THE ECONOMIC IMPACT
OF THE ROBINSON
GRAND PERFORMING
ARTS CENTER ON
HARRISON COUNTY

SUMMER 2016
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Executive Summary

The City of Clarksburg is in the process of renovating and restoring the Robinson Grand Performing Arts Center located in the city’s downtown. The renovation promises to bring a historic landmark back into use as a center for music and other arts performances. In this report we estimate the impact of this renovation on Harrison County’s economy during the first five years of operation.

The economic value of the Robinson Grand renovation encompasses a number of different types of economic impacts. The renovation construction provides a short-term economic boost to the local economy. Once the renovation is complete, and the center opens, it will have regular operational expenditures that are spent in the local economy. Lastly, performances at the center will bring visitors to the county, which will bring additional tourism income to county businesses and residents. All of these expenditures constitute the economic benefit to Harrison County of the renovation project. Our primary findings are as follows (see Figure 1):

- We estimate the total economic impact of the Robinson Grand renovation to be $32 million through the first five years of operation.
- The City of Clarksburg is expected to invest approximately $21 million in construction and operational costs for the Robinson Grand. This spending will bring more than 50 cents in economic activity to Harrison County for every dollar spent by the center.
- Expenditures from the renovation is expected to support employment of 221 workers across five years who will earn total compensation of nearly $13 million.
- The Robinson Grand is estimated to produce more than $376,000 in tourism-related spending in Harrison County during the first five years of operation.
- The renovation is expected to return more than $570,000 in tax revenue to the state.

Figure 1: Total Economic Impact Components
1 Introduction

The City of Clarksburg is in the process of restoring and renovating¹ the Robinson Grand Performing Arts Center located in the city’s downtown area. The renovation promises to bring a historic landmark back into use as a center for music and other arts performances. In this report we estimate the impact of this renovation on Harrison County’s economy.

The economic value of the Robinson Grand renovation encompasses a number of different types of economic impacts. The renovation construction provides a short-term economic boost to the local economy, as contractors purchase materials and hire local workers. Once the renovation is complete, and the center opens, it will have regular operational expenditures that are spent in the local economy. Third, performances at the center will bring visitors to the county, which will bring additional tourism income to county businesses and residents. All of these expenditures constitute the economic benefit to Harrison County of the renovation project.

In this report, we estimate the economic impact of these three types of expenditures in the Harrison County economy. We begin with a discussion of economic impact methodology, followed by the impact estimates, and the total impact over the first five years of operation. We end by discussing additional potential impacts that are more difficult to quantify.

2 Methodology

To estimate the economic impacts of the Robinson Grand renovation, we use a sophisticated model of the West Virginia and Harrison County economies.² The expenditures for construction, operations, and tourism are called the direct impact of the economic enterprise. However, the total impact is not limited to the direct impact, but also includes the secondary economic impact accrued as those expenditures are re-spent throughout the rest of the economy.

For example, as depicted in Figure 2, each year the Robinson Grand will purchase a variety of goods and services, such as office supplies, electricity, insurance, etc. As the suppliers of these inputs increase production, their subsequent suppliers will increase production, and so on. Also, the center is expected to employ a number of workers, part of whose income will be spent in the local economy, which generates more output, income, and employment impact. Lastly, visitors to the region import money from outside the county to be spent in the local economy, which also raises the income of local businesses. These secondary impacts together form what is known as the “multiplier effect.” The original stimulus to the economy from the center’s expenditures is re-spent multiple times through the rest of the economy. At each stage some of the expenditures “leak” out of the region as they are spent at companies outside the county. The combined direct impact and secondary impacts together constitute the total economic impact of the center’s operations.

¹ For brevity we will refer to the restoration and renovation simply as renovation hereafter.

² This study was conducted using the IMPLAN modeling software, an industry-standard input-output model of the economy. More information about IMPLAN can be found at http://www.implan.com.
Initial expenditure data for this study was provided by the City of Clarksburg. We have not attempted to duplicate the estimates in the documents provided to the BBER. Data on the construction costs for the renovation was provided by WYK Associates, the architectural firm contracted by the city to perform the renovation design.\(^3\) For the estimate of the Robinson Grand’s expected annual expenditures, we relied on a planning report commissioned by the City of Clarksburg.\(^4\) This report also projected potential attendance for the performances at the center, which we use in calculating expected tourism expenditures.

