

Your Ship or Museum's Economic Impact on the Community



Making Waves

Capt. Terry Bragg, USS North Carolina
Brent Lane, UNC Center for Competitive Economies

USS North Carolina Economic Impact Assessment

Estimate Battleship NORTH CAROLINA's
economic contribution to the Wilmington region

Why?

What?

How?

So What?

Why Economic Impact?

Captain Terry Bragg

Executive Director, USS North Carolina

- Self sustaining for 50+ years
- Launching capital campaign
- Economic impact to regional economy?
- Got a bargain at UNC



What is Economic Impact?

Brent Lane

Director, UNC Center for Competitive Economics

- Economic Impact Assessments (EIAs) calculate employment, income and production outcomes
- City, county, state, int'l budget making decisions
- Economy means “zero-sum” thinking will continue

“The price of everything, but the value of nothing”

Heritage Economics

Brent Lane, Professor of Heritage Economics

- The economic value – not just the impact – of heritage assets

Heritage is a special form of economic asset

- Quantitative and qualitative benefits
- Direct and indirect benefits
- Short and long term benefits

HNSA “Economic Impact” Survey

- Total operating income
- Total operating expenses
- Gross gift shop sales income
- Overnight encampment income
- Visitation
- Overnight encampment participants
- Elderhostel program participation
- Months open for visitation

USS North Carolina

Performance Metrics:

Paid Ship Visitors 2010: 208,994

Paid Visitors 2000-2010: 2,373,186

FY10 Operating Rev.: \$ 3,250,320

Oper. Rev. 2000-2010: \$27,916,900

FY10 Sales: \$ 788,470

Sales 2000-2010: \$ 7,986,170

These are Economic Inputs, Not Impacts!

Impacts arise from Effects

How does USS North Carolina affect its community and its economy?

- Operational spending effect
- Tourism spending effect
- *Real Estate value effect*
- *Community identity/ “brand” effect*

BNC Impact Goals

Inputs:

- Operating budget, admissions, sales

Outcomes:

- Jobs, income, economic growth, tax revenue
- Hedonic effects on real estate values, branding and community identity

Realized – not projected - impacts

EIA Data Required

Operational Impact

- How much you spend and how you spend it

Tourism Impact

- How much your visitors spend and how they spend it

Timing of Impact

- *When this spending occurs*

EIA Info Desired

Add' l Economic Value

- How local businesses capitalize on ship' s presence
- How ship affects local real estate values
- How citizens use and enjoy ship beyond admission
- How ship contributes to the community' s “brand”
- How ship contributes to the community' s “self image”

Measuring BNC Economic Impact

Period: 2000-2010

Area: County

- BNC operational budget (not revenues)
- BNC paid admissions (# not \$)
- Regional/comparables visitor profile data
- Econometric modeling
- Real estate GIS property value analysis
- Interviews within local tourism industry cluster

USS North Carolina Economic Impact Assessment

Local economic impacts measured include:

- Employment added
- Income added
- Economic output added (GDP)
- Hedonic value added
 - “Quality” effects on real estate values, branding and community identity

Impact Modeling

Not just “multipliers”

Social Accounting matrix (IMPLAN)

- Inputs must be analyzed to categorize affected sectors
- Incorporates inputs into a region-specific economic model to calculate outcomes

Outcomes are total of:

- Direct effects - dollars spend within New Hanover County
- Indirect effects - inter-industry purchaser-supplier transactions
- Induced effects - changes in household spending that result from the new direct and indirect industry activity

