

To: Newport City Council  
Cc: Joe Nicholson, Paul Carroll, William Riccio, Scott Wheeler  
Subject: **The Economic Impact of Newport's Cliff Walk**

### **Background**

In 2015, the Cliff Walk Commission, in a desire to determine what economic impact visitors to the Cliff Walk have on the Rhode Island and Newport and Rhode Island economies, commissioned survey design, data gathering, and analyses to be undertaken by students at Salve Regina University. The study was coordinated by the Center for Business Outreach and involved students from an *Introduction to Econometrics* class led by Professor Samuel Sacco.

273 visitors along the Walk were interviewed in September of 2015 and February 2016 with a survey of 16 questions.

These results were then compared to and supplemented by a much larger survey undertaken by the Newport Preservation Society of Newport County in 2013 of visitors to their mansions. The results of this study reinforced the findings of this Salve study.

Results of both are attached in digital format.

### **Major Findings**

Of Visitors to the Walk:

- 75% were from New England. 55% were first time visitors to Newport.
- 41% stated Cliff Walk was their "main destination."
- 41% of visitors to the Walk were staying in Newport for two to three days.
- 86% either dined or shopped while in Newport, contributing to the local economy.
- 34% planned or took tours while in Newport.
- 87.5% considered the Cliff Walk and Ocean Drive to be "important" to their visit.

These visitors to Newport accounted for over **\$90 million** in direct, indirect and induced annual spending in the City.

### **Conclusion**

The Cliff Walk is an invaluable asset - an economic driver attracting hundreds of thousands of visitors to Newport, many of whom stay to tour, dine, shop and stay, contributing significantly to both the state and city's economy.

Sincere appreciation and thanks go to the faculty and students at Salve Regina University for their contribution to better understanding the economic value of Cliff Walk's historic and natural attributes. Our Commission looks forward to collaborating with the University on a variety of future Cliff Walk related projects.

Sincerely,

Cliff Walk Commission  
John Hirschboeck, Secretary



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## The Cliff Walk Impact Study

ECN 307: Introduction to Econometrics

An economic study that investigates what impact the Cliff Walk has on the Newport community.



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## Introduction

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The Cliff Walk Impact Study originated in the spring of 2015 through the Business Research Methods class at Salve Regina University, in association with the Center for Business Outreach. Their goal was to draw up a research survey that would be given to tourists who were traveling on the Cliff Walk, a popular public access walkway in Newport, Rhode Island that borders the Atlantic Ocean. The purpose of the survey was to explore what economic impact the Cliff Walk attendees had on the Newport Community as a whole. The survey was formed and then passed onto students who volunteered for community service. These students conducted 89 surveys to tourists traveling on Cliff Walk on September 8, 2015, and also on September 19, 2015. Their findings were brought to the Salve Regina University Introduction to Econometrics class to be analyzed. The Introduction to Econometrics class took it upon themselves to survey an additional 49 Cliff Walk visitors during the second week of February of 2016 in an effort to gather more responses due to the time of year. In total, 273 individuals that were interviewed for this survey. This document contains the analysis of the 138 Cliff Walk survey responses.

## Survey Results

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The Cliff Walk Impact Survey consisted of 16 questions that asked a broad range of questions. For graphical depictions, please refer to Appendix B.

The first question referred to where the respondent was from. This information was useful because the class was able to cross-reference the responses with other questions that will follow. The distance a survey responder traveled to reach Newport can usually influence the amount of time the visitor of the Cliff Walk would stay in and/or around Newport. The further the distance, the more time they spent in the area, meaning that they were more likely to spend more money on products and services. The majority of the people surveyed were from the New England area. Approximately 75 percent of visitors were from the East Coast.

The second question asked how often the respondent visited the Cliff Walk. If the interviewee frequented the Cliff Walk, then they typically would not spend time downtown or on tours. New visitors or those who came on special occasions were more likely to spend their time at hotels or restaurants downtown, or take tours. The data showed that 55 percent of the visitors were considered a "New Visitor", allowing the analysts to assume that the tourists would make the most of their visit by immersing themselves in Newport. These findings could be used to estimate a monetary value of how much money each visitor contributed to Newport.

Duration of the visitor's stay was addressed in the third question of the survey. Based off of the information gathered, it was determined that 41 percent of visitors to the Cliff Walk were staying in Newport for two to three days. The second most popular response, at 23 percent, were those visiting for the day or staying overnight. The question regarding duration of stay was followed by location of stay. The far majority who did stay overnight stayed in a hotel.

The next question of the survey asked how people were arriving to the Cliff Walk from their previous location, in or around Newport. 81 percent of people drove from their previous location, 14 percent walked, and 2 percent took public transportation, such as RIPTA. Analysis found that because of the location of the Cliff Walk in relation to other popular destinations, such as Thames Street and downtown, it would be a reasonable assumption that people were driving to the Cliff Walk. The question regarding how the visitor arrived to the Cliff Walk was followed by a question asking if the visitor paid to park. The question was not a representation of the 138 survey respondents, but rather a representation of the 81 percent that reported they had driven to the Cliff Walk. This proportion could be different depending on the time of year. In September and February, when these surveys were taken, a majority of parking in Newport was free. However, if this survey were given in the summer months, most parking would have to be paid for.

The fifth question asked whether the Cliff Walk visitor was planning on shopping or dining while in Newport. Out of the 138 respondents, 71 percent both dined and shopped while in Newport, 12 percent only went out to eat, and 3 percent only went shopping. Therefore, approximately 86 percent of tourists made some sort of economic impact in the City of Newport by dining, shopping, or both. 14 percent responded with "neither". It was possible that these respondents could have been local to the area, or someone who was staying in Newport for longer than a week.

The sixth question of the survey asked if visitors of the Cliff Walk planned to take any tours while in Newport, and if so, which tours. According to the survey results, 34 percent of visitors planned on taking tours while in Newport. That is about one out of every three visitors. The City of Newport can make a significant profit from visitors taking tours at mansions, on trolleys, and more. Also, the other two-thirds who cite not taking a tour in Newport may change their mind and decide to take one while looking at the mansions on the Cliff Walk. Either way, tours are likely a very good source of economic progress in Newport. The survey also broke down the types of tours that visitors to the Cliff Walk planned on taking. A small amount of people cited taking trolley tours, tours at the vineyard, or ghost tours, but the overwhelming majority of those who responded that they planned on touring one or more of the mansions. This shows that many of the visitors to the mansions probably walk on the Cliff Walk after, and vice versa. The combined economic contribution of the Cliff Walk and the mansions is very important to Newport.

The seventh question asked the visitor if the Cliff Walk was their main destination that day. 56 percent of the respondents stated that the Cliff Walk was not their main destination, while 41 percent stated that it was. It was concluded that although this could be portrayed as a negative statement, since over half responded no, they still did find their way to the Cliff Walk that given day. This could be due to marketing techniques that the Cliff Walk uses around the city. Of those 56 percent of respondents that said no, the Cliff Walk was not their main destination, the survey wanted to know what was their main destination instead. Newport as a whole, the Mansions, and specific events around town were of the top responses.

The responses for how the visitor learned about the Cliff Walk had significant variation. 42 percent of respondents stated that they learned about the Cliff Walk

through word of mouth, while 23 percent had previous knowledge of the destination. These respondents were then asked what they liked most about the Cliff Walk. Just under two thirds responded that they liked the surrounding scenery.

The Cliff Walk Trail Marker program contains 16 markers along the 3½-mile walk. Once scanned to a smartphone, the markers provide information on the historical significance of the geological and geographical features that are seen along the trail. Respondents were asked if they had any knowledge of this program that began in 2015. 59 percent responded that they did not have knowledge, while 37 percent of responded said yes, they did know what the program was. Of that 37 percent, only 31 percent stated that the Trail Marker program was helpful to their enjoyment of the Cliff Walk experience.

To finish the survey, the respondents were asked what they would change about the Cliff Walk. Over half stated that they would not change anything, while others suggested restrooms, concessions, safety and wheelchair accessibility, as well as designated parking.

## **Comparative Analysis**

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The Newport Preservation Society of Newport County recently conducted a thorough study of the impact, the various tours of Mansions in Newport, has on the local economy. While the study was done in 2013, the data comes from many different sources that span over a 10-year period. The class found that a large portion of the data within this study matches closely with the data found in the Cliff Walk Impact study. The Mansion study, however, was done on a much larger scale.

Many similar questions that were asked in the Mansion study were also ask in the Cliff Walk study. These include: where visitors were from, how long they were staying, and where they were staying. In both studies, the majority of visitors, shown in Appendix C and Appendix D, were found to be from New England with about 40 percent, while international visitors were at about 10 percent. The study found that 40 percent of visitors usually stayed for two to three days (Appendix C and D) and day trips to Newport were also very likely. Lastly, the class found that many visitors tend to stay in hotels with about 40 percent (Appendix C and D).

It seems that many of the visitors to the Mansions are very similar in behavior and demographic to those on the Cliff Walk. They may even be a lot of the same people due to proximity. If this is true generally or even sometimes, some of the other data from the study can deemed as useful. As shown in Appendix D, about 36 percent of the Visitors to the Mansions are college grads, and many of these well-educated visitors seem to be more affluent as well. In addition, in Appendix D, the Mansions are the number one attraction in the off-season. While this may be a stretch for the Cliff Walk, since it is outside and the offseason brings bad weather, certainly if Mansion tourists are more affluent, they may be walking on the Cliff Walk as well. Concluding, the Mansion Impact Study does reinforce the data that was found through the Cliff Walk Impact study, and even may help to develop an impact analysis for the Cliff Walk.

## Regression Correlation

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Survey responses were analyzed to determine the significance of one survey category (independent variable) compared to another category (dependent variable). Survey responses were summarized into generally consistent profile groupings. Regression analysis at the 95% confidence level using Excel was performed for null and alternative hypotheses. P-values and T-tests were examined to determine statistical significance of the proposed relationships.

The class found many significant relationships regarding surveyors' behavior regarding the Cliff Walk. These behaviors allow us to conclude that the Cliff Walk has influence over business activity throughout Newport. Visitors who claimed the Cliff Walk was their main destination were more likely to dine and shop in Newport. This is important information because the class is able to relate this to a monetary value. Having the Cliff walk being one of the main drivers for visitors will also bring business to local restaurants and shops. Another factor that had influence over the surveyor in which they would dine and shop was the distance traveled. The greater the distance travel, the more likely they were going to shop and dine in Newport. The time of year plays an important role determining length of stay of the visitor. The class found that the warmer weather drives the visitor to spend more time in Newport. The longer the visitor stayed, the greater amount the visitor spent on certain amenities throughout Newport such as food, shopping and/or rentals/hotels. Group size also had influence on the probability of the group taking a tour. The larger the group, the more likely they were going engage in a tour. Again, this has valuable meaning by having influence over business operations.

Regression analyses that do not show a correlation also contain important information. As a group, the class believed that length of stay, gender and visitor age would all have an effect on if the visitor were going to dine or shop. After carrying out the analysis and comparison we found that they do not have a direct effect on each other. Regardless of the length of stay, the visitor would still partake in dining and shopping. Gender does not have influence if the visitor was going to dine or shop. The class assumed that females would have a higher tendency to shop in dine, but we found that all visitors were drawn to shopping and dining. The class tested the correlation between age and dining and shopping, and found that there was no relation. Age had no effect on if the visitor was to shop or dine. Another important study that we found is that what visitors found attractive about the Cliff Walk was not dependent on any additional amenities. The visitors enjoyed the Cliff Walk for what it has to offer, and were not seeking anything extra. Finally, after comparing visitor origin in length of stay we determined that the two factors did not influence each other. Majority of our visitors came from the New England area, so we assumed that the closer the visitor lives the shorter amount of time they would spend in Newport. The significance of finding this hypothesis false is important because even though most of the Cliff Walk visitors do not travel great distances, there is a possibility that they will spend a substantial amount of time and money in Newport.

