

MARCH 2013 | icma.org/pm

PM

PUBLIC MANAGEMENT

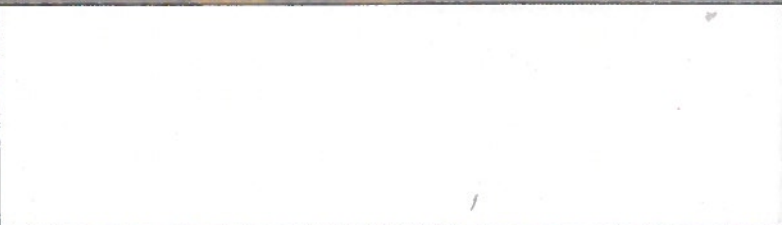
INSIDE

- 4 INVEST IN YOURSELF
- 20 SPECIAL REPORT: LEADERSHIP AND THE PROFESSION
- 26 OF POWER AND PROMISES
- 36 WE'VE GOT YOUR BACK

THE NECESSARY TRUTHS ABOUT

POLICE SAFETY

Insights into developing a culture of safety and wellness





ARTS MEAN
*ECONOMIC
REVITALIZATION*

Arts patrons give strong support to local business

By Robert Lynch

PICTURE A PERFECT EVENING OUT. YOU JUMP IN YOUR CAR AND HEAD DOWNTOWN TO GO SEE THE REGIONAL THEATER'S LATEST PRODUCTION. BEFORE THE SHOW BEGINS, YOU PAY TO PARK YOUR CAR IN A MUNICIPAL GARAGE AND TAKE ADVANTAGE OF A PRE-THEATER DINNER MENU AT A LOCAL RESTAURANT.

Then you walk to the show, possibly making a stop along the way to shop when a local storefront catches your eye, and you proceed on to enjoy the performance. Afterward, you're not quite ready to end the night so you drop into a nearby restaurant for coffee and dessert. Depending upon how far you drove from home, you might even spend the night in a local hotel.

Sounds like a wonderful evening, right? If you're a local government manager, it also sounds like a great night for your local economy. This scenario is a fairly typical description of what happens when arts patrons attend cultural events. As it illustrates, the investments made in local nonprofit arts and culture organizations provide tremendous support to other sectors of the local economy. Arts and culture organizations leverage additional event-related spending by their audiences that pumps

revenue into the local economy.

Any time that money changes hands, there is a measurable economic impact. Americans for the Arts' latest report *Arts & Economic Prosperity IV* studied the economic impact of nonprofit arts and culture organizations in communities across the United States, representing all 50 states and the District of Columbia.

Survey data was collected from 9,721 organizations and 151,802 of their event attendees. According to the study, the nonprofit arts and culture industry generated \$135.2 billion dollars of economic activity—\$61.1 billion in spending by

nonprofit arts and culture organizations, plus an additional \$74.1 billion in spending by their audiences, resulting in \$22.3 billion in revenue to local, state, and federal governments. This is a yield well beyond their collective \$4 billion in arts appropriations. It is estimated that 25 to 30 percent of this pie is local governments' appropriations.

What makes the economic impact of arts and culture organizations unique is that, unlike many other industries, they induce large amounts of event-related spending by their audiences. Local merchants reap the benefits of your city's investment in the arts. In fact, the typical arts attendee spends \$24.60 per person, per event, beyond the cost of admission on meals, local ground