We have also made several assumptions in this analysis. First, we assume that the project would not have gone forward without the investment by the City of Clarksburg and other donors. We believe this is a safe assumption, as the theater had been closed for several years before the city began the restoration project. Second, we have concentrated our analysis on the positive benefits of the project, rather than the opportunity costs associated with the local spending. Governments have many priorities, and the dollars going toward the Robinson Grand renovation may have been spent differently in the local economy if this project had not gone forward. Also, donors may have invested in other projects in the community that would have had similar effects.


3 Impact of Construction Expenditures

During the period when the Robinson Grand is under renovation, the construction expenditures will provide a significant economic benefit to Harrison County. According to WYK Associates, the renovation is expected to restore the interior of the theater portion of the center, while bringing it up to modern ADA standard. The construction is expected to include line-items such as refurbishing the stage, mezzanine, and balcony levels; a new elevator and ballroom; and additions to the west of the center. Clarksburg officials have said they expect the renovation to be completed in 14 to 16 months. For the purposes of this impact assessment, we assume that the construction is completed in one phase, and thus the economic impact estimate represents the total gain to the economy for the entire construction period.

Through July 2016, the City of Clarksburg had spent nearly $2.6 million to purchase the Robinson Grand and neighboring properties, as well as a variety of other services, including architectural services, consulting services, and repairs, etc. Of this amount, we exclude $784,000 in land acquisition costs, as these represent asset transfers that do not have economic impacts in the region. The total construction budget for the renovation itself is expected to be $15 million. Added together, the direct impact for the renovation construction is expected to be $16.8 million, which is considered the direct impact of the renovation construction.

With these expenditures as our starting point, we estimate that the center’s construction will generate an additional $8.2 million of secondary economic activity as these monies are re-spent in the rest of the Harrison County economy (see Table 1). Including the initial direct expenditures, the renovation construction is expected to generate $25 million in business volume.

Table 1: Economic Impact of the Renovation Construction

<table>
<thead>
<tr>
<th></th>
<th>Direct Impact</th>
<th>Indirect &amp; Induced Impact</th>
<th>Total Economic Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Volume ($)</td>
<td>16.8</td>
<td>8.2</td>
<td>25.0</td>
</tr>
<tr>
<td>Employment (jobs)</td>
<td>113</td>
<td>58</td>
<td>171</td>
</tr>
<tr>
<td>Employee Compensation ($)</td>
<td>7.3</td>
<td>3.0</td>
<td>10.3</td>
</tr>
<tr>
<td>Total Taxes ($)</td>
<td>327.4</td>
<td>135.8</td>
<td>463.2</td>
</tr>
</tbody>
</table>

The construction expenditures are expected to support 113 construction jobs directly, and an additional 58 jobs in the secondary economy. We estimate that these workers will earn $10.3 million in total compensation. The overall economic activity associated with construction is expected to generate nearly $500 thousand in selected state tax revenue.

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5 Employment impacts are estimated from our economic model based on average employment levels per dollar of construction cost and may not coincide with actual employment in the Robinson Grand project.

6 State tax revenue calculations include personal incomes taxes, sales taxes, and corporation net income taxes.
4 Impact of Operational Costs

While the construction costs associated with the renovation are one-time economic impacts, the operation of the center will produce annual economic impacts in the local economy. According to the planning report prepared for the City of Clarksburg, the annual expenditures for the Robinson Grand are expected to be $883,000, and the center will employ six people year-round. The center’s expenditures fall in a number of different categories, including:

- Salaries and benefits: $344,495
- National performance costs: $288,500
- Local and school performance costs: $35,000
- Utilities, insurance, and other occupancy costs: $104,000
- Advertising and promotions: $43,000
- All other: $68,000