USS North Carolina Economic Impact

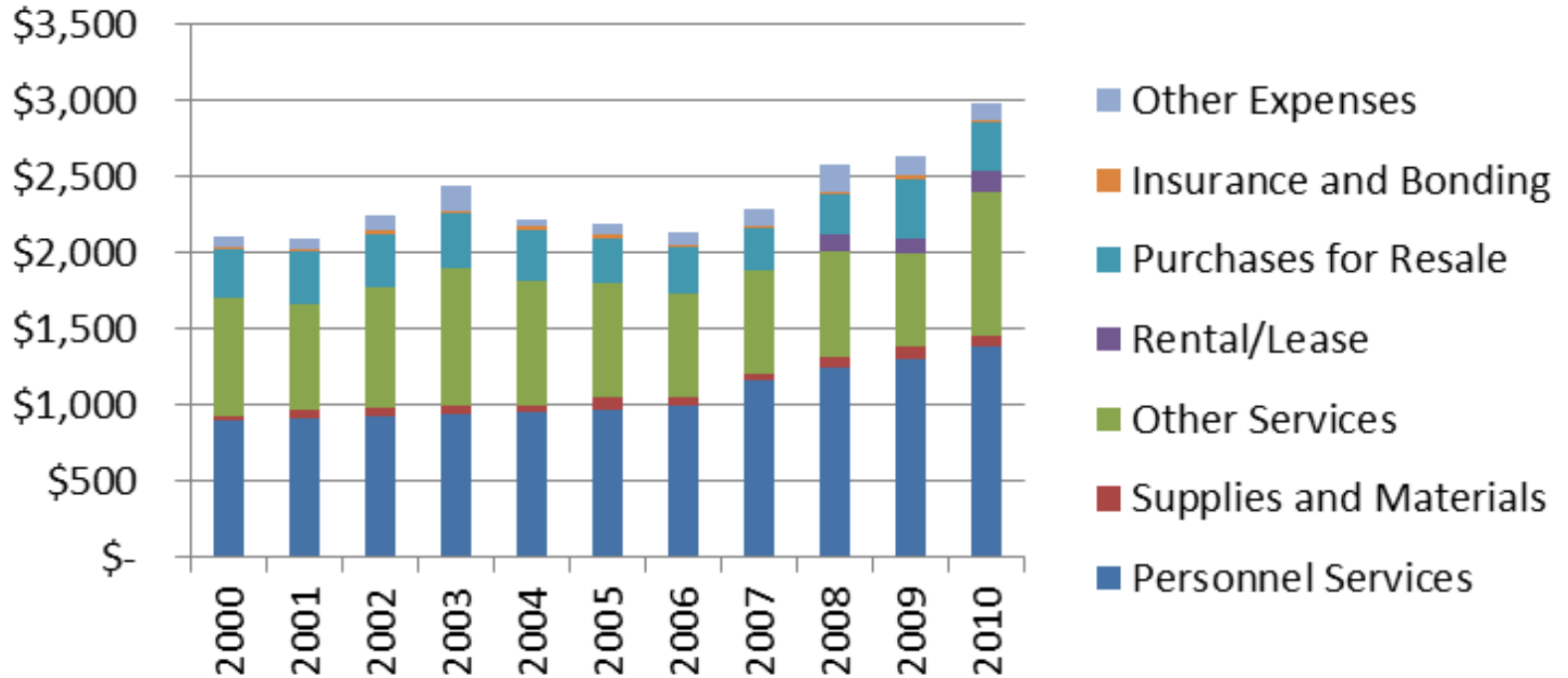
2000 to 2010 Totals

- Employment: 3,173 job/years (303 in 2010)
- Labor Income: \$83.5 million (\$8M in 2010)
- Output (GDP): \$245 million (\$23M in 2010)
- Tax revenue: \$16.5 million (\$1.6M in 2010)
- Real estate: \$5.7 MM

An excellent Return on Investment (on \$zero)