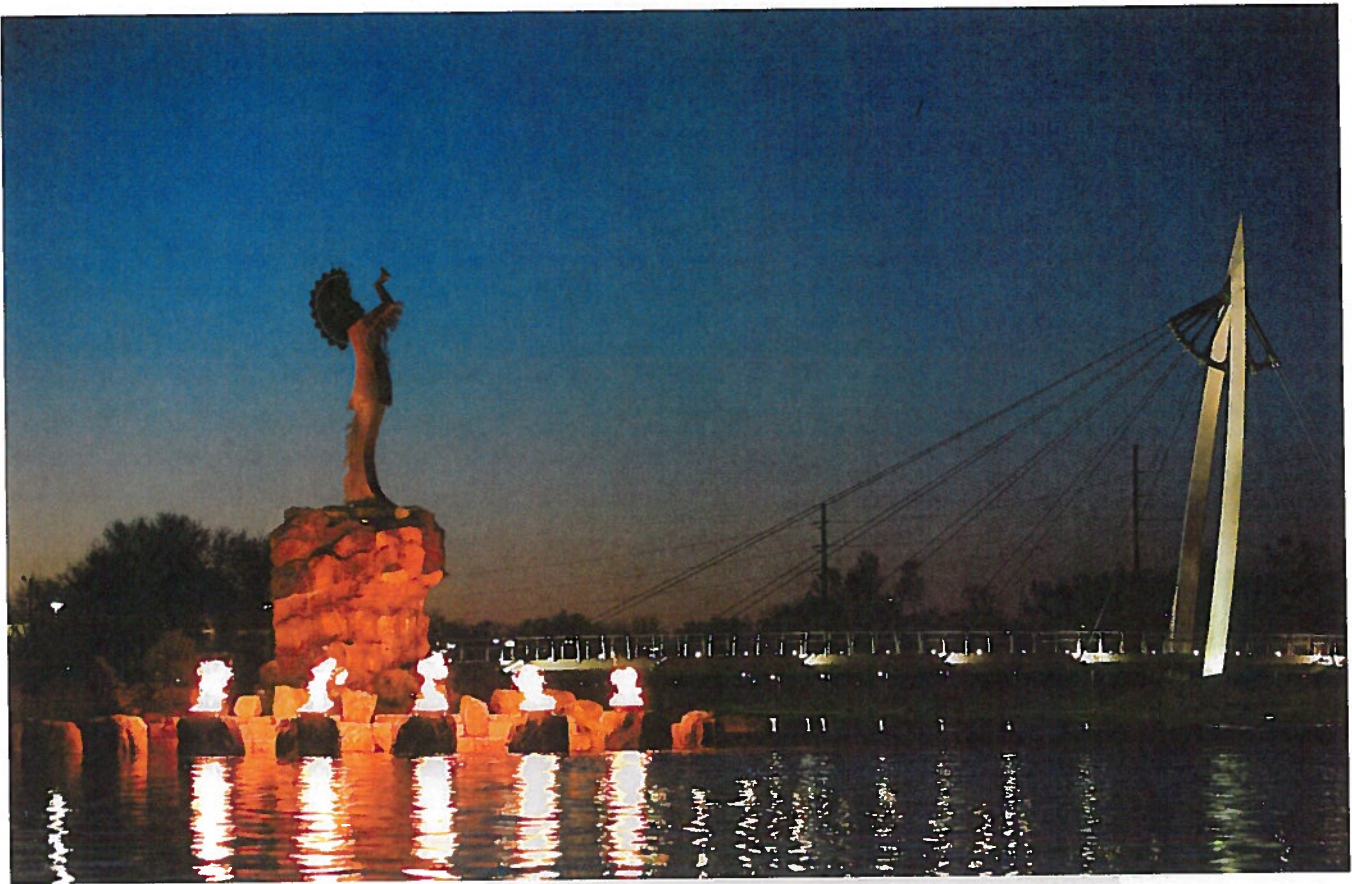
OPPOSITE PAGE: Albert Paley Sculpture. "Paragon" is a 38-foot, 28-ton sculpture that serves as the gateway to the Wichita, Kansas, WaterWalk development downtown. Wichita's city council commissioned the piece from Rochester, New York, artist Albert Paley.

BELOW: Nomar International Market. Planning for Wichita's Nomar International Market began in 2004, construction was completed in 2010, and the venue officially opened in May 2011.

TAKEAWAYS

- › Arts and culture organizations, unlike other industries, induce event-related spending.
- › Arts and cultural organizations can assist in the revitalization of blighted areas.
- › Cities benefit when they can attract cultural tourists who stay longer and spend more money.





ABOVE: Keeper of the Plains Plaza and Pedestrian Bridges. The Keeper of the Plains Plaza in Wichita, Kansas, incorporates the history of American Indians and embodies a "sacred hoop" and the four elements that make up life—earth, air, fire, and water.

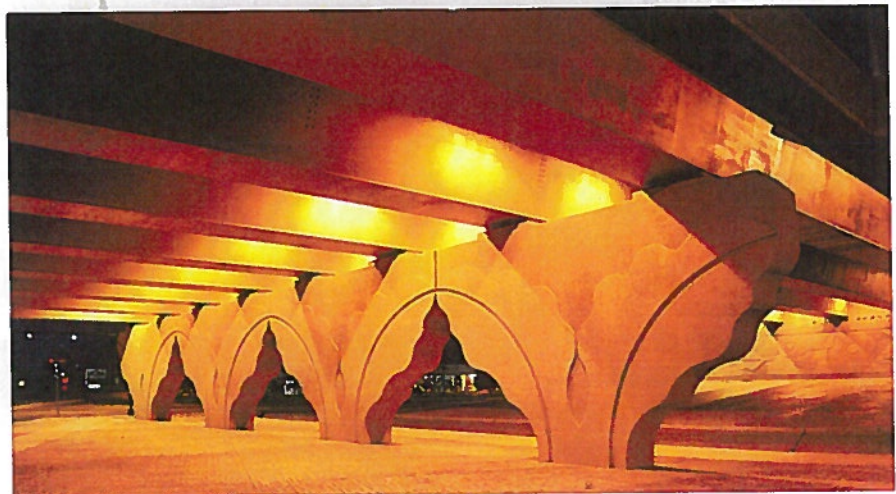
transportation, shopping and souvenirs, overnight lodging, and even babysitting.

Arts organizations fundamentally support locally based businesses. They operate as small businesses, employ people locally, and purchase goods, which can be grown locally.

A Story of Revitalization

Most everyone is familiar with the Louisville Slugger Factory and Museum in Louisville, Kentucky. But, what you might not know is how the factory came to its current location at 800 W Main Street in downtown Louisville. Going back 20 years, Main Street was composed of empty storefronts and run-down businesses and contributed little to the city's tax base.

