$7,223	\$5,241	\$5,100
State Government Revenue	\$6,674	\$5,677	\$5,802

An Example of How to Use the Audience Spending Calculator Tables (on the preceding page):

An administrator wants to determine the total economic impact of the 25,000 total attendees to his/her organization's nonprofit arts and culture events on full-time equivalent (FTE) employment in the City of Flagstaff. The administrator would:

1. Determine the total estimated audience spending by multiplying the average per person expenditure for the City of Flagstaff by the total attendance to nonprofit arts and culture events;
2. Divide the resulting total estimated audience spending by 100,000; and
3. Multiply that figure by the FTE employment ratio per \$100,000 for the City of Flagstaff.

Thus, 25,000 times \$30.92 (from the bottom row of data on Table 2 on the preceding page) equals \$773,000; \$773,000 divided by 100,000 equals 7.73; 7.73 times 2.87 (from the top row of data on Table 3 on the preceding page) equals a total of 22.2 full-time equivalent jobs supported (both directly and indirectly) within the City of Flagstaff by that nonprofit arts and culture organization. Using the same procedure, the estimate can be calculated for resident household income and local and state government revenue.

Making Comparisons with Similar Study Regions

For the purpose of this research project, the geographic region being studied is defined as the City of Flagstaff, AZ. According to the most recent data available from the U.S. Census Bureau, the population of the City of Flagstaff was estimated to be 60,222 during 2010. For comparison purposes, more than 300 pages of detailed data tables containing the study results for all 182 participating study regions are located in Appendix B of the National Statistical Report. The data tables are stratified by population, making it easy to compare the findings for the City of Flagstaff to the findings for similarly populated study regions (as well as any other participating study regions that are considered valid comparison cohorts).

All of the national study publications are available both by download (free) and hardcopy (for purchase) at www.AmericansForTheArts.org/EconomicImpact.

"The success of my family's business depends on finding and cultivating a creative and innovative workforce. I have witnessed firsthand the power of the arts in building these business skills. When we participate personally in the arts, we strengthen our 'creativity muscles,' which makes us not just a better ceramicist or chorus member, but a more creative worker—better able to identify challenges and innovative business solutions. This is one reason why the arts remain an important part of my personal and corporate philanthropy."

— Christopher Forbes, Vice Chairman, Forbes, Inc.



About This Study

The *Arts & Economic Prosperity IV* study was conducted by Americans for the Arts to document the economic impact of the nonprofit arts and culture industry in 182 communities and regions (139 cities and counties, 31 multi-city or multi-county regions, and 10 states, and two individual arts districts)—representing all 50 U.S. states and the District of Columbia.

The diverse communities range in population (1,600 to four million) and type (rural to urban). The study focuses solely on nonprofit arts and culture organizations and their audiences. Public arts councils and public presenting facilities/institutions are included as are select programs embedded within another organization (that have their own budget and play a substantial role in the cultural life of the community). The study excludes spending by individual artists and the for-profit arts and entertainment sector (e.g., Broadway or the motion picture industry). Detailed expenditure data were collected from 9,731 arts and culture organizations and 151,802 of their attendees. The project economists, from the Georgia Institute of Technology, customized input-output analysis models for each study region to provide specific and reliable economic impact data about their nonprofit arts and culture industry, specifically full-time equivalent jobs, household income, and local and state government revenue.

The 182 Local, Regional, and Statewide Study Partners

Americans for the Arts published a Call for Participants in 2010 seeking communities interested in participating in the *Arts & Economic Prosperity IV* study. Of the more than 200 potential partners that expressed interest, 182 agreed to participate and complete four participation criteria: (1) identify and code the universe of nonprofit arts and culture organizations in their study region; (2) assist

researchers with the collection of detailed financial and attendance data from those organizations; (3) conduct audience-intercept surveys at cultural events; and (4) pay a modest cost-sharing fee (no community was refused participation for an inability to pay).

Flagstaff Cultural Partners responded to the 2010 Call for Participants, and agreed to complete the required participation criteria.

Surveys of Nonprofit Arts and Culture ORGANIZATIONS

Each of the 182 study regions attempted to identify its comprehensive universe of nonprofit arts and culture organizations using the Urban Institute’s National Taxonomy of Exempt Entity (NTEE) coding system as a guideline. The NTEE system—developed by the National Center for Charitable Statistics at the Urban Institute—is a definitive classification system for nonprofit organizations recognized as tax exempt by the Internal Revenue Code. This system divides the entire universe of nonprofit organizations into 10 Major categories, including “Arts, Culture, and Humanities.” The Urban Institute reports that 113,000 nonprofit arts and culture organizations were registered with the IRS in 2010, up from 94,450 in 2005.