The majority of the center’s expenditures are expected to be spent in the local economy and thus generate economic impacts in the region. For the economic impact analysis, we have allocated these expenditures across a variety of expenditure categories, each of which will have differing impacts in the local region. For example, salaries paid to the center’s employees are likely to be largely spent in Harrison County where the workers live, and thus will have a relatively large impact in the region. However, expenses paid to nationally touring performance acts transfer money outside Harrison County, which will not be spent at local businesses. For this reason, we have excluded $288,500 in performance costs paid to national acts from the secondary impact calculations.\(^7\)

In Table 2 we detail the economic impact of the center’s operational expenditures. Overall, we estimate that the center will generate about $1.3 million in annual economic impact. This total includes the $883 thousand in operational expenditures, plus an additional $433 thousand in secondary impacts to support the center. In addition to the six workers at the center, these expenditures are expected to support another three jobs outside the center, for a total of nine jobs in the Harrison County economy. In addition to the $344 thousand the center will spend directly in compensation, workers in related industries are expected to earn $133 thousand in compensation. We expect these expenditures to support $20 thousand in state tax revenue.

\(^7\) These performances are expected to bring in visitors to the county, which will be discussed in the next section.
Table 2: Annual Economic Impact of Operational Expenditures

<table>
<thead>
<tr>
<th></th>
<th>Direct Impact</th>
<th>Indirect &amp; Induced Impact</th>
<th>Total Economic Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Volume ($)</td>
<td>883.0</td>
<td>433.6</td>
<td>1,316.6</td>
</tr>
<tr>
<td>Employment (jobs)</td>
<td>6</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Employee Compensation ($)</td>
<td>344.5</td>
<td>133.7</td>
<td>478.2</td>
</tr>
<tr>
<td>Total Taxes ($)</td>
<td>14.4</td>
<td>6.2</td>
<td>20.6</td>
</tr>
</tbody>
</table>

5 Impact of Out-of-State Tourism

The last primary impact of the Robinson Grand’s renovation will be the gains to the local economy from tourism. At their core the renovation of the center and its operational expenditures are investments in the local community designed to attract visitors from outside of Harrison County. These tourists bring in money from outside the region to be spent at local businesses, such as hotels, restaurants, clothing stores, gas stations, etc. These expenditures represent a net gain to the local economy.

To estimate the economic impact of center-related tourism, we begin with estimates of the attendance at the center’s music and center performances. The Robinson Grand planning report recommended that the center host six nationally touring performances per year, with genres ranging from country music to comedy shows. Expected attendance at these shows varies by genre, but total attendance for all shows is estimated to be 4,513 people per year. The planning report also estimates that the center will host a number of events with local performers, as well as school events. These performances are expected to have an attendance of 4,370 people. Combined the Robinson Grand is expected to draw as many as 8,900 people annually to watch the performances hosted there.

While people who live in the region may spend money going to the events at the Robinson Grand, these expenditures are likely substitutes for other types of entertainment spending, and thus do not constitute new spending in Harrison County. For this reason, we exclude all tourism expenditures related to local and school-related performances from consideration in our impact estimates because these attendees would be expected to be local residents. Secondly, a portion of tickets purchased for the national shows at the center would also come from local residents, and so these expenditures also are excluded from consideration.

To estimate the share of tourism expenditures that could be expected to come from residents outside of Harrison County, we rely on a 2012 report from Americans for the Arts. The organization surveyed patrons in 182 regions across the United States to assess the economic impact of arts programming in local communities. Notably, the report estimated how many attendees of each event resided outside the locality where the event took place. The report also estimated the average amount spent on

tourism-related items by non-residents during their visit to the events in a number of different categories, including hotels, restaurants, transportation, and souvenirs.

The estimates provided in the Americans for the Arts study varied significantly depending on the size of the region surveyed. To account for this variation, for this report we estimate the economic impact from three regions to provide a potential range of expected economic impact from non-resident tourism. The first region, which we consider to be the base scenario, includes non-resident attendance and spending estimates from those cities and counties of a similar size to Harrison County. We also calculate direct impacts using estimates derived from the overall city-county average, and for the two cities in West Virginia that were included in the report: Greater Elkins and Greater Parkersburg.