BNC Operational Impact

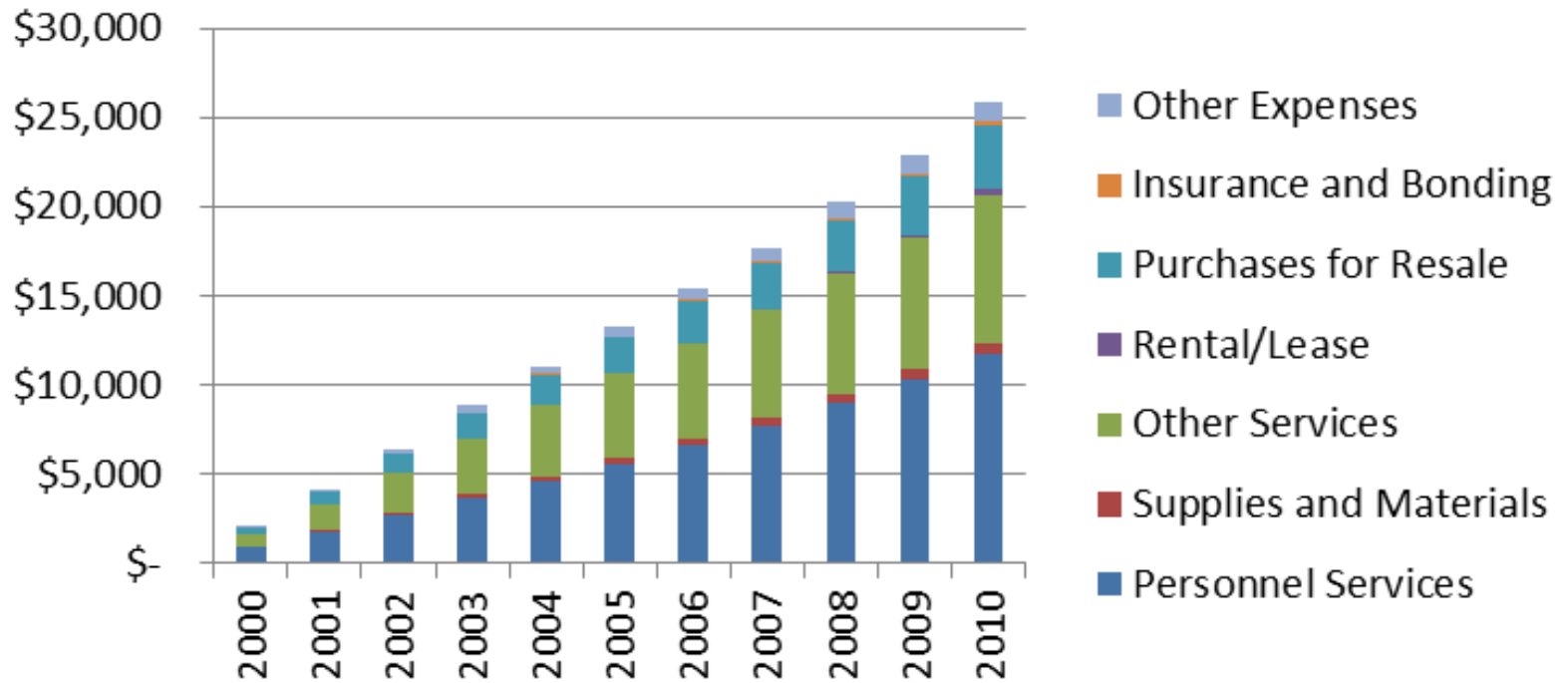
BNC Expenses 2000-2010 (000s) *Annual*



BNC Operational Impact

BNC Expenses 2000-2010 (000s)

Cumulative



BNC Operational Impact

OPERATIONAL SPENDING IMPACTS: 2000-2010		
INPUTS	2010	2000-2010
Spending	\$3.0 million	\$25.9 million
IMPACTS	2010	2000-2010
Labor Income	\$1.31 million	\$13.5 million
Industry Output	\$3.6 million	\$35.9 million
Employment	46	469 J/Y