Then something transformational occurred. A small theater decided to



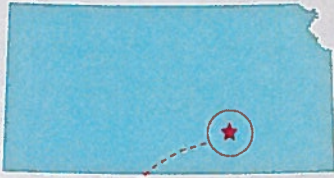
ABOVE: West Kellogg Freeway Project. The West Kellogg Freeway Project is one of many examples in Wichita of ways to incorporate art into the built environment. The project spanned 2.2 miles of highway improvements that included landscaping, planters, piers, and stamped-concrete retaining walls to add to the overall appearance of the freeway.

open on Main Street, likely because the rent was so cheap. Then a small coffee house opened, and restaurants and art galleries soon followed. Eventually, Louisville Slugger moved from across the river to Main Street, and it now serves as an anchor for what is known as "Gallery Row." Currently, Gallery Row generates

hundreds of thousands of dollars in tax revenues for the city, and it all started because a little theater moved in.

This story has repeated itself countless times across the country. Businesses, especially those in the service arena, are drawn to neighborhoods where the arts are happening. Local government

CASE STUDY: WICHITA, KANSAS



WICHITA, KANSAS, is one of the 50 largest cities in America with a population of nearly 400,000 and a regional draw of 800,000. Known as the "Aviation Capital of the World," 60 percent of all general aviation manufacturing occurs here. Most people are unaware, however, that Wichita has another economic powerhouse: the arts industry.

Wichita was one of 186 cities included in the Americans for the Arts' *Arts & Economic Prosperity IV* study. It revealed that the arts in Wichita generate \$66.2 million in economic activity and support 2,006 jobs.

The arts are a business in Wichita, and there's no better example than Disney's "The Lion King." This touring Broadway show sold 60,000 tickets over a four-week run in September 2012, generating \$4.3 million. Forty-three percent of ticket buyers were from outside Wichita.

The arts are so important to Wichita that we are considering the creation of an art district, to nurture and grow our cultural community.



ROBERT LAYTON
City Manager
Wichita, Kansas
rlayton@wichita.go

managers know that the arts and culture are great for economic revitalization.

Paducah, Kentucky, took this concept to the next level by actually using the arts and culture as the centerpiece of a program designed to revitalize an entire area of that city. The Artist Relocation Program uses city funds combined with strong public partnerships with local businesses and banks to create incentives for artists to move into the city.

Benefits to relocating artists include financial incentives, lower-than-market interest rates, discounts on all closing costs, and a full array of products and services. Business incentives include free lots for new construction; free web page and other joint marketing programs and promotional options; and preservation tax incentives.

As a result of this program, the neighborhood has been transformed from dilapidated housing and warehouses to an area that is now a hot spot to live in the city. In addition to artists, other professionals have moved in, cementing the program's success.

Not only are your own residents attracted to the arts and cultural events in your area, but visitors from other regions are, too. Communities that draw cultural tourists experience an additional boost of economic activity. After all, no one travels to simply stay at a hotel; they travel to attend an event, view an attraction, or participate in an activity.

Look at the Numbers

In fact, 32 percent of arts attendees live outside the county in which the arts event takes place. Why are they there? Nearly 60 percent of nonlocal arts attendees report that the primary reason for their trip was specifically to attend that arts event.

And, their event-related spending is more than twice that of local attendees (\$39.96 versus \$17.42). Arts and culture organizations provide these types of opportunities, which in turn attract and promote other business interests such as the hospitality industry.

Cultural tourism is an important piece of your economy. According to the U.S. Travel Association and the U.S.

Department of Commerce, research has consistently shown that arts tourists stay longer, spend more than the average traveler, are more likely to spend \$1,000 or more, and are more likely to stay in a hotel or other lodging.

Among "nonlocal" arts attendees, nearly 30 percent spent at least one night away from home in the community where the cultural event took place. With those "heads in beds," the cash registers are ringing—those overnight attendees spent an average of \$170.58 per person. A vibrant arts community not only keeps residents and their discretionary spending close to home, but it also attracts visitors who spend money and help local businesses thrive.

One might think that tourism is only a factor for the big communities with attractions like Disney World or the Grand Canyon. But savvy managers know that tourists actively seek out events in every state and in every size city or county. More times than not, especially in small towns, these tourists are there solely for some arts or cultural event, which greatly adds to tax revenues.

Just look to New Orleans, where jazz and the culinary arts draw hundreds of thousands of visitors annually. Furthermore, New Orleans and many of the smaller towns in Louisiana realized it was a smart move to use the arts and culture as a rebuilding tool after Hurricane Katrina.

In next month's article, we will explore how the arts and culture are a draw for business, how CEOs of large companies demand quality-of-life opportunities, and how arts education is playing a big role in teaching the future workforce creativity and innovation. **PM**

This three-part article series concludes in the April 2013 *PM*. The January/February *PM* article, "Arts Mean Business," online in the Archives tab at icma.org/pm, examines the value of nonprofit arts and culture organizations to local governments.



ROBERT LYNCH is president and chief executive officer, Americans for the Arts, Washington, D.C. (rlynch@artsusa.org).