## Economic Impact

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In order to produce some hard numbers to go hand in hand with the Cliff Walk survey results, the students searched for potential research that would help associate some numbers with the Cliff Walk. The class found a recent study created by Alyssa Lozupone for The Preservation Society of Newport County (Appendix D), with the help of economist Timothy Tyrell and various other members of the Preservation Society's staff and Board of Trustees. In the study, it was found that there were about 640,000 people who took a tour or went to an event at the Preservation Society (Lozupone, 13). The class also found that 87.5 percent of visitors consider the Cliff Walk and Ocean Drive to be "Important" to their visit (Lozupone, 17). Given these two pieces of data, we produced our own number for how many people, of the total 640,000, felt that the Cliff Walk was important to their trip. When multiplied out,  $640,000 \times .875$  equals 560,000 people. This is the number that was used for total people when using multipliers.

Next, the class found a number for the total visitors to Newport; this was found in a previous study done by Tim Tyrell about the economic impact of tourist events on Newport, RI. That study took a number from a different researcher for total visitors to Newport county, then multiplied by .9 to subtract those who come to the county but not the city of Newport. The number comes out to 2,506,410 total visitors to Newport (Appendix D, p. 45), we then multiplied again by the total C.W. visitors (took a tour and C.W. was important to trip) to get 22.34 percent, this number means that 22.34 percent of the total visitors to Newport felt the C.W. was an important part of their trip.

Next, the class found multipliers for average spent by an individual in several different categories. The study stated that on average a person spends \$6.50 on Mansions/Museums, \$11.94 on Entertainment/bars, \$32.70 on Restaurants/Groceries, \$34.81 on Lodging, \$23.07 on Shopping, and \$9.75 on Gas (Lozupone, 32). Now that there is a dollar amount for each person in each given category, a number can be found for a total dollar amount spent by C.W. visitors on each of those categories. It was found that when multiplied by 560,000, visitors spent \$3,640,000 on Museums/Mansions, \$6,686,400 on Ent./Bars, \$18,312,000 on Restaurants/Groceries, \$19,493,600 on Lodging, \$12,919,200 on Shopping, and \$5,460,000 on Gas. Added all together this comes out to a total of \$66,511,200 spent by visitors to the mansions, who thought the C.W. was important to their trip.

Now that there is a hard number for the total amount spent by visitors, the class can find the secondary impacts. In the Preservation Society study a multiplier was given to find the total secondary impacts, by multiply by .36 (Lozupone, 34). This comes to a total secondary impact of \$23,944,032, this is indirect and induced spending which includes but is not limited to money spent on wages and materials.

Finally to wrap up the impact of C.W. visitors, the class added the total primary and secondary impacts to Newport to get a total impact of C.W. visitors. The total is \$90,455,232, and this number represents the total amount spent by visitors (to the mansions or preservation society, who thought the C.W.

was important to their trip) and the indirect and induced impacts that spending had on Newport. It is also now known that at least 22.34 percent of visitors to Newport feel the Cliff Walk is important to their trip; and those visitors account for roughly \$90,455,232 in direct, indirect, and induced spending in the City of Newport.



# Cliff Walk Impact Study

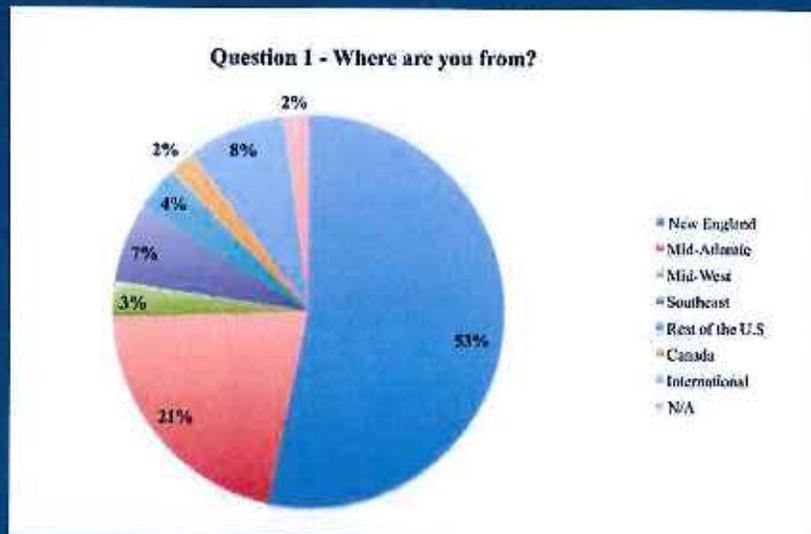
Introduction to Econometrics  
Salve Regina University

## About the Study

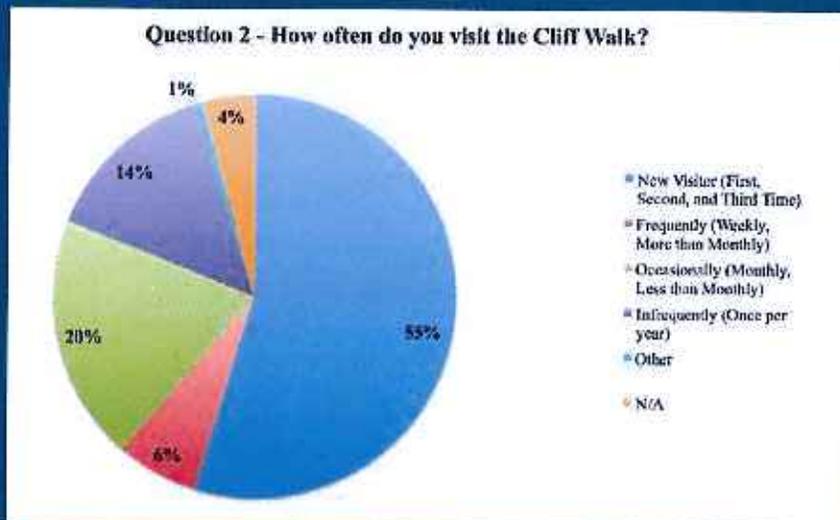
- Business Research Class conducted surveys
  - 89 Surveys
  - Given Labor Day weekend (Sept. 8) and Boat Show weekend (Sept. 19)
- Econometrics followed up
  - 48 additional surveys collected
  - Second week of February



## Survey Data

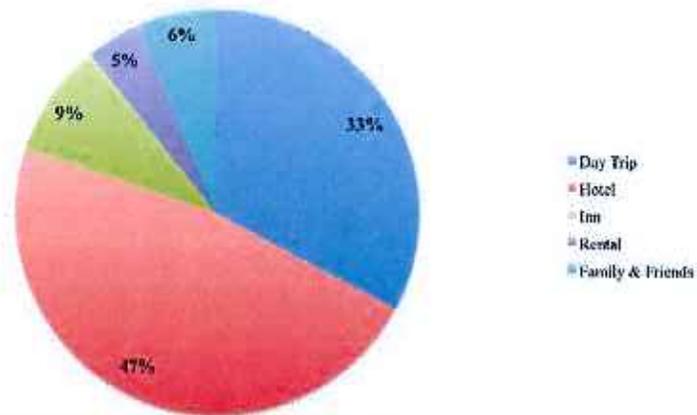


## Survey Data



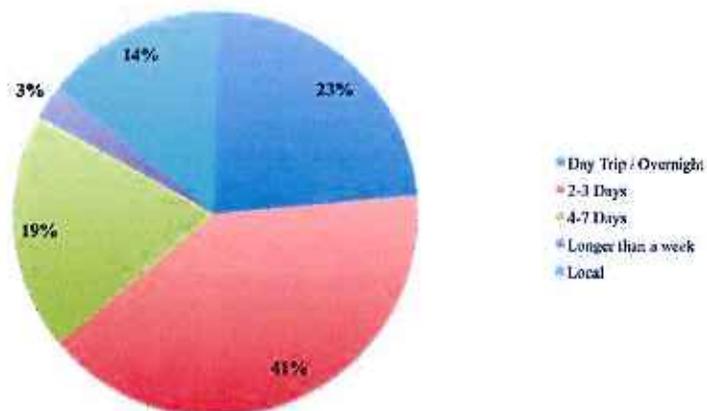
## Survey Data

Question 3a - If on vacation, where are you staying/renting?



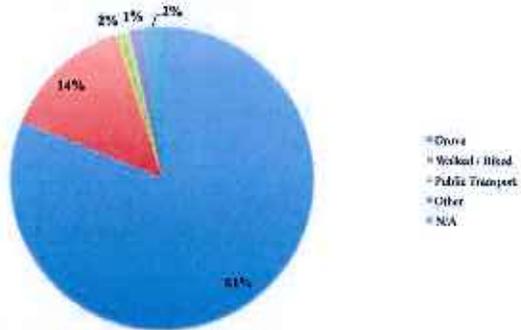
## Survey Data

Question 3b - How long are you visiting Newport?

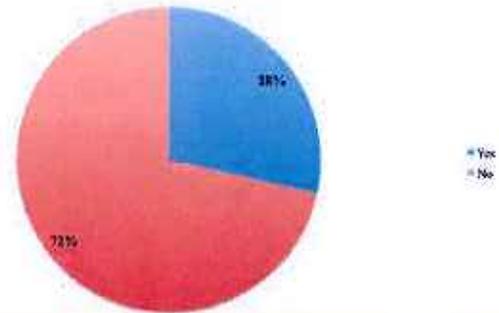


## Survey Data

Question 4a - How did you get to the Cliff Walk?

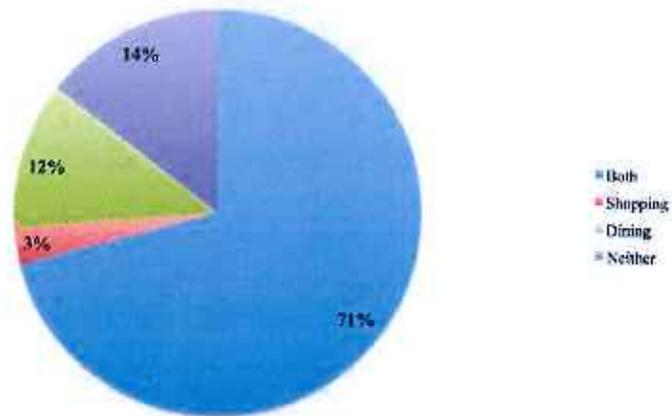


Question 4b - If you drove, did you pay to park?



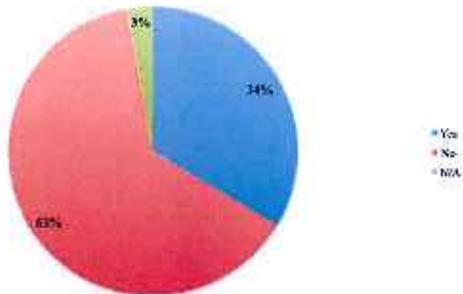
## Survey Data

Question 5 - Do you plan on shopping or dining in Newport?