The following NTEE “Arts, Culture, and Humanities” subcategories were included in this study:

- A01 – Alliances and Advocacy
- A02 – Management and Technical Assistance
- A03 – Professional Societies and Associations
- A05 – Research Institutes and Public Policy Analysis
- A11 – Single Organization Support
- A12 – Fund Raising and Fund Distribution
- A19 – Support (not elsewhere classified)
- A20 – Arts and Culture (general)
- A23 – Cultural and Ethnic Awareness
- A24 – Folk Arts
- A25 – Arts Education
- A26 – Arts and Humanities Councils and Agencies
- A27 – Community Celebrations
- A30 – Media and Communications (general)
- A31 – Film and Video
- A32 – Television
- A33 – Printing and Publishing
- A34 – Radio
- A40 – Visual Arts (general)
- A50 – Museums (general)
- A51 – Art Museums
- A52 – Children’s Museums
- A53 – Folk Arts Museums
- A54 – History Museums
- A56 – Natural History and Natural Science Museums
- A57 – Science and Technology Museums
- A60 – Performing Arts (general)
- A61 – Performing Arts Centers
- A62 – Dance
- A63 – Ballet
- A65 – Theatre
- A68 – Music
- A69 – Symphony Orchestras
- A6A – Opera
- A6B – Singing and Choral Groups
- A6C – Bands and Ensembles
- A6E – Performing Arts Schools
- A70 – Humanities (general)
- A80 – Historical Organizations (general)
- A82 – Historical Societies and Historic Preservation
- A84 – Commemorative Events
- A90 – Arts Services (general)
- A99 – Arts, Culture, and Humanities (miscellaneous)

In addition to the organization types above, the study partners were encouraged to include other types of eligible organizations if they play a

substantial role in the cultural life of the community or if their primary purpose is to promote participation in, appreciation for, and understanding of the visual, performing, folk, and media arts. These include government-owned or government-operated cultural facilities and institutions, municipal arts agencies and councils, private community arts organizations, unincorporated arts groups, living collections (such as zoos, aquariums, and botanical gardens), university presenters, and arts programs that are embedded under the umbrella of a non-arts organization or facility (such as a community center or church). In short, if it displays the characteristics of a nonprofit arts and culture organization, it is included. For-profit businesses and individual artists were excluded from this study.

Nationally, detailed information was collected from 9,721 eligible organizations about their fiscal year 2010 expenditures in more than 40 expenditure categories (e.g., labor, local and non-local artists, operations, materials, facilities, and asset acquisition) as well as about their event attendance, in-kind contributions, and volunteerism. Responding organizations had budgets ranging from a low of \$0 to a high of \$239.7 million. Response rates for the 182 communities averaged 43.2 percent and ranged from 5.3 percent to 100 percent. It is important to note that each study region’s results are based solely on the actual survey data collected. No estimates have been made to account for non-respondents. Therefore, the less-than-100 percent response rates suggest an understatement of the economic impact findings in most of the individual study regions.

In the City of Flagstaff, 37 of the approximately 47 total eligible nonprofit arts and culture organizations identified by Flagstaff Cultural Partners participated in this study—an overall participation rate of 79 percent.

Surveys of Nonprofit Arts and Culture AUDIENCES

Audience-intercept surveying, a common and accepted research method, was conducted in all 182 of the study regions to measure event-related spending by nonprofit arts and culture audiences. Patrons were asked to complete a short survey while attending an event. Nationally, a total of 151,802 valid and usable attendees completed the survey for an average of 834 surveys per study region. The randomly selected respondents provided itemized expenditure data on attendance-related activities such as meals, souvenirs, transportation, and lodging. Data were collected throughout 2011 (to guard against seasonal spikes or drop-offs in attendance) as well as at a broad range of both paid and free events (a night at the opera will typically yield more spending than a weekend children's theater production or a free community music festival, for example). The survey respondents provided information about the entire party with whom they were attending the event. With an overall average travel party size of 2.69 people, these data actually represent the spending patterns of more than 408,000 attendees.

In the City of Flagstaff, a total of 1,332 valid and usable audience-intercept surveys were collected from attendees to arts and culture performances, events, and exhibits during 2011.

Economic Analysis

A common theory of community growth is that an area must export goods and services if it is to prosper economically. This theory is called economic-base theory, and it depends on dividing the economy into two sectors: the export sector and the local sector. Exporters, such as automobile manufacturers, hotels, and department stores, obtain income from customers outside of the community. This "export income" then enters the local economy in the form of salaries, purchases of materials,

dividends, and so forth, and becomes income to local residents. Much of it is re-spent locally; some, however, is spent for goods imported from outside of the community. The dollars re-spent locally have an economic impact as they continue to circulate through the local economy. This theory applies to arts organizations as well as to other producers.

Studying Economic Impact Using Input-Output Analysis

To derive the most reliable economic impact data, input-output analysis is used to measure the impact of expenditures by nonprofit arts and culture organizations and their audiences. This is a highly regarded type of economic analysis that has been the basis for two Nobel Prizes. The models are systems of mathematical equations that combine statistical methods and economic theory in an area of study called econometrics. They trace how many times a dollar is re-spent within the local economy before it leaks out, and it quantifies the economic impact of each round of spending. This form of economic analysis is well suited for this study because it can be customized specifically to each study region.

To complete the analysis for the City of Flagstaff, project economists customized an input-output model based on the local dollar flow between 533 finely detailed industries within the economy of Coconino County. This was accomplished by using detailed data on employment, incomes, and government revenues provided by the U.S. Department of Commerce (County Business Patterns, the Regional Economic Information System, and the Survey of State and Local Finance), local tax data (sales taxes, property taxes, and miscellaneous local option taxes), as well as the survey data from the responding nonprofit arts and culture organizations and their audiences.