In the base scenario, approximately 33 percent of attendees at arts events who were surveyed lived outside the region studied. The average amount spent on tourism-related items in regions similar to Harrison County was about $35 per person for each event. If we consider the overall average for all cities and county regions surveyed, approximately 31 percent of arts patrons came from outside the region with an average per person expenditure of about $39. Lastly, for the West Virginia cities, approximately 38 percent of attendees were from outside the local region, and they spent about $50 during their stay.

In Table 3, we detail the estimated direct impact based on the expected number of non-resident visitors and their average spending amounts for each of these three spending scenarios. The total direct impact ranges from a low of $52 thousand for regions of a similar size to Harrison County, up to nearly $86 thousand if we consider only those cities in West Virginia.

<table>
<thead>
<tr>
<th>Region</th>
<th>Non-resident Visitor Percentage</th>
<th>Estimated Number of Non-Resident Visitors*</th>
<th>Average Spending Per Non-resident Visitor</th>
<th>Annual Direct Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Similar Sized City Average</td>
<td>33.1%</td>
<td>1,494</td>
<td>$34.73</td>
<td>$51,879.78</td>
</tr>
<tr>
<td>All City/County Average</td>
<td>30.9%</td>
<td>1,395</td>
<td>$39.11</td>
<td>$54,539.56</td>
</tr>
<tr>
<td>WV City Average</td>
<td>38.2%</td>
<td>1,723</td>
<td>$49.75</td>
<td>$85,716.25</td>
</tr>
</tbody>
</table>

* The number of non-resident visitors is calculated by multiplying the total expected attendance at Robinson Grand by the non-resident visitor percentage for the given region.

Source: Americans for the Arts, Author Calculations

Using the similar-sized city average as a starting point, we estimate that visitors to the Robinson Grand will generate approximately $75 thousand of economic activity annually in the region (see Table 4). About $23 thousand will come from the secondary effects of the initial tourism expenditures. These expenditures are estimated to support one additional job in the region with an average compensation of $24 thousand. This economic activity is expected to generate about $1,100 in tax revenue for the state.
Table 4: Annual Economic Impact for the Base Scenario

<table>
<thead>
<tr>
<th></th>
<th>Direct Impact</th>
<th>Indirect &amp; Induced Impact</th>
<th>Annual Economic Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Volume ($, thousands)</td>
<td>51.9</td>
<td>23.4</td>
<td>75.2</td>
</tr>
<tr>
<td>Employment (jobs)</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Employee Compensation ($, thousands)</td>
<td>15.5</td>
<td>8.2</td>
<td>23.6</td>
</tr>
<tr>
<td>Total Taxes ($, thousands)</td>
<td>0.7</td>
<td>0.4</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Figure 3 compares the economic impact for the other two spending scenarios. We estimate the annual economic impact to be $79 thousand if we use the All-City averages for non-resident attendance and spending, but that figure rises to $124 thousand if we use the averages for WV cities. Total employment stays the same for all scenarios, but compensation rises in the WV average to nearly $36 thousand. Total state tax revenue is similar in all three scenarios, ranging from $1,100 to $1,600.

Figure 3: Tourism Impact Comparison

Source: Author Calculations

6 Five-Year Economic Impact

Construction costs for the renovation of the Robinson Grand are one-time economic impacts, but operational and tourism expenditures will continue each year and thus benefit the Harrison County economy over time. In this section we calculate the estimated economic impact from the construction phase through the first five years of operation. We include tourism effects based on the average
expenditures for cities and counties of similar size to Harrison County. We also ignore the effects of inflation and interest rate discounting.

Table 5 shows the total economic impact for the five-year period of operation. The total economic impact in the construction phase is the same as the construction phase above. For the next five years, the total business volume impact of operations and tourism is $7 million, which supports 50 job-years\(^9\) of employment. Added together, the total economic impact of the renovation through the first five years of operation is estimated to be $32 million. This spending supports employment of 221 job-years with total compensation of nearly $13 million and more than $570 thousand in state tax revenue.