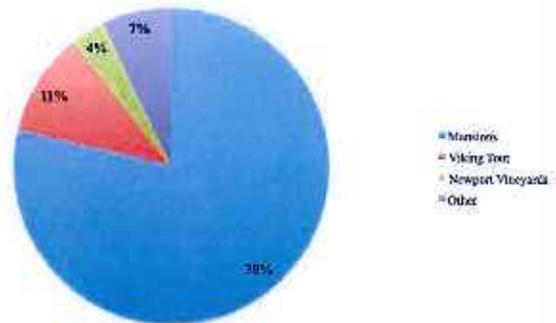


## Survey Data

Question 6a - Are you taking any tours in Newport?

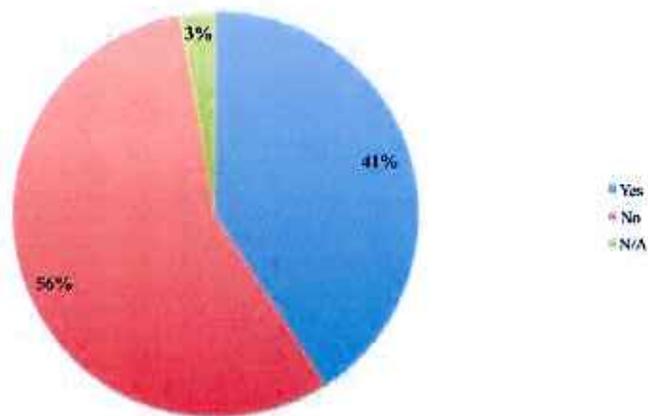


Question 6b - If yes, what kind of tour?



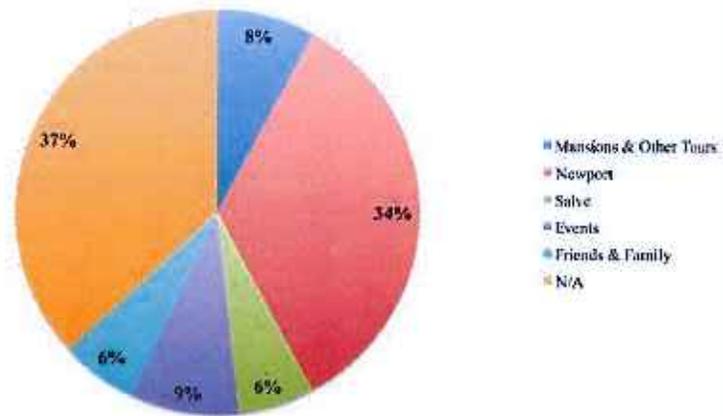
## Survey Data

Question 7a - Was the Cliff Walk your main destination?



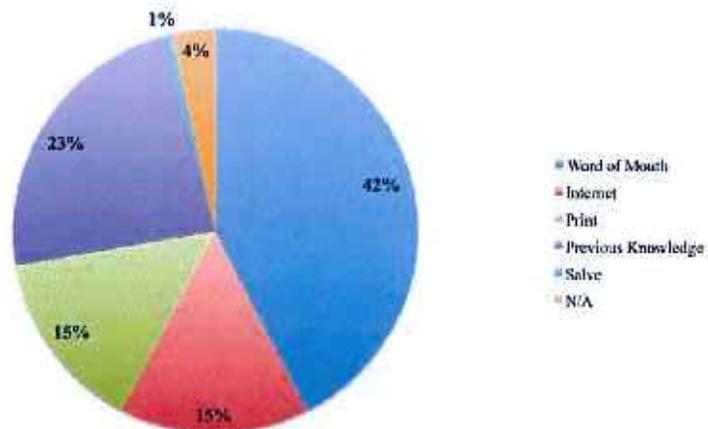
## Survey Data

Question 7b - If no, what brought you to Newport?



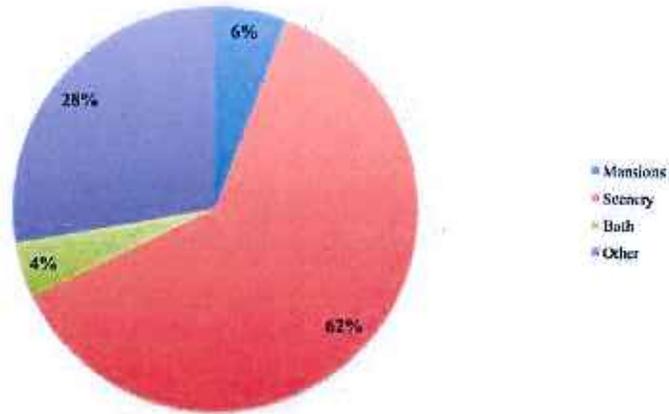
## Survey Data

Question 8a - How did you learn about the Cliff Walk?



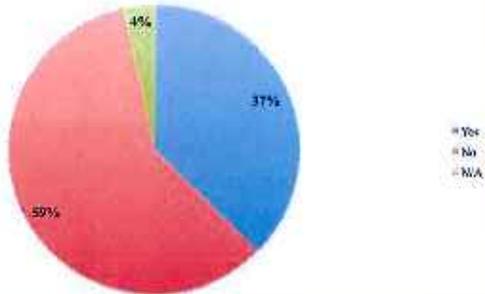
## Survey Data

Question 8b - What do you like most about the Cliff Walk?

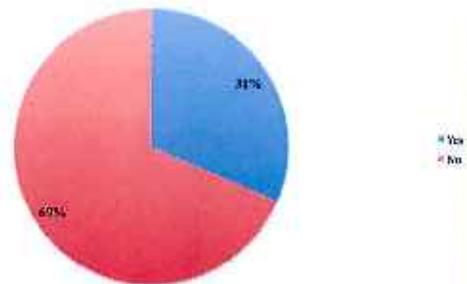


## Survey Data

Question 8c - Were you aware of the Trull Marker program along the Cliff Walk?

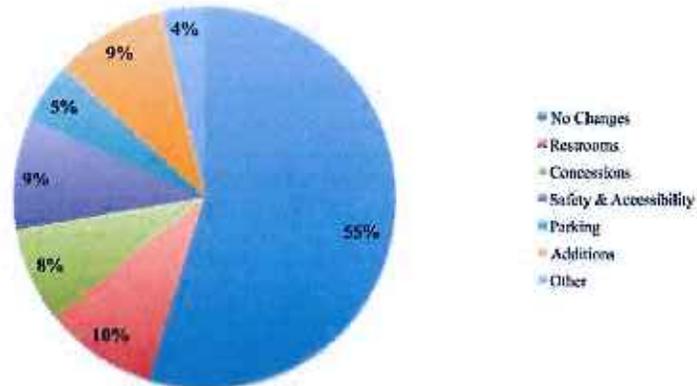


Question 8d - If yes, was the Trull Marker program helpful to your enjoyment of the Cliff Walk?



## Survey Data

Question 9 - What changes or improvements, if any, would you like to see to the Cliff Walk?



## Regression Analysis

- Independent vs. Dependent Variables
- 95% Confidence Level
- T-Tests
- P-Values
- Ability to test correlation between different survey categories

## Regression Analysis

SUMMARY OUTPUT									
<i>Regression Statistics</i>		<p><b>Null:</b> Increased sales and revenue for Newport's dining and shopping district are not affected by tourists whose main destination is the Cliff Walk.</p> <p><b>Alternative:</b> There is a direct effect between Newport's dining and shopping sales revenue and tourists whose main destination is the Cliff Walk.</p>							
Multiple R	0.256840411								
R Square	0.065966997								
Adjusted R Square	0.062481799								
Standard Error	0.734029065								
Observations	270								
ANOVA									
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>				
Regression	1	10.19825339	10.19825339	18.92776283	1.93181E-05				
Residual	268	144.3980429	0.538798668						
Total	269	154.5962963							
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>	
Intercept	0.959443492	0.109900474	8.730112401	2.78145E-16	0.743065375	1.175821609	0.743065375	1.175821609	
X Variable 1	0.214065802	0.049203687	4.350604881	1.93181E-05	0.117190868	0.310340737	0.117190868	0.310340737	

## Null Hypothesis Supported

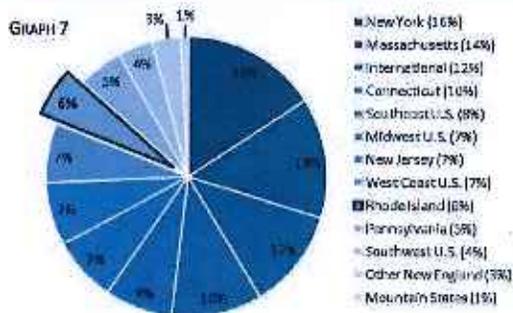
Independent	Dependent
Cliff Walk was Visitors' Main Destination	Dining and Shopping
Distance Traveled	Dining and Shopping
Season	Length of Stay
Visitor Group Size	Probability of Taking a Tour

## Null Hypothesis Not Supported

Independent	Dependent
Length of Stay	Dining & Shopping
Gender	Dining & Shopping
Visitor Age	Dining & Shopping
Cliff Walk Scenic Attraction	Need for Amenities
Visitor Origin	Length of Stay

## Economic Impact Comparison of Mansion Study to Cliff Walk Study

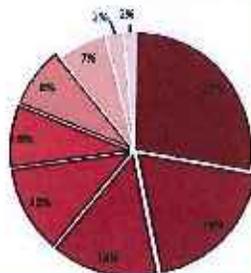
## Mansion Impact Study Supports Survey Results



Origin	Survey Question 3b	Mansion Study
New England	53%	49%
International	8%	12%

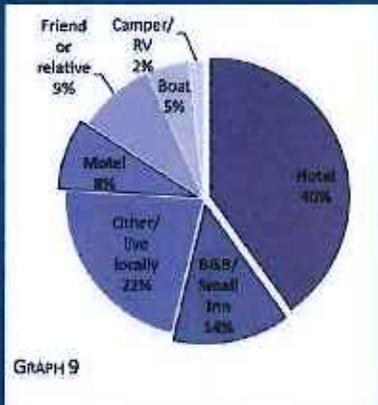
## Mansion Impact Study Supports Survey Results

- One day (21%)
- Two days (19%)
- Three days (17%)
- Five to seven days (12%)
- One day, with overnight stay in the area (11%)
- Four days (8%)
- One locally (7%)
- More than one week, less than one month (2%)
- One month or more (2%)



Length of stay	Survey Question 3b	Mansion Study
Day Trip	23%	28%
2-3 Days	41%	33%
4-7 Days	19%	20%

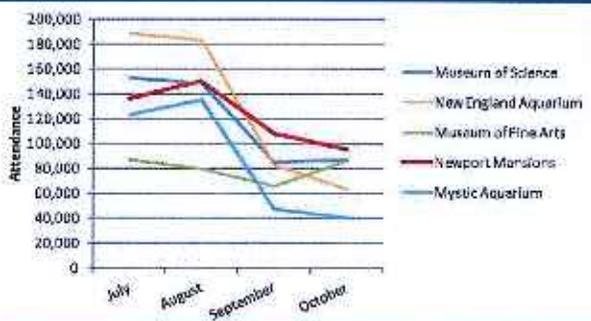
# Mansion Impact Study Supports Survey Results



Choice Of Lodging	Survey Question 3	Mansion Study
Hotel	47%	40%
Day Trip	33%	22%
Inn/B&B	9%	14%

Source: <http://www.newportmansions.org/documents/about%20us/community%20impact%20study-070314.pdf>

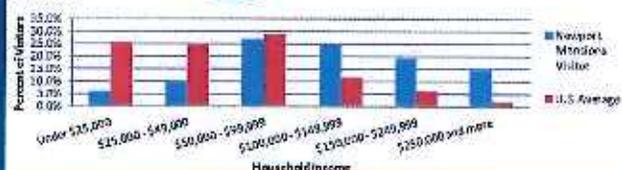
# Other notable graphs from Mansion Study



GRAPH 10



GRAPH 11



## Cliff Walk Impact

Reason for Visit	Percent of Tour/ists that Consider the Activity to be "important" to their Visit
<i>The Newport Mansions</i>	91.7%
The Cliff Walk and Ocean Drive	87.5%
Dining, shopping, and nightlife	81.6%
Other attractions and festivals	68.0%
Beaches and boating	59.1%

### Tourism Generated by The Preservation Society

In 2012 there were nearly 640,000 people who took tours or attended events at the Preservation Society.<sup>99</sup> This represents 23% of total visitation to Newport.