The Input-Output Process

The input-output model is based on a table of 533 finely detailed industries showing local sales and purchases. The local and state economy of each community is researched so the table can be customized for each community. The basic purchase patterns for local industries are derived from a similar table for the U.S. economy for 2007 (the latest detailed data available from the U.S. Department of Commerce). The table is first reduced to reflect the unique size and industry mix of the local economy, based on data from County Business Patterns and the Regional Economic Information System of the U.S. Department of Commerce. It is then adjusted so that only transactions with local businesses are recorded in the inter-industry part of the table. This technique compares supply and demand and estimates the additional imports or exports required to make total supply equal total demand. The resulting table shows the detailed sales and purchase patterns of the local industries. The 533-industry table is then aggregated to reflect the general activities of 32 industries plus local households, creating a total of 33 industries. To trace changes in the economy, each column is converted to show the direct requirements per dollar of gross output for each sector. This direct-requirements table represents the “recipe” for producing the output of each industry.

The economic impact figures for *Arts & Economic Prosperity IV* were computed using what is called an “iterative” procedure. This process uses the sum of a power series to approximate the solution to the economic model. This is what the process looks like in matrix algebra:

$$T = IX + AX + A^2X + A^3X + \dots + A^nX.$$

T is the solution, a column vector of changes in each industry’s outputs caused by the changes represented in the column vector X. A is the 33 by 33 direct-requirements matrix. This equation is used

to trace the direct expenditures attributable to nonprofit arts organizations and their audiences. A multiplier effect table is produced that displays the results of this equation. The total column is T. The initial expenditure to be traced is IX (I is the identity matrix, which is operationally equivalent to the number 1 in ordinary algebra). Round 1 is AX, the result of multiplying the matrix A by the vector X (the outputs required of each supplier to produce the goods and services purchased in the initial change under study). Round 2 is A²X, which is the result of multiplying the matrix A by Round 1 (it answers the same question applied to Round 1: “What are the outputs required of each supplier to produce the goods and services purchased in Round 1 of this chain of events?”). Each of columns 1 through 12 in the multiplier effects table represents one of the elements in the continuing but diminishing chain of expenditures on the right side of the equation. Their sum, T, represents the total production required in the local economy in response to arts activities.

Calculation of the total impact of the nonprofit arts on the outputs of other industries (T) can now be converted to impacts on the final incomes to local residents by multiplying the outputs produced by the ratios of household income to output and employment to output. Thus, the employment impact of changes in outputs due to arts expenditures is calculated by multiplying elements in the column of total outputs by the ratio of employment to output for the 32 industries in the region. Changes in household incomes, local government revenues, and state government revenues due to nonprofit arts expenditures are similarly transformed. The same process is also used to show the direct impact on incomes and revenues associated with the column of direct local expenditures.

A comprehensive description of the methodology used to complete the national study is available at www.AmericansForTheArts.org/EconomicImpact.

Frequently Used Terms

This section provides a glossary of economic impact terminology.

Cultural Tourism

Travel directed toward experiencing the arts, heritage, and special character of a place.

Direct Economic Impact

A measure of the economic effect of the initial expenditure within a community. For example, when the symphony pays its players, each musician's salary, the associated government taxes, and full-time equivalent employment status represent the direct economic impact.

Direct Expenditures

The first round of expenditures in the economic cycle. A paycheck from the symphony to the violin player and a ballet company's purchase of dance shoes are examples of direct expenditures.

Econometrics

The process of using statistical methods and economic theory to develop a system of mathematical equations that measures the flow of dollars between local industries. The input-output model developed for this study is an example of an econometric model.

Econometrician

An economist who designs, builds, and maintains econometric models.

Full-Time Equivalent (FTE) Jobs

A term that describes the total amount of labor employed. Economists measure FTE jobs—not the total number of employees—because it is a more accurate measure of total employment. It is a manager's discretion to hire one full-time employee, two half-time employees, four quarter-time employees, etc. Almost always, more people are affected than are reflected in the number of FTE jobs reported due to the abundance of part-time employment, especially in the nonprofit arts and culture industry.

Indirect Economic Impact

Each time a dollar changes hands, there is a measurable economic impact. When people and businesses receive money, they re-spend much of that money locally. Indirect impact measures the effect of this re-spending on jobs, household income, and revenue to local and state government. It is often referred to as secondary spending or the dollars “rippling” through a community. When funds are eventually spent non-locally, they are considered to have “leaked” out of the community and therefore cease to have a local economic impact. Indirect impact includes the impact of all rounds of spending (except for the initial expenditure) until the dollars have completely “leaked out” of the local economy.

Input-Output Analysis

A system of mathematical equations that combines statistical methods and economic theory in an area of economic study called econometrics. Economists use this model (occasionally called an inter-industry model) to measure how many times a dollar is re-spent in, or “ripples” through, a community before it “leaks out” of the local economy by being spent non-locally (see Leakage below). The model is based on a matrix that tracks the dollar flow between 533 finely detailed industries in each community. It allows researchers to determine the economic impact of local spending by nonprofit arts and culture organizations on jobs, household income, and government revenue.