*BNC operational spending has modest multiplier of 120%

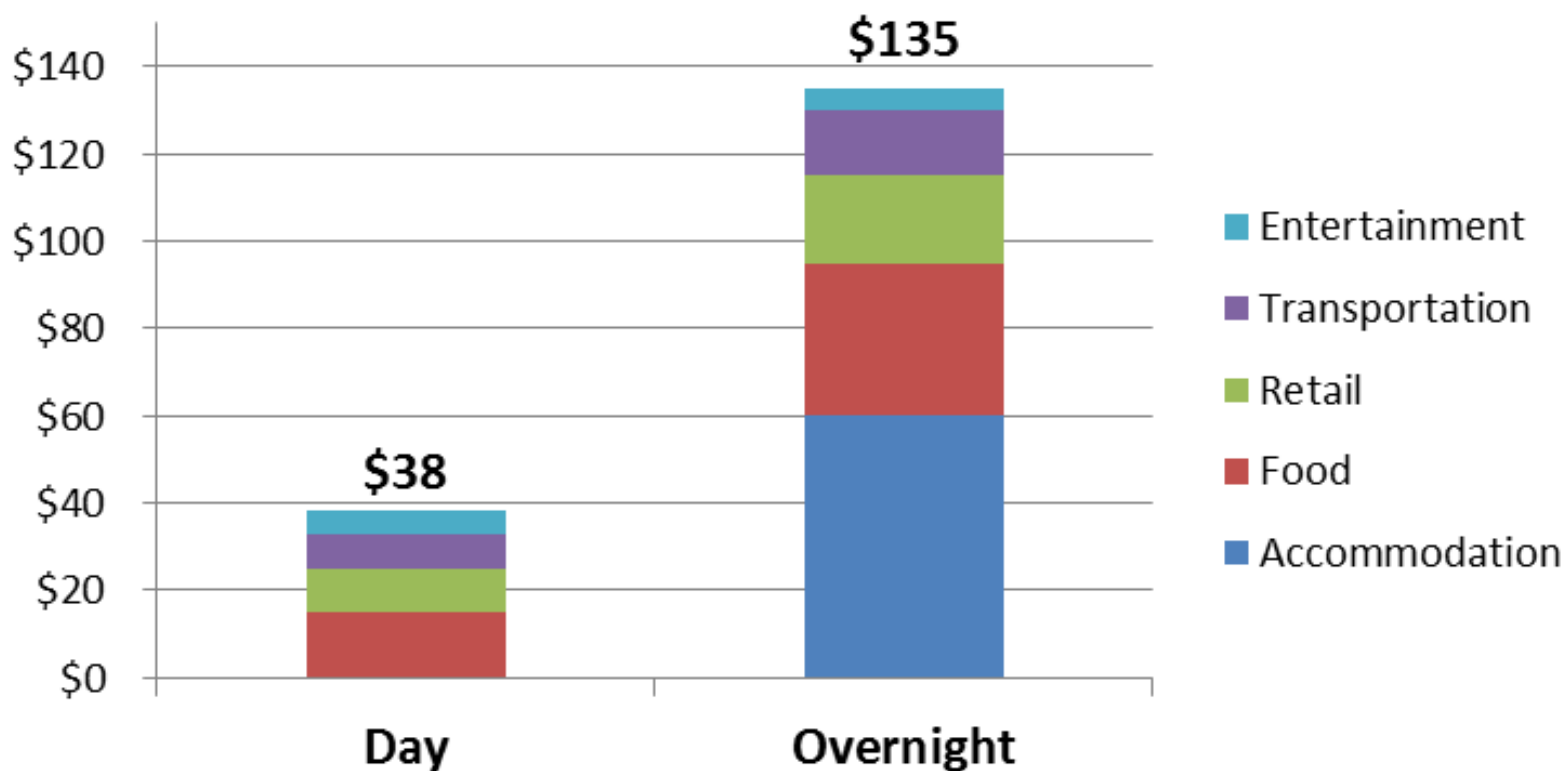
Visitor Profile Data

- Counted only paid admissions (200k)
- 50/50 day vs. overnight visitors (not on BNC)