$.875 \times 640,000 = 560,000$  people (who took tours or attended events at The Preservation Society) considered the Cliff Walk (and Ocean Drive) to be "Important" to their visit

## Cliff Walk Impact

Total visitors to Newport =  $2,784,900^{141} \times 90\%^{142}$   
= 2,506,410

$\frac{560,000 \text{ C.W. was important to trip}}{2,506,410 \text{ Total visitors to Newport}} = 22.34\%$  of total visitors to Newport that felt the C.W. was important to their visit

## Cliff Walk Impact

Spending Category	\$/Visitor (2013)
Museums/Mansions	\$6.50
Entertainment/Bars	\$11.94
Restaurant/Groceries	\$32.70
Lodging	\$34.81
Shopping	\$23.07
Gas/Transportation	\$9.75
<b>Subtotal</b>	<b>\$118.77</b>

x 560,000

= \$3,640,000 Mus./Man.  
 = \$6,686,400 Ent./Bar  
 = \$18,312,000 Rest./Groc.  
 = \$19,493,600 Lodging  
 = \$12,919,200 Shopping  
 = \$5,460,000 Gas/Trans.  


---

**\$ 66,511,200 total spent**

## Cliff Walk Impact

To calculate secondary impacts in Newport the multiplier 0.36 was used, which originated from Tim Tyrell's article *A Framework for Assessing Direct Economic Impacts of Tourist Events*. Ideally a different multiplier would have been used for each industry in which the visitor spent money and the different types of spending (i.e. visitor vs. organization spending), but this data was not available. When calculating secondary impacts in Rhode Island, multipliers from Tim Tyrell's article *Rhode Island Tourism Multipliers* were used.

\$ 66,511,200	\$ 66,511,200
x .36	+ \$ 23,944,032
<hr/>	<hr/>
\$23,944,032	\$90,455,232
Indirect/Induced spending	Total Direct and Indirect visitor spending

Thank You!

# Appendices

# Appendix A

**Introduction to Econometrics Class Roster – Spring 2016**  
**Professor Samuel Sacco**

Benzo, Amy N.

Blackwell, David E.

Blake, Spencer G.

Brochu, Sarah A.

Campbell, Lauren G.

Chioco, Lariza T.

Chiokadze, David G.

Drake, Noah J.

Eckhof, Jacob D.

Fanella, Alexa N.

Farina, Brian C.

Grosser, Nicole M.

Jones, Garvin T.

McCarney, Morgan A.

McHale, Morgan E.

Murphy, Peter D.

Nargi, Bianca R.

Smithwick, Samantha C.

Travers, Kathryn M.

Walther, Kasey L.

Woods, Kenneth D.

# **Appendix B**

# Cliff Walk *Impact* Survey

Newport, RI

Date: \_\_\_\_\_

Time: \_\_\_\_\_

Length of time to complete: \_\_\_\_\_

**Student observations:**

\*Age range: \_\_\_ 20's-30's,

\_\_\_ 40's to 50's \_\_\_ 60's+

\*Gender: \_\_\_ male \_\_\_ female

\*# people in group: \_\_\_\_\_

1. Where are you from? \_\_\_ Local \_\_\_ RI \_\_\_ N England \_\_\_ other U.S. State  
\_\_\_ International

If local, thank you for your time. End interview.

2. How long are you visiting Newport? \_\_\_ # of hours \_\_\_ # of days \_\_\_ # of weeks

3. Was the Cliff Walk your main destination?

If no, what brought you to Newport? \_\_\_ Mansions \_\_\_ Downtown \_\_\_ Salve Regina University

\_\_\_ Family/friends \_\_\_ events ( sailing regatta concerts Newport Grande vineyards beaches \_ Other: \_\_\_\_\_

4. How did you learn about the Walk? \_\_\_\_\_

What do you like most about the Walk? \_\_\_\_\_

Were you aware of the Trail Marker program along the Walk? If yes, did you use it?

Was it helpful to your enjoyment of the Walk? \_\_\_ Yes \_\_\_ No

If not, why not?

5. What changes or improvements, if any, would you like to see to the Walk? \_\_\_\_\_

6. How often do you visit the Cliff Walk? \_\_\_ 1st time \_\_\_ Once a year \_\_\_ Twice a year \_\_\_ 3+ times a year

7. If on vacation, where are you staying? \_\_\_ private home \_\_\_ B&B/Inn \_\_\_ hotel \_\_\_ friends/family \_\_\_ other \_\_\_ N/A

8. How did you get here? \_\_\_ bike \_\_\_ walk \_\_\_ car \_\_\_ bus \_\_\_ tour \_\_\_ Other: \_\_\_\_\_

Did you pay to park to visit the Cliff Walk? \_\_\_ Yes \_\_\_ No \_\_\_ N/A

9. Do you plan on shopping or dining in Newport? \_\_\_ Yes \_\_\_ No

10. Are you taking any tours in Newport? \_\_\_ Yes \_\_\_ No

If yes, which ones: \_\_\_ Mansions \_\_\_ Vineyards \_\_\_ lighthouses, \_\_\_ churches/synagogue \_\_\_ boat \_\_\_ other:



# Cliff Walk *Impact* Survey

Newport, RI

Date: \_\_\_\_\_

Time: \_\_\_\_\_

\*Age range: \_\_\_ 20's-30's,  
\_\_\_ 40's to 50's \_\_\_ 60's+

\*Gender: \_\_\_ male \_\_\_ female

\*# people in group: \_\_\_\_\_

1. Where are you from?
  2. How often do you visit the Cliff Walk?
  3. If on vacation, where are you staying/renting?  
How long are you visiting Newport?
  4. How did you get here?  
Did you pay to park?
  5. Do you plan on shopping or dining in Newport?
  6. Are you taking any tours in Newport?
  7. Was the Cliff Walk your main destination?  
If no, what brought you to Newport?
  8. How did you learn about the Walk?  
What do you like most about the Walk?
- Were you aware of the Trail Marker program along the Walk?  
Was it helpful to your enjoyment of the Walk?  
If not, why not?
9. What changes or improvements, if any, would you like to see to the walk?

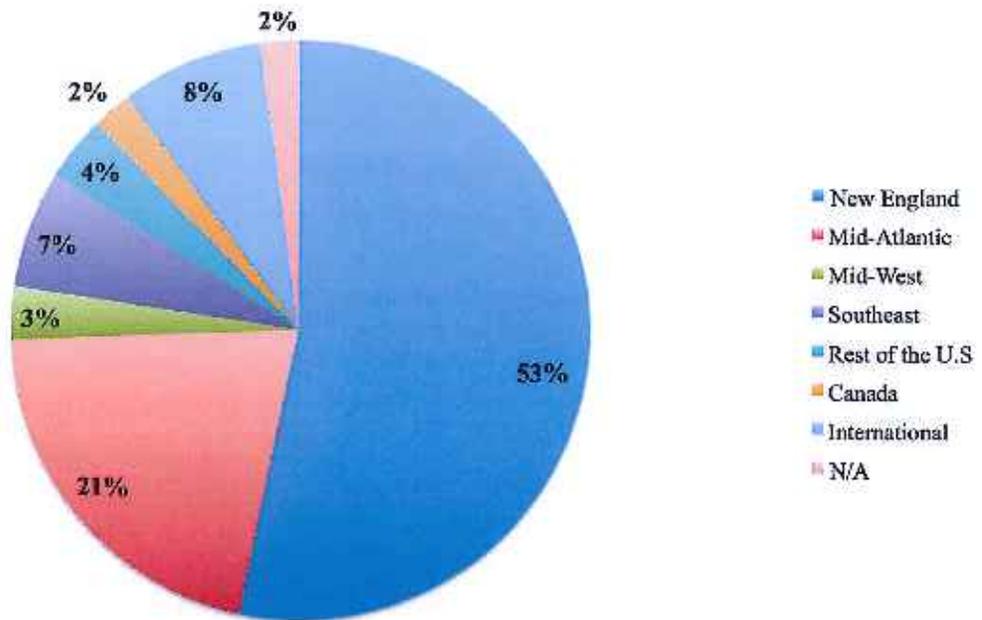


Salve Regina University-Center for Business Outreach—approved 8/19/1

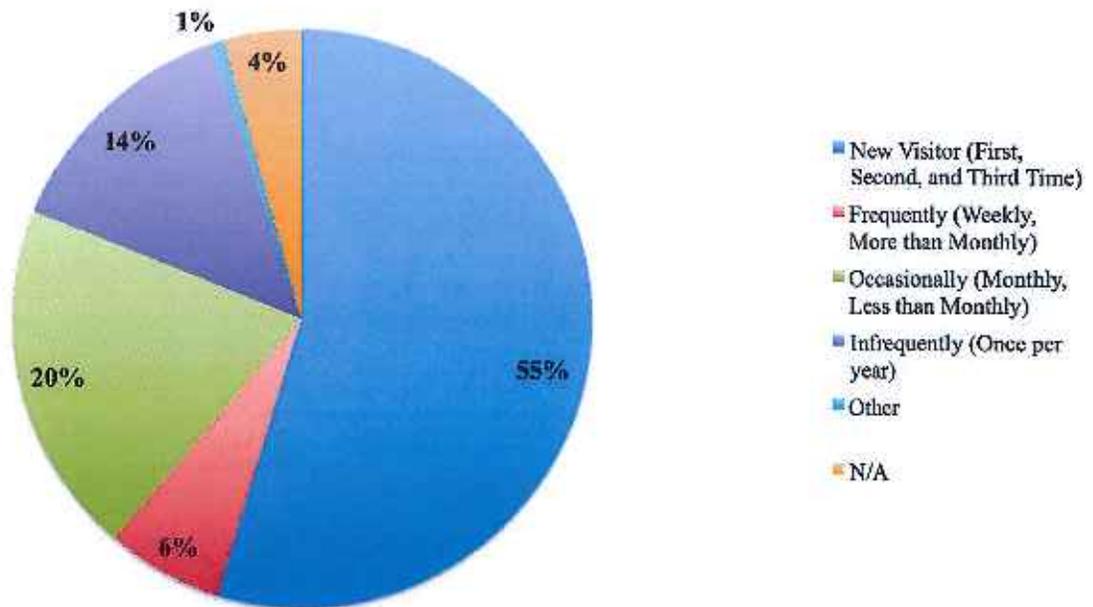
# Appendix C

## Survey Data

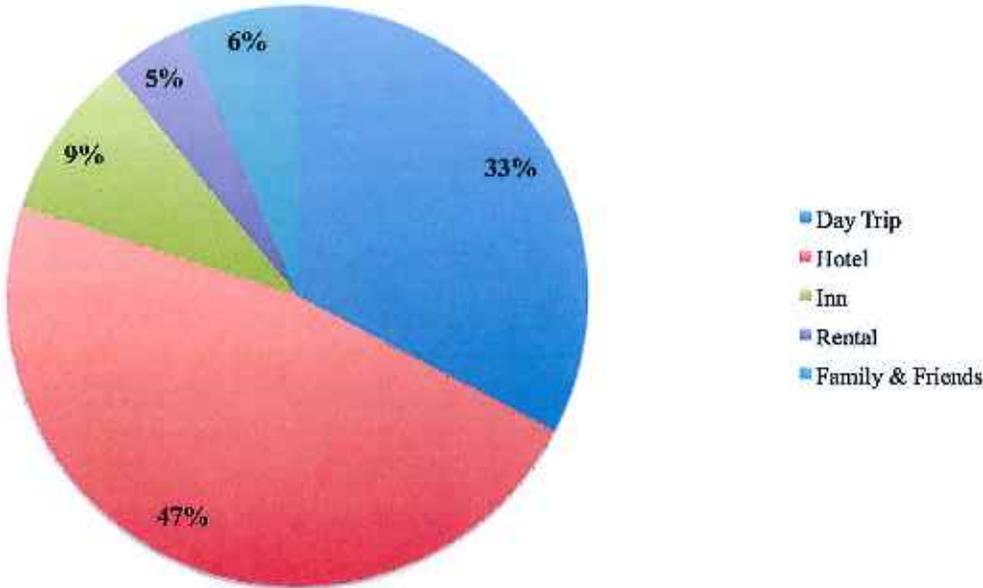
### Question 1 - Where are you from?