Leakage

The money that community members spend outside of the local economy. This non-local spending has no economic impact within the community. A ballet company purchasing shoes from a non-local manufacturer is an example of leakage. If the shoe company were local, the expenditure would remain within the community and create another round of spending by the shoe company.

Multiplier (often called Economic Activity Multiplier)

An estimate of the number of times that a dollar changes hands within the community before it leaks out of the community (for example, the theater pays the actor, the actor spends money at the grocery store, the grocery store pays its cashier, and so on). This estimate is quantified as one number by which all expenditures are multiplied. For example, if the arts are a \$10 million industry and a multiplier of three is used, then it is estimated that these arts organizations have a total economic impact of \$30 million. The convenience of a multiplier is that it is one simple number; its shortcoming, however, is its reliability. Users rarely note that the multiplier is developed by making gross estimates of the industries within the local economy with no allowance for differences in the characteristics of those industries, usually resulting in an overestimation of the economic impact. In contrast, the input-output model employed in *Arts & Economic Prosperity IV* is a type of economic analysis tailored specifically to each community and, as such, provides more reliable and specific economic impact results.

Resident Household Income (often called Personal Income)

The salaries, wages, and entrepreneurial income residents earn and use to pay for food, mortgages, and other living expenses. It is important to note that resident household income is not just salary. When a business receives money, for example, the owner usually takes a percentage of the profit, resulting in income for the owner.

Revenue to Local and State Government

Local and state government revenue is not derived exclusively from income, property, sales, and other taxes. It also includes license fees, utility fees, user fees, and filing fees. Local government revenue includes funds to city and county government, schools, and special districts.

Frequently Asked Questions

This section answers some common questions about this study and the methodology used to complete it.

How were the 182 participating communities and regions selected?

In 2010, Americans for the Arts published a Call for Participants for communities interested in participating in the *Arts & Economic Prosperity IV* study. Of the more than 200 participants that expressed interest, 182 agreed to participate and complete four participation criteria: (1) identify and code the universe of nonprofit arts and culture organizations in their study region; (2) assist researchers with the collection of detailed financial and attendance data from those organizations; (3) conduct audience-intercept surveys at cultural events; and (4) pay a modest cost-sharing fee (no community was refused participation for an inability to pay).

How were the eligible nonprofit arts organizations in each community selected?

Local partners attempted to identify their universe of nonprofit arts and culture organizations using the Urban Institute's National Taxonomy of Exempt Entity (NTEE) codes as a guideline. Eligible organizations included those whose primary purpose is to promote appreciation for and understanding of the visual, performing, folk, and media arts. Public arts councils, public presenting facilities or institutions, and embedded organizations that have their own budget also were included if they play a substantial role in the cultural life of the community. For-profit businesses and individual artists are excluded from this study.

What type of economic analysis was done to determine the study results?

An input-output analysis model was customized for each of the participating communities and regions to determine the local economic impact their nonprofit arts and culture organizations and arts audiences. Americans for the Arts, which conducted the research, worked with highly regarded economists to design the input-output model used for this study.

What other information was collected in addition to the arts surveys?

In addition to detailed expenditure data provided by the surveyed organizations, extensive wage, labor, tax, and commerce data were collected from local, state, and federal governments for use in the input-output model.

Why doesn't this study use a multiplier?

When many people hear about an economic impact study, they expect the result to be quantified in what is often called a multiplier or an economic activity multiplier. The economic activity multiplier is an estimate of the number of times a dollar changes hands within the community (e.g., a theater pays its actor, the actor spends money at the grocery store, the grocery store pays the cashier, and so on). It is quantified as one number by which expenditures are multiplied. The convenience of the multiplier is that it is one simple number. Users rarely note, however, that the multiplier is developed by making gross estimates of the industries within the local economy and does not allow for differences in the characteristics of those industries. Using an economic activity multiplier usually results in an overestimation of the economic impact and therefore lacks reliability.

Why are the admissions expenses excluded from the analysis of audience spending?

Researchers make the assumption that any admissions dollars paid by event attendees are typically collected as revenue for the organization that is presenting the event. The organization then spends those dollars. The admissions paid by audiences are excluded because those dollars are captured in the operating budgets of the participating nonprofit arts and culture organizations. This methodology avoids “double-counting” those dollars in the analysis.

How is the economic impact of arts and culture organizations different from other industries?

Any time money changes hands there is a measurable economic impact. Social service organizations, libraries, and all entities that spend money have an economic impact. What makes the economic impact of arts and culture organizations unique is that, unlike most other industries, they induce large amounts of related spending by their audiences. For example, when patrons attend a performing arts event, they may purchase dinner at a restaurant, eat dessert after the show, and return home and pay the baby-sitter. All of these expenditures have a positive and measurable impact on the economy.

Will my local legislators believe these results?

Yes, this study makes a strong argument to legislators, but you may need to provide them with some extra help. It will be up to the user of this report to educate the public about economic impact studies in general and the results of this study in particular. The user may need to explain (1) the study methodology used; (2) that economists created an input-output model for each community and region in the study; and (3) the difference between input-output analysis and a multiplier. The good news is that as the number of economic impact studies completed by arts organizations and other special interest areas increases, so does the sophistication of community leaders whose influence these studies are meant to affect. Today, most decision makers want to know what methodology is being used and how and where the data were gathered.