Derived composite spending profiles

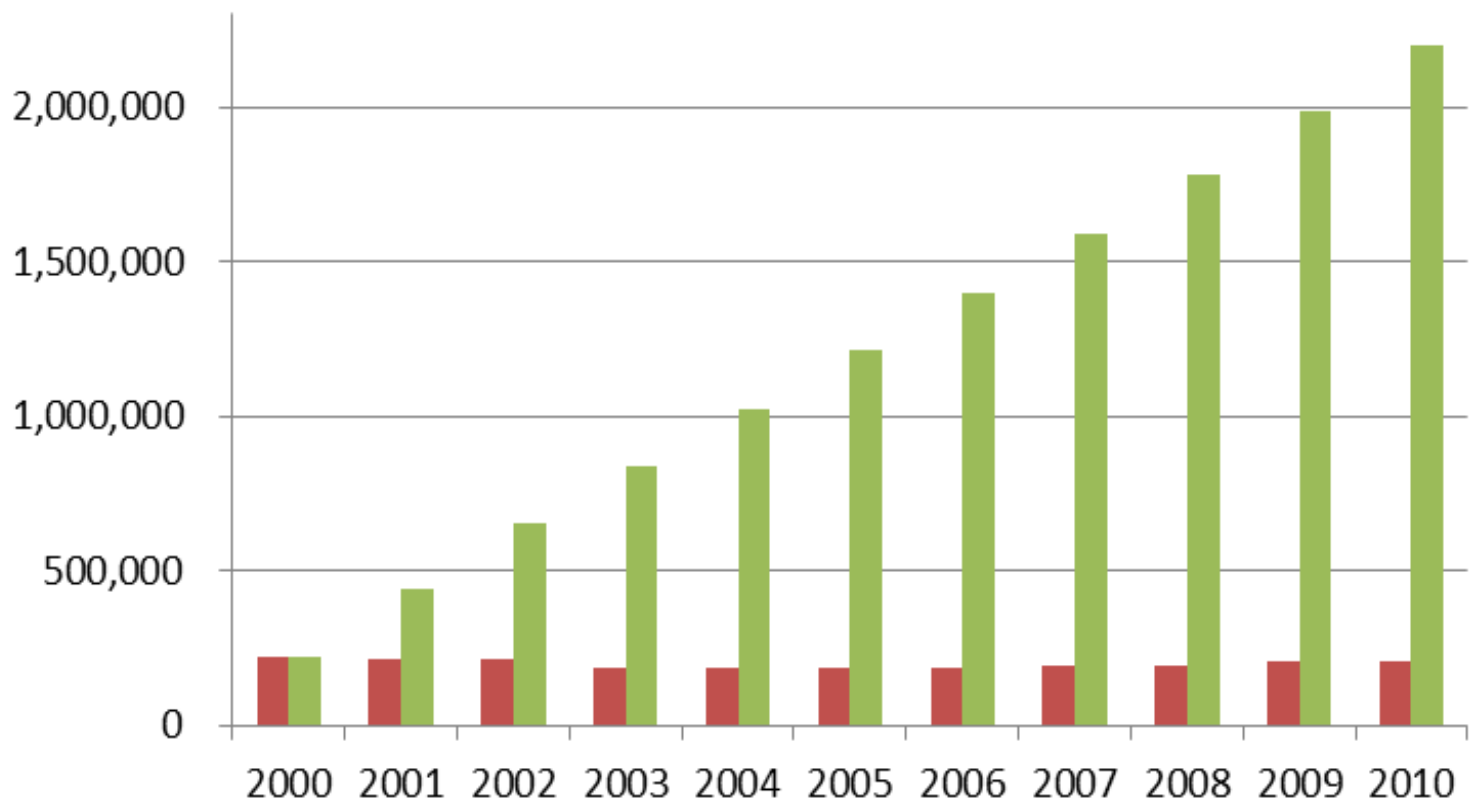
- Avg. day visitor spend = \$38
- Avg. overnight visitor spend = \$135