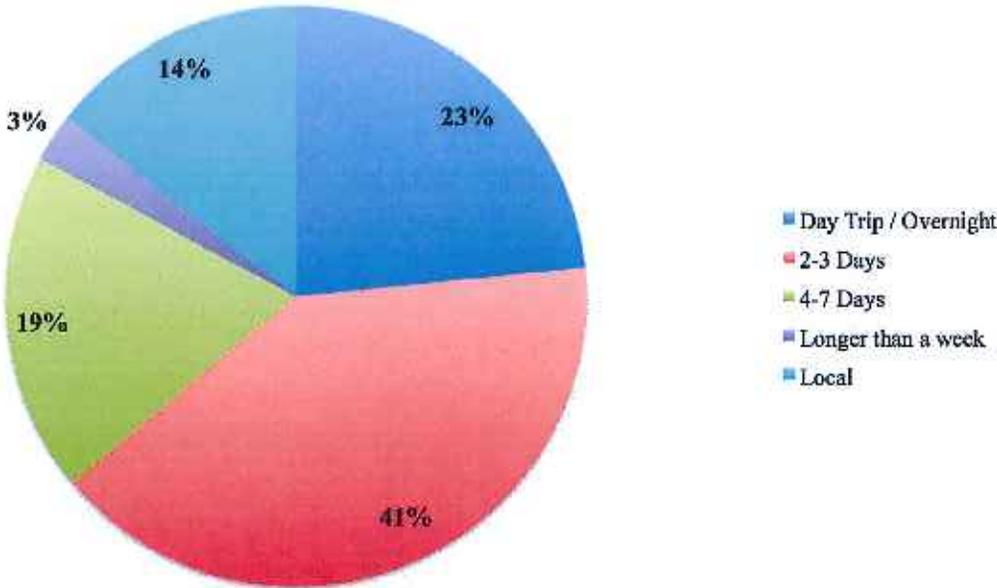
### Question 2 - How often do you visit the Cliff Walk?



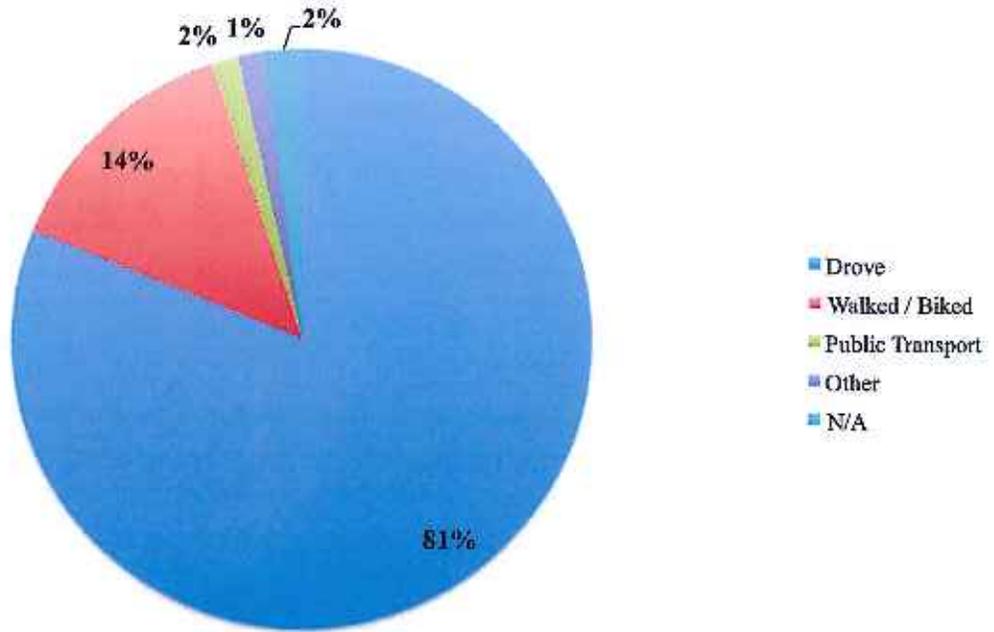
**Question 3a - If on vacation, where are you staying/renting?**



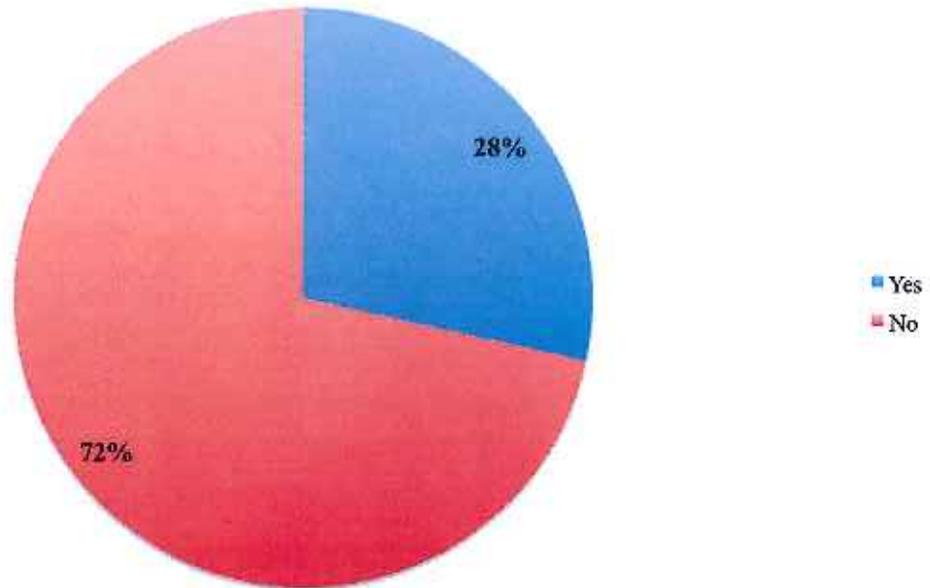
**Question 3b - How long are you visiting Newport?**



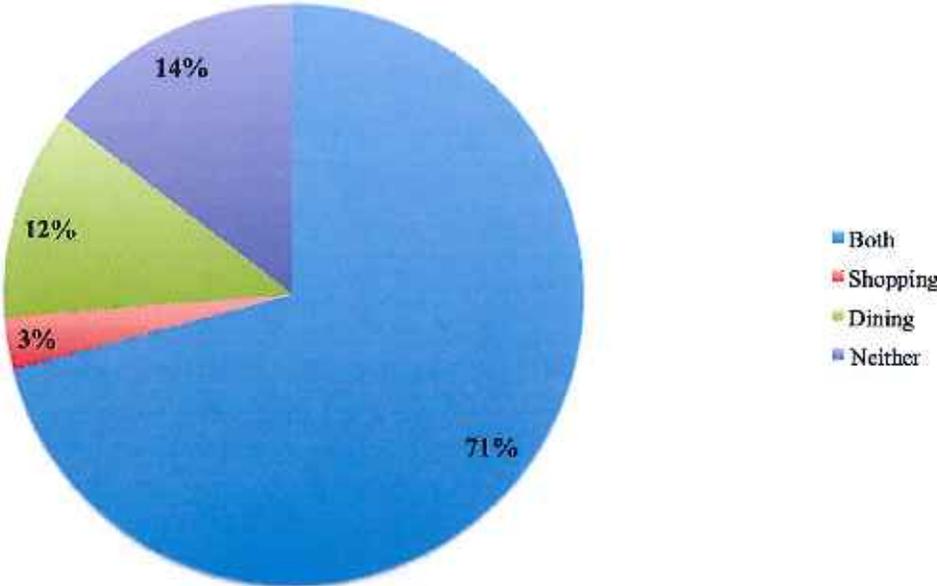
**Question 4a - How did you get to the Cliff Walk?**



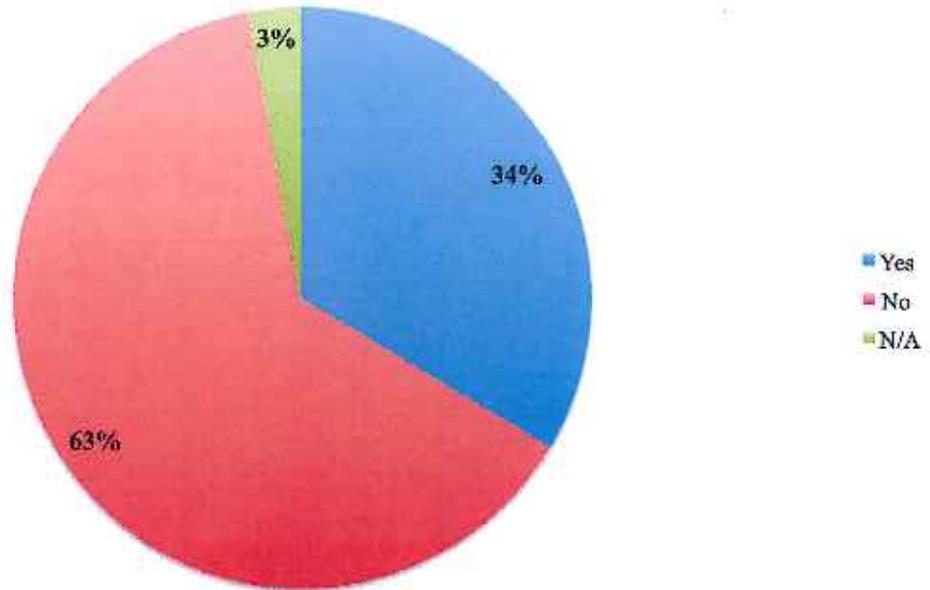
**Question 4b - If you drove, did you pay to park?**