You can be confident that the input-output analysis used in this study is a highly regarded model in the field of economics (the basis of two Nobel Prizes in economics). However, as in any professional field, there is disagreement about procedures, jargon, and the best way to determine results. Ask 12 artists to define art and you may get 12 answers; expect the same of economists. You may meet an economist who believes that these studies should be done differently (for example, a cost-benefit analysis of the arts).

How can a community not participating in the Arts and Economic Prosperity IV study apply these results?

Because of the variety of communities studied and the rigor with which the *Arts & Economic Prosperity IV* study was conducted, nonprofit arts and culture organizations located in communities that were not part of the study can estimate their local economic impact. Estimates can be derived by using the *Arts & Economic Prosperity IV* Calculator (found at www.AmericansForTheArts.org/EconomicImpact). Additionally, users will find sample PowerPoint presentations, press releases, Op-Ed, and other strategies for proper application of their estimated economic impact data.

Acknowledgments

Americans for the Arts expresses its gratitude to the many people and organizations who made *Arts & Economic Prosperity IV: The Economic Impact of Nonprofit Arts and Culture Organizations and Their Audiences in the City of Flagstaff* possible and assisted in its coordination and production. Generous funding for this project was provided by Flagstaff Cultural Partners, which also served as the local project partner and as such was responsible for the local implementation and data collection requirements of the study.

Special thanks to the John D. and Catherine T. MacArthur Foundation and The Ruth Lilly Fund of Americans for the Arts for their financial support of *Arts & Economic Prosperity IV*.

Thanks also to the Cultural Data Project (CDP), a collaborative project of the Greater Philadelphia Cultural Alliance, The Greater Pittsburgh Arts Council, Pennsylvania Council on the Arts, The Pew Charitable Trusts, The William Penn Foundation, and The Heinz Endowments (in each participating state, the CDP is also the result of a collaborative partnership of public and private funders and advocacy agencies). The CDP was created to strengthen arts and culture by documenting and disseminating information on the arts and culture sector. CDP data were used in the economic impact analysis for all study regions located in Arizona, California, Illinois, Maryland, Massachusetts, Michigan, New York, Ohio, Pennsylvania, and Rhode Island. For more information about the Cultural Data Project, visit www.culturaldata.org.

The City of Flagstaff's Participating Nonprofit Arts and Culture Organizations

This study could not have been completed without the cooperation of the 37 nonprofit arts and culture organizations in the City of Flagstaff, listed below, that

provided detailed financial and event attendance information about their organization.

Alliance for Audience (Showup.com); Arizona Historical Society (Northern Division); Artists' Coalition of Flagstaff; Ballet Folklorico de Colores; Canyon Movement Company, Inc; Children's Chorale of Flagstaff; Coconino Coalition for Children & Youth – PAWS Sculpture Project; Coconino Community College Fine Arts Dept.; College of Arts & Letters (Northern Arizona U.); Elden Pueblo Project/Arizona Natural History Assn; Flagstaff Arts & Leadership Academy; City of Flagstaff Public Art Program; Flagstaff Community Band; Flagstaff Cultural Partners; Flagstaff Festival of Science; Flagstaff Friends of Traditional Music; Flagstaff Light Opera Company; Flagstaff Mountain Film Festival; Flagstaff Music Festival; Flagstaff Symphony Orchestra; Flagstaff Youth Theater; Grand Canyon Guitar Society; Heritage Square Trust; Hozhoni Art Gallery; Human Nature Dance Theatre; KNAU Arizona Public Radio; Lowell Observatory; Master Chorale of Flagstaff; Museum of Northern Arizona; Northern Arizona Book Festival; Northern Arizona Celtic Heritage Society; Northland Family Help Center – PEACE Project; Orchestra Northern Arizona; The Arboretum at Flagstaff; Theatrikos Theatre Company; The Noise; and Willow Bend Environmental Education Center.

The City of Flagstaff's Participating Nonprofit Arts and Culture Patrons

Additionally, this study could not have been completed without the cooperation of the 1,332 arts and culture audience members who generously took the time to complete the audience-intercept survey while attending a performance, event, or exhibit within the City of Flagstaff.

"One of the keys to building and sustaining communities and promoting high quality economic development is support and funding of the arts. We have witnessed, in some states, decreased support of the arts which is counterproductive and a major step backward. We need to emphasize that potential employers look at enrichment of lives as well as schools, hospitals, libraries, and other essential services for the communities in which they want to locate. We need to continue—and increase—our support for the arts. In today's competitive marketplace, it has never been truer that supporting the arts means business."

— Senator Steve Morris
President, National Conference of State Legislatures

"The Committee Encouraging Corporate Philanthropy (CECP), which is active in measuring trends and best practices in corporate giving to the arts, values the far-reaching research and leadership of Americans for the Arts, demonstrated in the Arts & Economic Prosperity™ series."

— Charles H. Moore
Executive Director, Committee Encouraging Corporate Philanthropy

The following national organizations partner with Americans for the Arts to help public and private sector leaders understand the economic and social benefits that the arts bring to their communities, states, and the nation.