BNC Visitor Spending

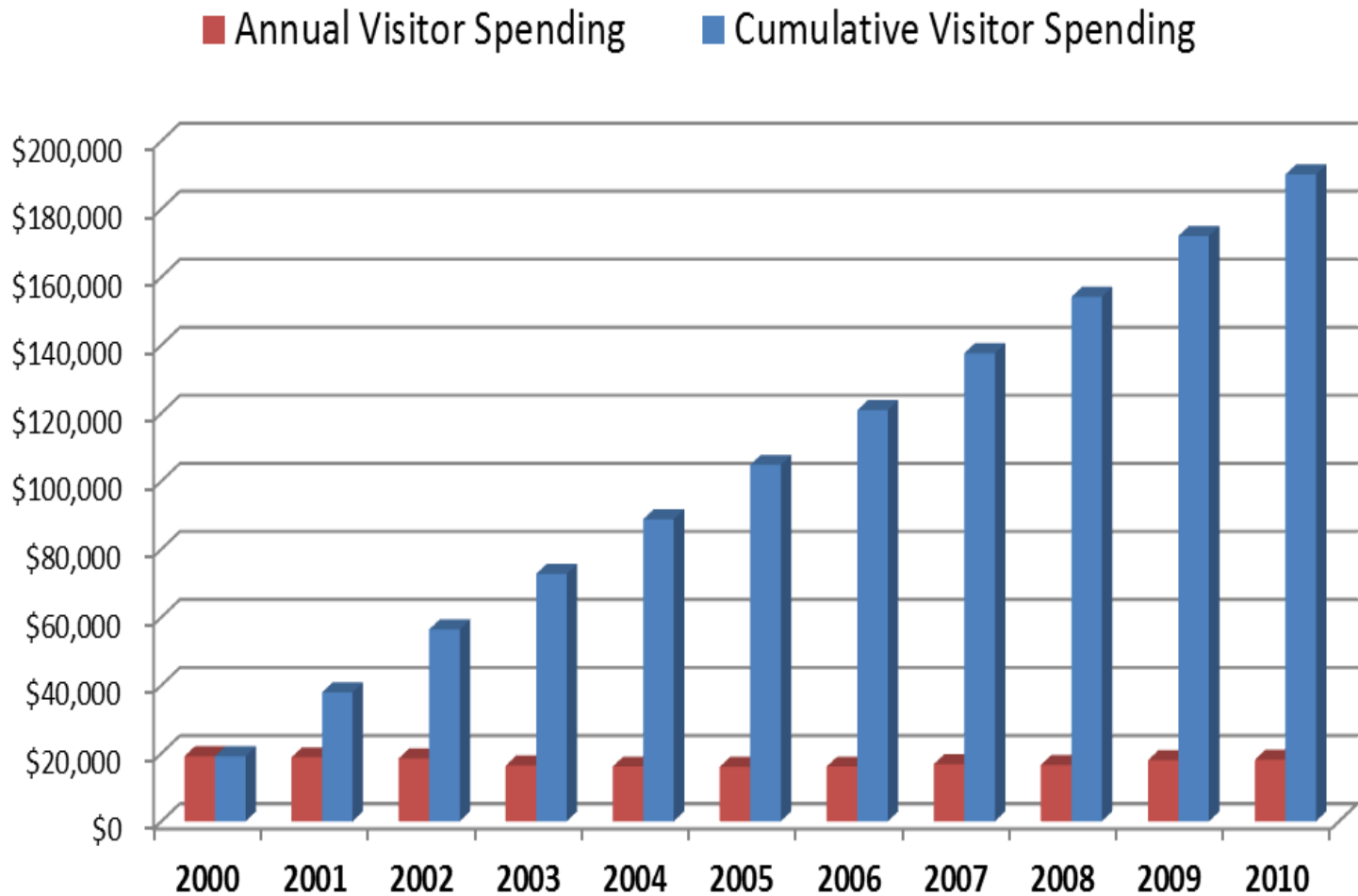


BNC Admissions 2000-2010

■ Annual ■ Cumulative



Visitor Spending: 2000-2010



BNC Tourism Impact

VISITOR SPENDING IMPACTS: 2000-2010

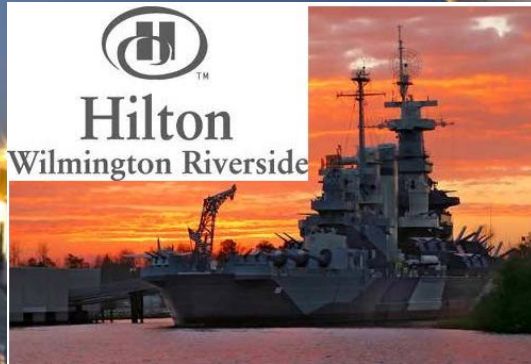
INPUTS	2010	2000-2010
Visitors	208,994	2,197,651
Spending	\$18.1 million	\$190.1 million
IMPACTS	2010	2000-2010
Income	\$6.6 million	\$69 million
Industry Output	\$19.9 million	\$208.8 million
Employment	257	2,704 J/Y

Heritage Real Estate Effect

Research suggests heritage “view value” ranges from modest % to multiples: “Eiffel Tower effect”

- 273 parcels (tax value \$185 MM) have BNC view
- BNC view varies by properties’ utilization
- BNC value is real though masked by river view
- BNC est’ d modest 3% effect of \$5.7 MM

UNIVERSITY OF NORTH CAROLINA AT CHAPEL HILL
KENAN-FLAGLER BUSINESS SCHOOL



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Increase BNC View Value

Expand the view

- Increase the extent and distance of view by removing obstructions
- Integrate ship view into events and activities

Enhance view

- Increase visibility and aesthetic appeal of ship and area (flagging, landscaping, painting)

Lengthen the view

- Increase period of time ship is visible by lighting at night
- Nostalgia for “Sound and Light” show

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USS North Carolina Economic Impact

“USS North Carolina makes a significant and remarkably consistent contribution”

- Magnified by “counter-cyclical” nature of impacts
- Defines Wilmington “brand” to external audiences
- Enduring iconic symbol of community identity to citizenry of rapidly changing city
- On-going evolution will increase this role and its economic value to the community

So What?

- Is economic impact a sound basis for evaluating the role of historic ships?
- Who are the primary audiences for economic impact information?
- How are economic impacts results credibly and persuasively communicated?
- Does demonstrated economic impact improve community support?

Future Research

- Valuing volunteers
- Historic ship visitor profiles
- Heritage education measures
- Optimizing gift shops for educational value and revenues
- Collaborative scale economies opportunities