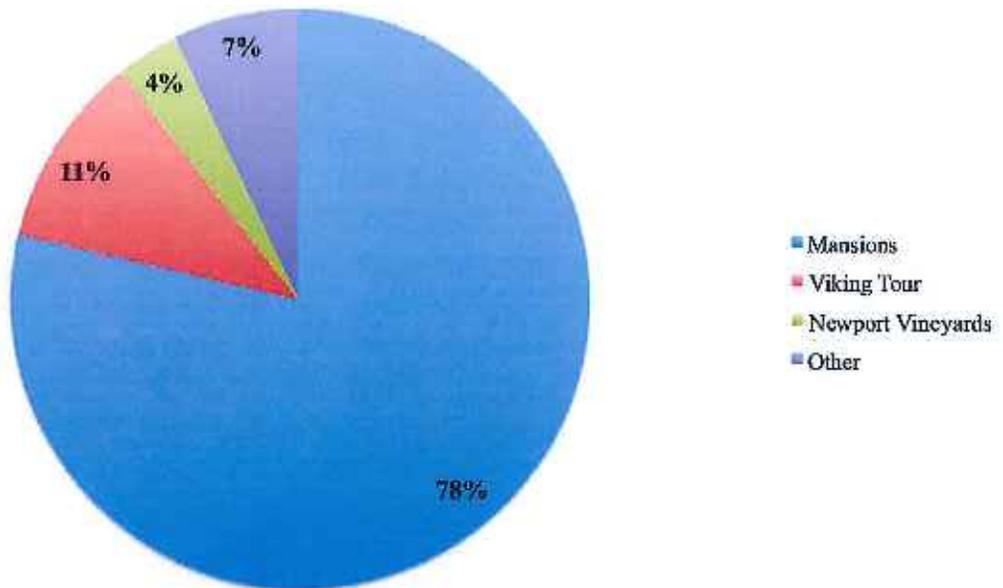
**Question 5 - Do you plan on shopping or dining in Newport?**



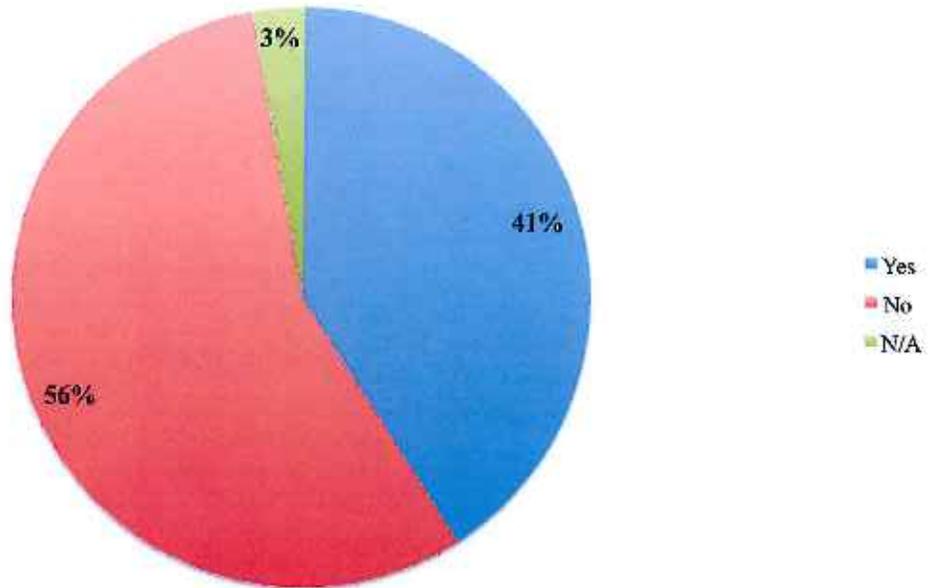
**Question 6a - Are you taking any tours in Newport?**



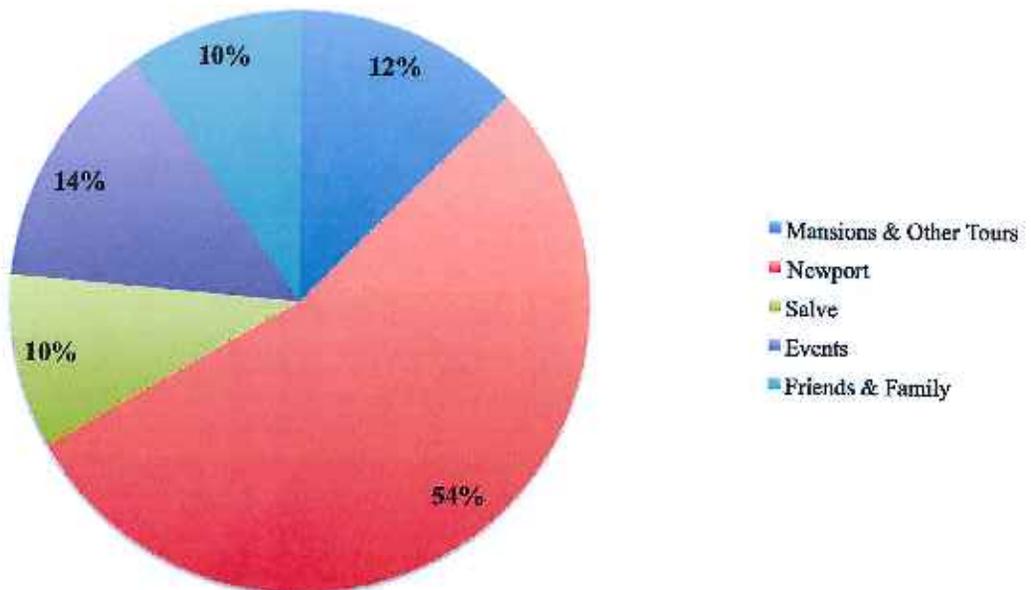
**Question 6b - If yes, what kind of tour?**



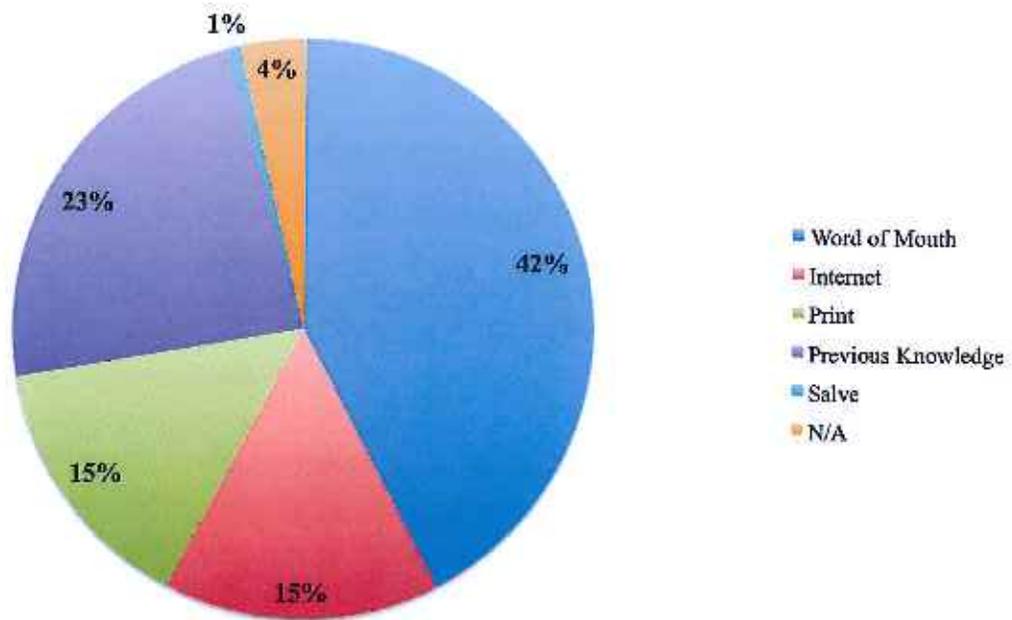
**Question 7a - Was the Cliff Walk your main destination?**



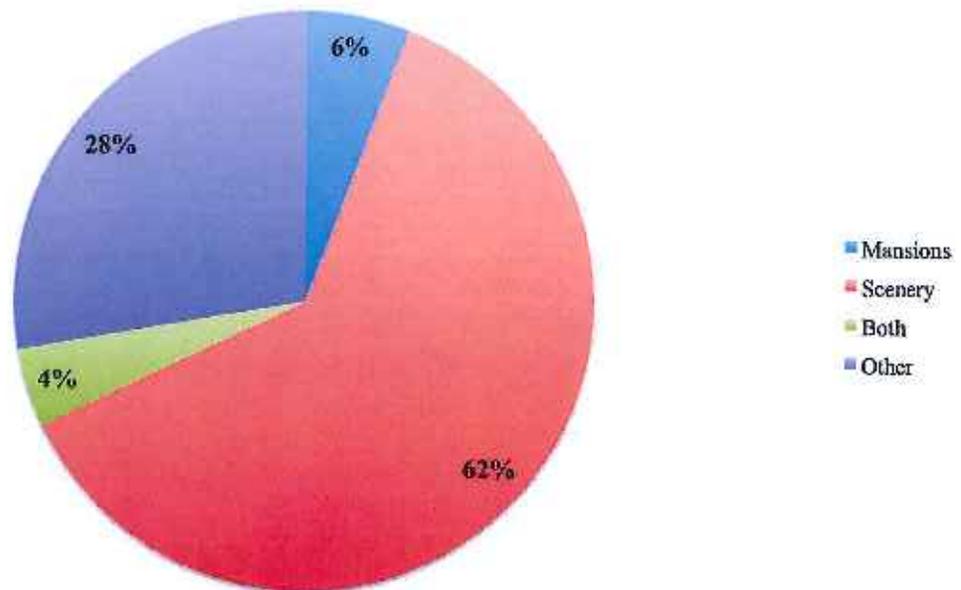
**Question 7b - If no, what brought you to Newport?**



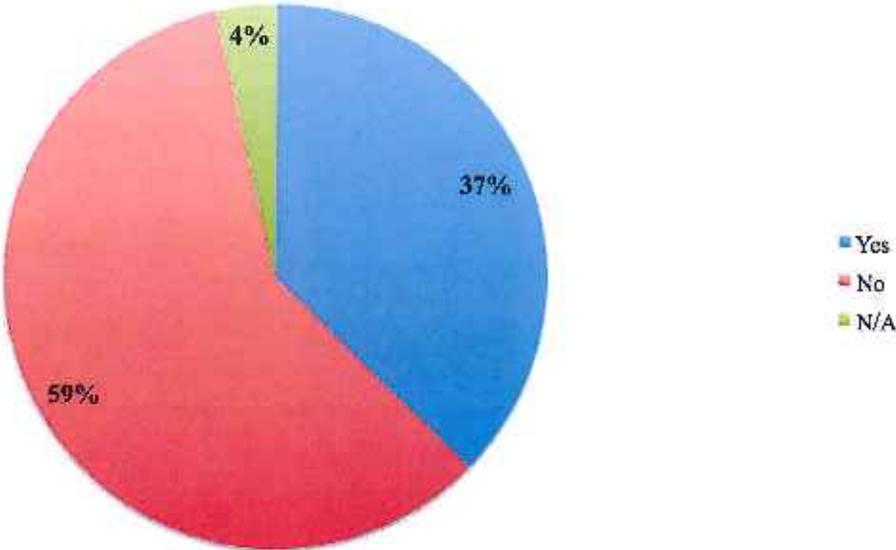
**Question 8a - How did you learn about the Cliff Walk?**