BCLC Business Civic Leadership Center
AN AFFILIATE OF THE U.S. CHAMBER OF COMMERCE



NATIONAL CONFERENCE
of STATE LEGISLATURES
The Forum for America's Ideas



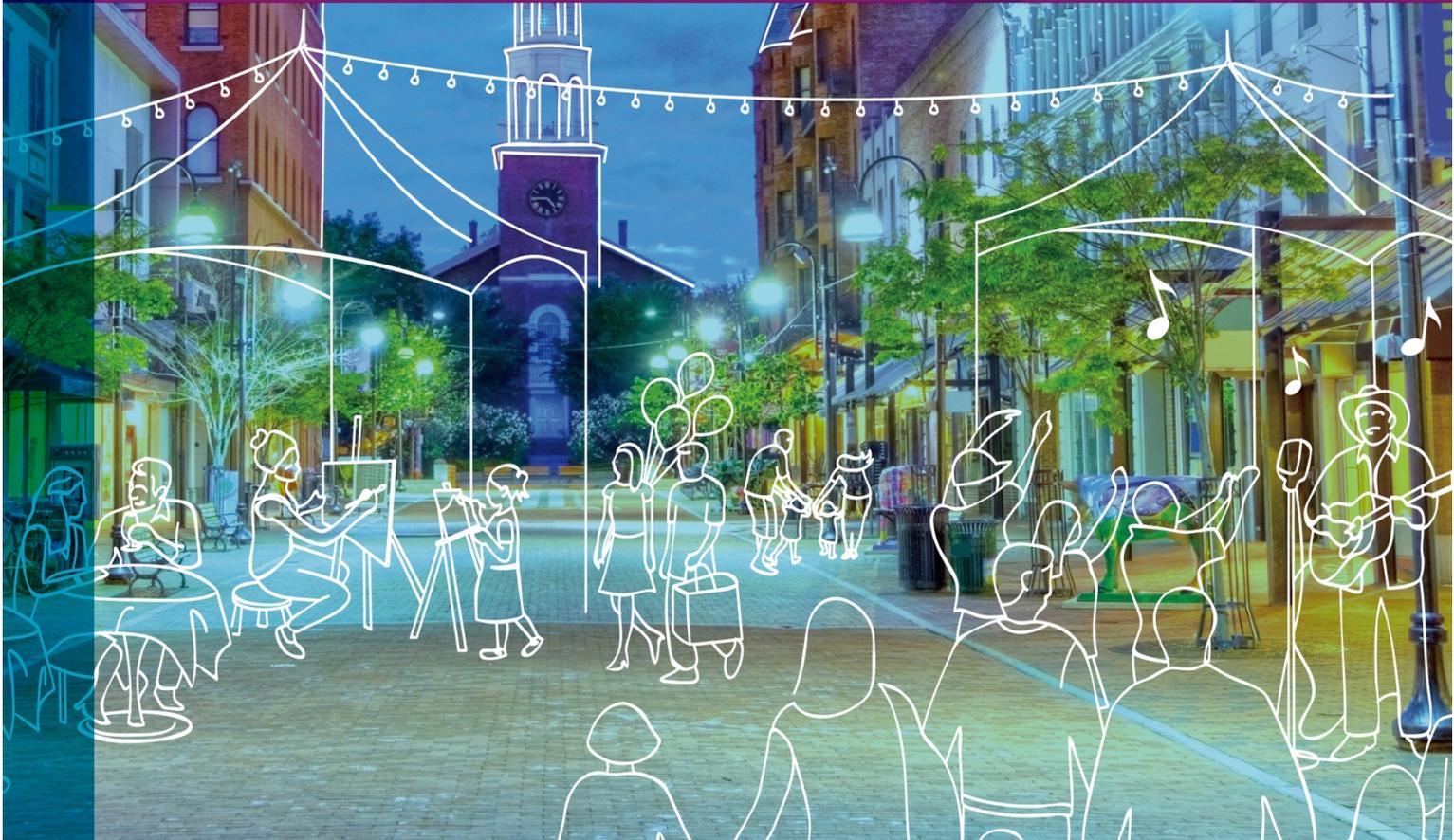
THE CONFERENCE BOARD
Trusted Insights for Business Worldwide

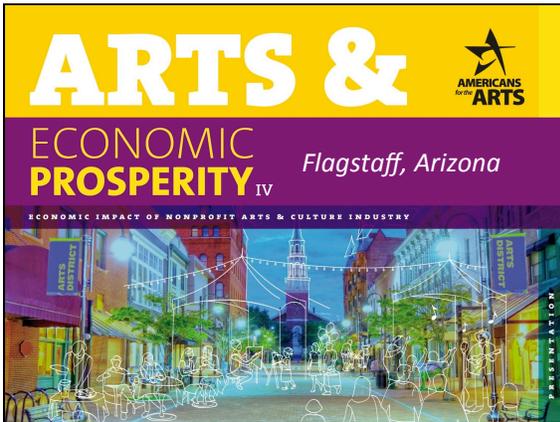


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Americans for the Arts is the nation's leading nonprofit organization for advancing the arts in America. Established in 1960, we are dedicated to representing and serving local communities and creating opportunities for every American to participate in and appreciate all forms of the arts.