**Table 5: Total Five-Year Economic Impact**

<table>
<thead>
<tr>
<th></th>
<th>Construction</th>
<th>Operations and Tourism Years 1-5</th>
<th>Total Economic Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Volume ($, millions)</td>
<td>25.0</td>
<td>7.0</td>
<td>32.0</td>
</tr>
<tr>
<td>Employment (job-years)</td>
<td>171</td>
<td>50</td>
<td>221</td>
</tr>
<tr>
<td>Employee Compensation ($, millions)</td>
<td>10.3</td>
<td>2.5</td>
<td>12.8</td>
</tr>
<tr>
<td>Total Taxes ($, thousands)</td>
<td>463.2</td>
<td>108.4</td>
<td>571.6</td>
</tr>
</tbody>
</table>

In Figure 4 we compare the total direct expenditures on the Robinson Grand renovation and operations with the total economic impact generated by the center. The construction and operational costs for the five-year planning period total about $21 million. This total represents the investment in the region from Harrison County governments. Secondary impacts and tourism spending total almost $11 million. These impacts are net economic gains in the region that arise as a result of the renovation. These results show that the county is estimated to receive more than 50 cents in economic activity for every dollar spent by the center through the first five years of operation.

\(^9\) A job-year is defined as one person holding a job for one year. If this worker held the same job over the entire four-year period of the operational phase, it would be equivalent to 4 job-years.
The Robinson Grand Performing Arts Center renovation is expected to provide a significant economic gain to Clarksburg, Harrison County, and potentially the entire surrounding region. In this report, we have estimated the economic impact in terms of the dollar value of expenditures in the local economy. However, the center also provides benefits that are harder to quantify.

One of the primary benefits of the Robinson Grand in Harrison County is that the center provides a so-called “cultural amenity” to the region. Arts programming enhances residents’ quality of life, and makes the region a more attractive place to live. As Richard Florida popularized in his book “The Rise of the Creative Class,” cultural amenities can bring in new residents and provide a more dynamic economic environment. These benefits are hard to quantify, though some researchers have used various methods to attempt a valuation. Clark\textsuperscript{10} looked at the effect of cultural amenities on wages and estimated that households would be willing to pay an average of $1.82 in 2015 dollars for access to a theater. Noonan\textsuperscript{11}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure4.png}
\caption{Total Economic Impact Components}
\end{figure}


surveyed the literature using contingent valuation methodology and found that arts programming tends to increase households’ willingness to pay to live in a given city. And Sheppard et al\textsuperscript{12} found that property values were higher in places with an abundance of arts expenditures.

Aside from its value in the labor market, the renovation of the Robinson Grand also is likely to benefit other businesses in downtown. An attractive feature in downtown may provide what economists call a positive externality that makes it more enticing for residents to visit other downtown businesses. The center may also create the need for other businesses in downtown—such as a new hotel, restaurants, or retail stores—that support the center and benefit from the tourism dollars brought in to Harrison County. Thus the renovation may bring in new business to existing companies, while making opening a business in the downtown area more attractive. Lastly, restoring historic buildings often provides a sense of local identity in a region that is hard to quantify. Local residents may feel a sense of civic pride from maintaining the historic character of their city. All of these factors add value of the restoration of the Robinson Grand Performing Arts Center that go beyond the economic indicators here.

\textsuperscript{12} Sheppard, Stephan, Kay Oehler and Blair Benjamin. (unknown). “Buying into Bohemia: the Impact of Cultural Amenities on Property Values.” Center for Creative Community Development.
About the Bureau of Business and Economic Research

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The BBER has research expertise in the areas of public policy, health economics, energy economics, economic development, economic impact analysis, economic forecasting, tourism and leisure economics, and education policy, among others. The BBER has a full-time staff of four PhD economists and one master’s-level economist. This staff is augmented by Ph.D. student research assistants. The BBER also collaborates with affiliated faculty from within the College of Business and Economics as well as from other parts of WVU.

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