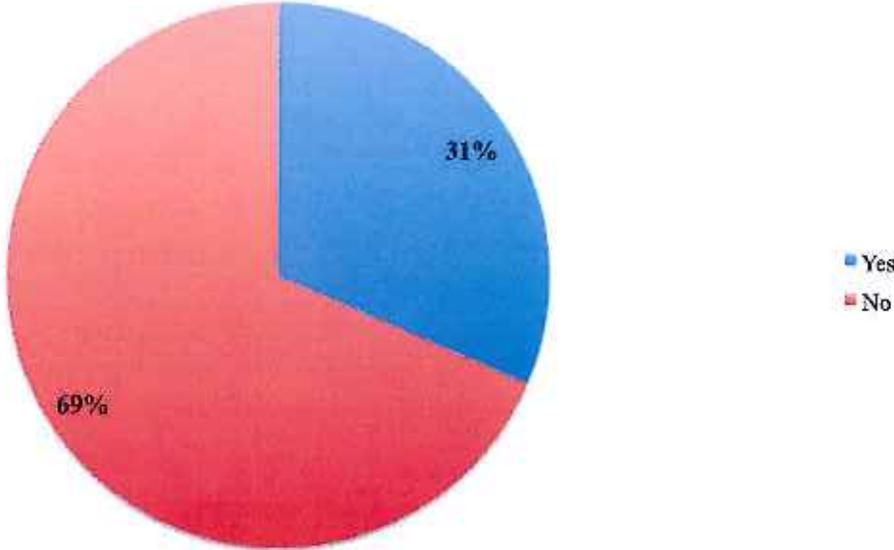
**Question 8b - What do you like most about the Cliff Walk?**



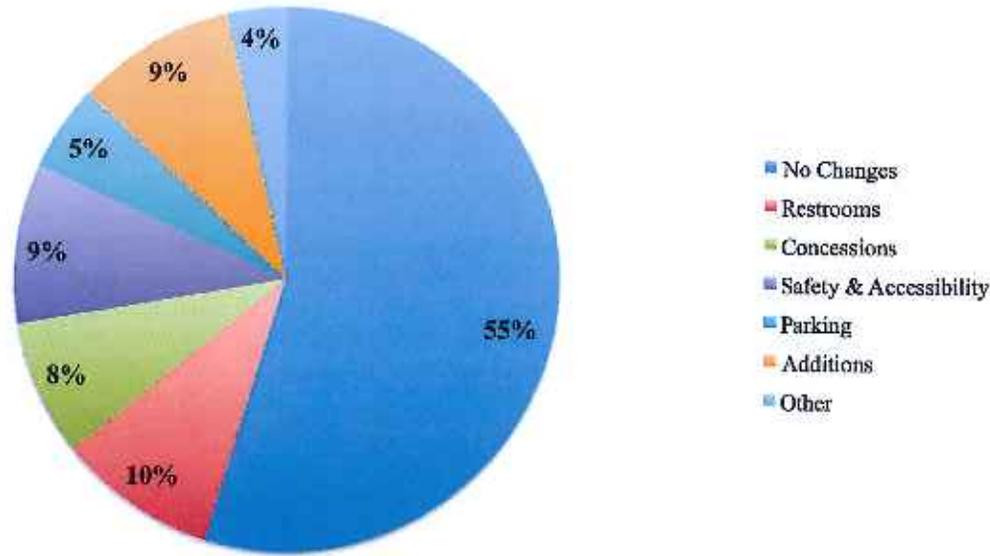
**Question 8c - Were you aware of the Trail Marker program along the Cliff Walk?**



**Question 8d - If yes, was the Trail Marker program helpful to your enjoyment of the Cliff Walk?**



**Question 9 - What changes or improvements, if any, would you like to see to the Cliff Walk?**



Note: N/A was omitted in the following questions: 3A, 3B, 4B, 6B, and 7B.

# Appendix D



# The Preservation Society of Newport County: A Community Impact Study



THE  
**PRESERVATION SOCIETY**  
OF NEWPORT COUNTY

This report was researched and created by Alyssa Lozupone, 2013-14 Public Policy Fellow for The Preservation Society of Newport County, with the help of Dr. Timothy Tyrrell and various members of the Preservation Society's staff and Board of Trustees.

The Mansions of the Preservation Society of Newport County have been the major tourist attraction for Newport and the State of Rhode Island for at least the past fifty years. As a professor at URI from 1978 until 2005 I conducted dozens of economic impact studies of Rhode Island tourism events, businesses and communities. Many of these were conducted in Newport and several focused directly on the economic contributions of the Newport Mansions. In 1994 and again in 2000 I conducted surveys of Mansion visitors to determine their expenditures on- and off-site and the importance of the Mansion visits to tourist decisions to visit the City and State. These studies confirmed common knowledge of the importance of the Mansions to the State's tourism industry and gave scientific proof of the economic impacts of the work of the Preservation Society.

The following study of the 2013 economic impacts estimated that the 650 thousand visitors to the Mansions generated \$76 million in expenditures. This compares favorably with my 2000 estimate of \$58 million in expenditures by 603 thousand Mansion visitors. I was honored to help Ms. Lozupone and her team in conducting her new analysis which used a comparable methodology, carefully updated information and a more extensive investigation into the operations of the Society than I was able to do 14 years ago. The impacts, while large, are not exaggerated, which is a common complaint about these sorts of reports. The reader who carefully reviews the text, footnotes and appendices will find that the data sources are current, the details of the calculations are clearly spelled out and the methodology is deliberately conservative. I have every confidence that the report reflects the best estimates that can be made and am pleased to be associated with its release.

Tim Tyrrell, Ph.D.

Emeritus Professor, Environmental and Natural Resource Economics, University of Rhode Island (1978-2005); Professor, Tourism Development and Management Program, Arizona State University (2005-2013)

*Dr. Tyrrell has conducted tourism research studies in the United States and overseas, served as an advisor to state agencies, and published papers on the economics of tourism. He conducted an investigation about the impact of the Amoco-Cadiz oil spill on the tourism industry of Brittany, France, and an investigation of the impacts of land use management on Phuket, Thailand tourism. He developed programs to monitor the tourism industries of Fairbanks, Alaska, Southeastern Connecticut, Rhode Island, Georgetown County, South Carolina, the province of Nova Scotia, and Sergipe, Brazil. He studied the fly-fishing industry's impact on the city of Roscoe, New York and analyzed the economic role of scenic byways in Vermont.*

I am very pleased to see the release of the 2013 Economic and Community Impact Study of the Preservation Society of Newport County.

As the Director of Tourism for the State of Rhode Island for 25 years, I found economic impact studies to be extremely valuable tools to educate government leaders on the critical importance of the tourism industry in generating jobs and revenues. The numerous impact studies that I commissioned during my career chronicled the emergence of what has become one of Rhode Island's largest employers. I have seen first-hand how sound economic research, like Ms. Lozupone has conducted, really helps people understand why an industry or an attraction like the Newport Mansions are so essential to our state's economy and quality of life.

The visitor and expenditure data in this study are clear proof that the mansion properties of the Preservation Society of Newport County continue to play a major role in the health and growth of Rhode Island's tourism industry – and that's important to everyone in our state.

David C. DePetrillo

Rhode Island Director of Tourism, 1983-2008



Marketing and Business Consulting

**Economic and Community Impacts of  
The Preservation Society of Newport County  
in the City of Newport and State of Rhode Island**

I was asked to review and comment on the aforementioned study, (PSNC), by Dr. Timothy Tyrrell who is currently a Senior Sustainability Scientist at The Global Institute of Sustainability at Arizona State University and who I worked very closely with conducting an Economic Impact study for WaterFire Providence back in 2004.

Since 1988, I have headed Acadia Consulting Group, a strategic consulting firm located in Providence, RI. We provide market research, strategic planning and consulting services for organizations throughout the Country. We are an analytically oriented group that develops strategies and plans based on information culled from the marketplace.

The PSNC study I reviewed, which was conducted by Alyssa Lozupone, was truly outstanding. I found the findings to be poignant, compelling and based on data, assumptions and calculations that, for me, seemed rock solid.

Alyssa's style of presenting a vast amount of information made for a very clear, logical and powerful narrative – like a good novel that grabs you in quickly then, chapter by chapter, lays out the plot before your eyes. It was all there.

For me, few researchers and analysts have the ability to not only gather the right information in the right way, but also tell what it all means. And not just by the numbers or the dollar signs or the charts, but by the words. Few can do it in so few words and as eloquently and succinctly as Alyssa did in this study.

For me, it wasn't the numbers or dollars or growth rates I walked away with after reading this study. It was that The PSNC gave Newport something so much more – as Alyssa put it – 'A Sense of Place.' The data, the findings and the study overall, left me with the lasting importance of that. Well done.

Donald Keinz

President, Arcadia Consulting Group

*The current state of our nation's historic houses is precarious. Sites throughout the U.S. are experiencing major declines in attendance, struggling with debt, and suffering from physical deterioration that exceeds organizations' budgets.<sup>1</sup> Historians and preservation experts have begun to lose hope in the future of historic house museums, predicting that many will not be able to survive within the current social and political climate.<sup>2</sup> The Preservation Society of Newport County sympathizes with these fears, as it too must cope with the nation's waning interest in history and the increasing need for, and price of, preservation, restoration, and conservation work. Despite adversity, the Preservation Society is fortunate in that it continues to flourish and attract thousands of visitors each year. The City of Newport is fortunate to have thriving historic sites, while so many communities throughout the U.S. are struggling to sustain their built heritage. The hope is that this document will demonstrate the vital role the Preservation Society plays in the economic, social, and cultural vitality of Newport.*

---

<sup>1</sup> "Time is Running Out for America's Historic Houses," *The Art Newspaper*, 2013, <http://www.theartnewspaper.com/articles/Time-is-running-out-for-Americas-historic-houses/31216>.

<sup>2</sup> *Ibid.*

Economic Force in the City of Newport

In total, including both direct and secondary effects, the Preservation Society generates over **\$109.4 million** for the City's economy, **1,268 jobs** for Newport residents, and over **\$30.1 million** in local household wages.

Contributor to City Finances

The Preservation Society's operations generate over **\$648,000** for the City's coffers; this includes donations, taxes and fees.

Driver of Tourism

Nearly **650,000 visitors** came to the Newport Mansions and Preservation Society events last year, equaling nearly **940,000 admissions**, which makes the Society's properties among the **four most visited** museums in New England.

Catalyst for Local Spending

Visitors to the Newport Mansions and Preservation Society events spend over \$115 per day in the City. This is equivalent to a total direct expenditure of nearly **\$76.0 million** within the local economy, which directly supports **786 jobs** and over **\$18.6 million** in wages in Newport.

Job Creator

**44%** of Preservation Society employees (176 individuals) are City of Newport residents. This translates to nearly **\$3.2 million** in local household wages.

Supporter of Local Business

The Preservation Society generates over **\$1.2 million** for the City's economy through the purchase of goods and services from local businesses. This spending directly supports **ten jobs** and over **\$309,000** in wages.

Contributor to Quality of Life

In addition to contributing to the City's economic vitality, the Preservation Society enhances the community's quality of life. It **aids the maintenance and beautification** of City- and community-owned property, **enhances the learning** of the City's youth through partnerships with local schools and non-profits, **improves the cultural and social life** of residents of all ages through academic programs and special events, and **supports local organizations** through sponsorships.

## Profile of the Preservation Society

The Preservation Society is a non-profit organization dedicated to the protection, preservation and presentation of Newport County's historic architecture, landscapes and decorative arts.<sup>3</sup> The Society is accredited by the American Alliance of Museums (AAM).<sup>4</sup> This distinction is significant given that only six percent of all museums within the United States are AAM accredited.<sup>5</sup>

The Society owns and maintains eleven historic properties, seven of which are National Historic Landmarks, and an eighty-eight acre arboretum.<sup>6</sup> The Society's eleven historic sites represent the finest achievements in American architecture, decorative arts, and landscape design from the Colonial era to the Gilded Age.<sup>7</sup>



In addition to interpreting these historic sites, the Preservation Society hosts various educational programs, special events and other activities in an effort to engage the public in the rich story of Newport County's history and its relationships to larger trends within American cultural heritage.<sup>8</sup>



<sup>3</sup> "Our Mission," *The Preservation Society of Newport County*, 2013, <http://www.newportmansions.org/about-us/our-mission>.