What the AEPIV Report Includes

- **Non-profit arts organizations**
 - Museum of N. Arizona, Master Chorale of Flagstaff, Flagstaff Symphony Orchestra, etc.
- **Non-profit science and culture organizations**
 - Lowell Observatory, Pioneer Museum, etc.
- **Departments or programs within other organizations**
 - Northern Arizona University
 - Coconino Community College
 - PAWS Sculptures by Coconino Coalition for Children & Youth



What the Report Does NOT Include

- **Individual Artists**
 - Estimated 400 active artists in region
- **Art Galleries**
 - West of the Moon Gallery, Artists' Gallery, Painted Desert Trading, etc.
- **For-profit Arts Businesses**
 - Orpheum Theater & Pepsi Amphitheatre
 - Art Supply Stores, Other Creative Industries



Direct Economic Spending of Non-profit Arts & Science Sector in Flagstaff, Arizona

\$72.9 Million Industry

Combined Annual Expenditures with Audience Expenditures





Economic Impact of Non-profit Arts & Science Sector in Flagstaff, Arizona

2,497 Local Jobs

The Non-Profit Arts & Culture Sector's total economic activity of \$73 Million supports 2,497 full-time equivalent jobs

The slide features three small photographs at the bottom: a man in a blue shirt, two men sitting at a table with a whiteboard, and a person wearing a yellow hard hat and a safety vest.

Economic Impact of Non-profit Arts & Science Sector

\$3.8 Million

City & County Tax Revenue

+ \$3.8 Million State Tax Revenue

Essential Revenue to Pay for Core Services

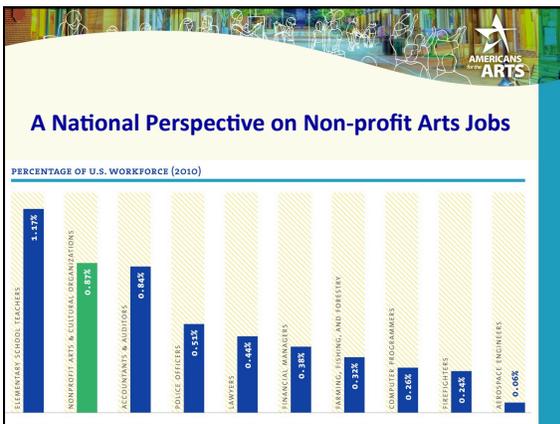
The slide includes two photographs at the bottom: a white Flagstaff Police car with a police officer standing next to it, and a white snowplow clearing a road.



Total Attendance at Non-profit Arts & Science Events in Flagstaff

1.1 Million



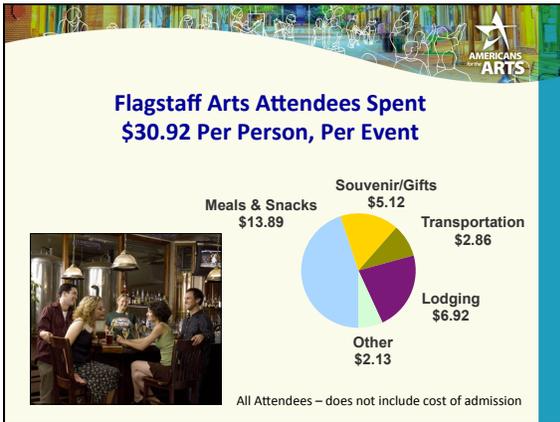


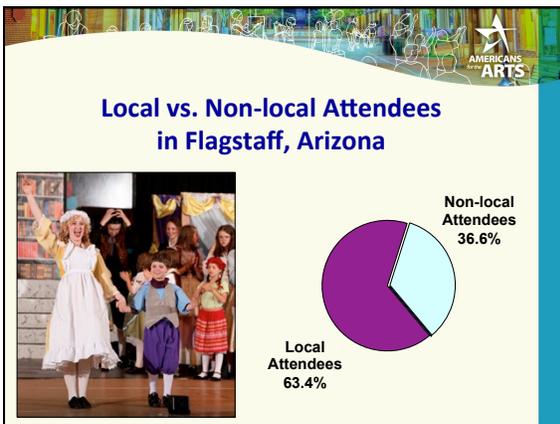


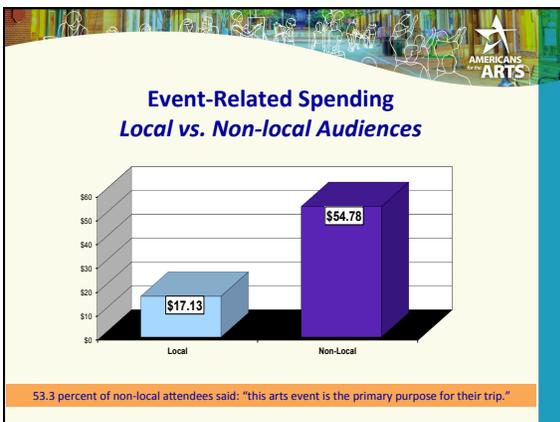
Non-profit Arts & Science Industry in Flagstaff

Organizations	\$37.8 Million
Audiences	\$35.1 Million
Total	\$72.9 Million

- ✓ Supports 2,497 FTE jobs
- ✓ Generates \$7.6 Million in government revenue









Arts Volunteerism

- Tracked hours: 2,035 arts volunteers who donated 91,168 hours (\$1.9 million value)
- Average organization: 45 volunteers who donated 55 hours each
- Value of 2010 volunteer hour = \$21.36







How Does Flagstaff Compare?

Community	Population	Arts NPO's	Industry Impact	Spending per Tourist
Flagstaff, AZ	65,870	37	\$73 Million	\$54.78
Bloomington, IN	71,819	40	\$72 Million	\$40.11
Missoula, MT	68,202	32	\$40 Million	\$52.64
Portland, ME	62,561	38	\$49 Million	\$39.19
Telluride, CO	2,361	24	\$37 Million	\$191.81
Providence, RI	171,557	54	\$190 Million	\$35.16

Boulder, CO: 22 participating non-profit organizations (NPO's) out of 147



National AEP4 Research Partners























Local Research Partners





Arts & Economic Prosperity IV 5 Take-Aways

1. \$73 Million industry in Flagstaff
2. Supports nearly 2,500 local jobs
3. Generates \$3.8 Million in local government revenue
4. Attendees spend \$30.92 per person (vs. \$24.6 national)
5. Tourist audiences spend \$22.8 Million in Flagstaff



The Arts Mean Business!

www.CulturalPartners.org/EconomicImpact

www.AmericansForTheArts.org/EconomicImpact



Memorandum

6.

CITY OF FLAGSTAFF



To: The Honorable Mayor and Council
FROM: Elizabeth Anderson, Community Enrichment Services Director
Date: 10/25/2012
Meeting Date: 10/30/2012

TITLE

Draft Parks and Recreation Master Plan Review.

RECOMMENDED ACTION

Review and Discussion on Chapters 7 & 8

INFORMATION

Information:

In 2010, the City of Flagstaff contracted with consultants AECOM and Plan*ET to update its 1998 Parks and Recreation Master Plan. Since the original plan was developed, the City has increased in population and density and park needs and recreation trends have changed, triggering the need to update the plan. These plans are typically designed to cover a ten (10) year period into the future. The proposed updated plan rethinks how the City addresses parks and recreation needs, how it provides park and recreation facilities and services, and how it offers community events and programs under three (3) different financial scenarios: reduced, baseline and enhanced. The plan includes comprehensive chapters on parks, facilities, programs, maintenance, events and finance. To demonstrate the connection between the Regional Plan update, links to the Regional Plan are included in the Parks and Recreation Goals and Strategies pages.

On June 5, 2012, the draft Parks and Recreation Organizational Master Plan became a public record, but not officially adopted by the City Council. Council decided that prior to final adoption of the draft plan, a detailed walk-through of each chapter was necessary in order to provide for a better understanding of the policy decisions proposed and allow for additional community input. This extended review will also allow new councilmembers the opportunity to learn about the process undertaken in the past 18 months of plan development. Beginning on September 11, 2012 and proceeding on each subsequent Work Session, the Community Enrichment Services Director will review each chapter of the draft plan with City Council. Parks and Recreation staff will be available to answer questions at each session.

On October 30, 2012, we will review chapters 7 and 8, Facilities and Maintenance.

Attachments:

Form Review

Inbox	Reviewed By	Date
Community Enrichment Director (Originator)	Elizabeth Anderson	10/25/2012 03:03 PM
DCM - Jerene Watson	Jerene Watson	10/25/2012 03:59 PM
Form Started By: Elizabeth Anderson		Started On: 10/25/2012 11:25 AM
Final Approval Date: 10/25/2012		

Memorandum

7.

CITY OF FLAGSTAFF

To: The Honorable Mayor and Council
FROM: Elizabeth A. Burke, City Clerk
Date: 09/19/2012
Meeting Date: 10/30/2012



TITLE

Update on Information and Outreach on City Bond Questions.

RECOMMENDED ACTION

Presentation only.

Attachments: Bond Memo

Form Review

Form Started By: Elizabeth A. Burke

Started On: 10/25/2012 03:05 PM

Final Approval Date: 10/25/2012



MEMORAUNDUM

DATE: September 17, 2012
TO: Mayor & Council
FROM: Kimberly Ott, Assistant to the City Manager for Communications
THROUGH: City Manager, Kevin Burke
RE: Bond Election Outreach

As approved by the City Council, two City of Flagstaff bond questions are on the November 6, 2012 ballot.

Question # 405 – Forest Health and Water Supply Protection Project
Question # 406 – Core Services Maintenance Facility

A team of City staff have been working to develop and coordinate information/outreach opportunities within the community. Team members include:

Kevin Burke
Erik Solberg
Brad Hill
Paul Summerfelt
Rebecca Sayers
Mark Brehl
Pat Bourque
Malcolm Alter
Michael O'Conner
Stephanie Smith
Kimberly Ott

During the September 25 City Council Work Session staff will outline key messages, current outreach efforts, and seek direction from Council on additional informational opportunities/messages.