<sup>4</sup> Ibid.

<sup>5</sup> Julie Hart, "Excellence at All Levels: Applying Standards at Your Museum" (presentation, Annual Conference of the New England Museum Association, Newport, RI, November 13-15, 2013).

<sup>6</sup> John Rodman, "The 'Public Programming' Conundrum" (presentation, Annual Conference of the New England Museum Association, Newport, RI, November 13-15, 2013).

<sup>7</sup> "Our Mission," *The Preservation Society of Newport County*.

<sup>8</sup> Ibid.

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## Definitions

**Economic impacts** are the net changes to the City and State's economy as a result of the Preservation Society's operations that would otherwise not occur.<sup>9</sup>

**Direct economic impacts** include the output, and resultant jobs and wages, generated by the organization's expenditures on employee payroll and the purchase of goods and services, as well as expenditures by visitors to the Newport Mansions and Preservation Society events.<sup>10</sup>

**Secondary economic impacts** represent the spending by the recipients of direct expenditures.<sup>11</sup> They include both *indirect* and *induced* effects.

*Indirect effects* are the production changes resulting from the multiple rounds of re-spending initiated by the industries that supply goods and services to the Preservation Society.<sup>12</sup> For example, the vendor the Society pays for a good and/or service, or the business at which a tourist spends money, uses the proceeds from the sale to make subsequent expenditures on local labor and/or materials.<sup>13</sup>

*Induced effects* are the changes in economic activity resulting from household spending of income earned directly or indirectly as a result of the Preservation Society's operations.<sup>14</sup> For example, the wages earned by a Preservation Society employee are spent and become income for other local businesses.<sup>15</sup>

**Total economic impact** is the sum of direct and secondary effects.

**Output** is the total value of all goods and services produced in an economy.<sup>16</sup>

**Wages** include all forms of compensation excluding benefits.<sup>17</sup>

**Jobs** include both permanent full-time and part-time employees.<sup>18</sup>

<sup>9</sup> Philip Watson, Joshua Wilson, Dawn Thilmany and Susan Winter, "Determining Economic Contributions and Impacts: What is the difference and why do we care?" *Pedagogy in Regional Studies* 37, no. 2 (2007): 16.

<sup>10</sup> Kent Gardner, *Regional Economic Impact of the Corning Museum of Glass* (Albany, NY: CGR, 2012), 7.

<sup>11</sup> *Ibid.*

<sup>12</sup> Daniel J. Synes, *Economic Impacts of Tourism* (Illinois: Illinois Bureau of Tourism, 1997), 15.

<sup>13</sup> Gardner, *Corning Museum of Glass*, 7.

<sup>14</sup> Synes, *Economic Impacts of Tourism*, 6.

<sup>15</sup> *Ibid.*

<sup>16</sup> "Economic Output: Definition," *Education Portal*, 2013, <http://education-portal.com/academy/lesson/economic-output-definition-lesson-quiz.html#lesson>.

<sup>17</sup> "About the Data," *American Fact Finder*, 2013, [www.factfinder2.census.gov/faces/help/jsf/pages/metadata.xhtml](http://www.factfinder2.census.gov/faces/help/jsf/pages/metadata.xhtml).

<sup>18</sup> *Ibid.*

## Total Economic Impact

### Impact on the City's Economy

The total economic impact of the Society's operations on the City of Newport's economy is over **\$109.4 million**. This output generates a total of **1,268 jobs** and over **\$30.1 million in wages** in Newport.

### Impact on City Coffers

The Preservation Society is responsible for the contribution of **\$648,013** to the City's coffers.

Preservation Society Payments to the City	\$216,095
Taxes generated as a result of visitor spending	\$431,918
<b>Total Contribution</b>	<b>\$648,013</b>

TABLE 1

Preservation Society's Economic Impact on the City of Newport				
	Impact	Output	Jobs	Wages
<b>Payroll</b>				
<i>The Society's wages paid to employees.</i>				
Direct Impact		\$3,186,294	176	\$3,186,294
Secondary Impact		\$1,147,066	10	\$1,147,066
<i>Subtotal</i>		<i>\$4,333,360</i>	<i>186</i>	<i>\$4,333,360</i>
<b>Purchasing</b>				
<i>The Society's spending on goods and services.</i>				
Direct Impact		\$1,274,312	10	\$309,221
Secondary Impact		\$458,752	4	\$111,319
<i>Subtotal</i>		<i>\$1,733,064</i>	<i>14</i>	<i>\$420,540</i>
<b>Visitor Spending</b>				
<i>Spending in Newport by the Society's visitors.</i>				
Direct Impact		\$75,986,686	786	\$18,658,367
Secondary Impact		\$27,355,207	283	\$6,717,012
<i>Subtotal</i>		<i>\$103,341,893</i>	<i>1,068</i>	<i>\$25,375,380</i>
<b>Total</b>		<b>\$109,408,316</b>	<b>1,268</b>	<b>\$30,129,280</b>

**Note:** Rounding can lead to a variation of +/- \$1 or 1 job.

## Impact on the State's Economy

The economic impact of the Society's operations on the State's economy far exceeds **\$136 million**. Available research to date has not captured Preservation Society visitor spending outside the City of Newport, and therefore this estimate is only a portion of the Society's total economic impact on Rhode Island. The Society's economic impact on the State also includes more than **1,949 jobs** and over **\$40.7 million in wages** in Rhode Island.

## Impact on State Coffers

The Preservation Society's operations generate **\$5,447,152** in taxes for the State.

TABLE 2

Preservation Society's Economic Impact on the State of Rhode Island			
Impact	Output	Jobs	Wages
<b>Payroll</b>			
<i>The Society's wages paid to employees.</i>			
Direct Impact Statewide	\$7,371,734	369	\$7,371,734
Secondary Impact Statewide	\$4,791,627	50	\$4,791,627
<i>Subtotal</i>	<i>\$12,163,361</i>	<i>419</i>	<i>\$12,163,361</i>
<b>Purchasing</b>			
<i>The Society's spending on goods and services.</i>			
Direct Impact Statewide	\$3,485,248	24	\$760,517
Secondary Impact Statewide	\$2,265,411	16	\$494,336
<i>Subtotal</i>	<i>\$5,750,659</i>	<i>40</i>	<i>\$1,254,853</i>
<b>Visitor Spending</b>			
<i>Spending in Newport by the Society's visitors.</i>			
Direct Impact Statewide	\$75,986,686	954	\$17,443,545
Secondary Impact Statewide	\$42,338,798	535	\$9,882,854
<i>Subtotal</i>	<i>\$118,325,484</i>	<i>1,489</i>	<i>\$27,326,398</i>
<b>Total</b>	<b>\$136,239,504</b>	<b>1,949</b>	<b>\$40,744,613</b>

The impact of visitor spending on the State level outlined above only represents direct expenditures in Newport and the secondary effects this spending has on the State's economy. The estimate is conservative, as visitor spending in other Rhode Island cities was not included due to the absence of relevant survey data.

Note: Rounding can lead to a variation of +/- \$1 or 1 job.

## Economic Impact of Preservation Society Operations

The daily operations conducted by the Preservation Society to protect, preserve, and present Newport's historic architecture and landscapes have a significant impact on the City's local economy. The Society is a self-sustaining enterprise that serves as a major employer of city, county and state residents; a substantial consumer of goods and services from within the local economy; and a generator of revenue for the City's coffers.

### Payments to the City

The Preservation Society pays the City for the services it provides to the Society. On an annual basis the Society also makes voluntary payments to the City and to help support various City services and events. These transactions represent the Society's role as an equal partner within the community, and moreover, as a significant generator of income for Newport.

In fiscal year 2013 the Society contributed over \$236,000 to support the City, nearly \$79,000 of which were voluntary contributions.

TABLE 3

Payments to the City in Fiscal Year 2013	
Water Payments	\$87,348
Police and Fire Detail	\$55,575
City Planning Department	\$50,000
Property Taxes	\$10,814
Licenses and Fees	\$8,858
Beach Parking Lot Rental	\$2,000
July 4 <sup>th</sup> fireworks <sup>19</sup>	<u>\$1,500</u>
<b>Total Payments to the City in Fiscal Year 2013</b>	<b>\$216,095</b>
Payments to Support City Services in Fiscal Year 2013	
RIPTA trolley service	<u>\$20,000</u>
<b>Total Payments in Fiscal Year 2013</b>	<b>\$236,095</b>

In the last two decades the Preservation Society has contributed over one million dollars through its annual donation to the City of Newport.

Since 1994	\$50,000 annually
Prior to 1994	varying annual amount, totaling \$315,250
<b>Total</b>	<b>\$1,371,500<sup>20</sup></b>

<sup>19</sup> James M. Burress (Director of Finance), e-mail communication with author, July 2013.

## Job Creation

In calendar year 2012 The Preservation Society employed **400 individuals** and paid **\$7.8 million in wages**.<sup>21</sup> A quarter of these individuals were full-time employees and nearly three-quarters held part-time positions.<sup>22</sup> The Preservation Society provides employment opportunities for individuals of varying expertise and skill levels. Professional opportunities with the Society include positions working with landscape and property management, visitor experience, curatorial and conservation, special events, and retail sales. In addition to providing diverse employment opportunities, the Society provides job stability, the average tenure being eight years with the organization.<sup>23</sup>

**44.0%** of these employees (176 individuals) are residents of the **City of Newport**, receiving **\$3,186,294** in wages.

**73.5%** of these employees (294 individuals) are residents of Newport County (including Newport), receiving \$5,602,152 in wages.

**92.3%** of these employees (369 individuals) are Rhode Island residents (including Newport County), receiving \$7,371,734 in wages.<sup>24</sup>

### *Economic Impact of Jobs Created*

In total, including both direct and secondary effects, the jobs and wages provided by the Preservation Society generate:

186 jobs in Newport	419 jobs in Rhode Island
\$4,333,360 in wages and output to Newport residents	\$12,163,361 in wages and output to Rhode Island residents

The jobs provided by the Preservation Society not only generate household income for residents throughout the State, but also produce funds for the State. In total, the Preservation Society withheld **\$277,000** in State income tax on the wages provided in 2012.<sup>25</sup>

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<sup>20</sup> 02/06/2013 PSNC Payments to City of Newport, February 6, 2013, Preservation Society of Newport County financial records.

<sup>21</sup> Burress, e-mail communication, July 2013.

<sup>22</sup> *Ibid.*

<sup>23</sup> Burress, e-mail communication, December 2013.

<sup>24</sup> Burress, e-mail communication, November 2013.

<sup>25</sup> Burress, in discussion with author, September 2013.

### ***One of the Largest Employers in Newport***

The Preservation Society was ranked the **seventh largest employer in Newport** in a 2013 audit conducted by the City, and has been in the top ten for the last ten years.<sup>26</sup>

TABLE 4

Top Ten City of Newport Employers in 2013		
Employer	Employees	Percentage of Total City Employment
Naval Station Newport	4,500	34.8%
Newport Hospital	802	6.2%
City of Newport	622	4.8%
James L. Maher Center	571	4.4%
Salve Regina University	543	4.2%
Newport Restaurant Group	506	3.9%
<b>Preservation Society</b>	<b>400</b>	<b>3.1%</b>
Hyatt Regency-Newport	317	2.5%
Newport Harbor Corporation	297	2.3%
Marriott International Inc.	212	1.6%

### ***Among the Largest Employers in Rhode Island***

The State of Rhode Island groups employment into nine classes, ranging from one to four to 1,000 plus employees. The Preservation Society qualifies within the **third largest class of employers in the State**, which employs 250 to 499 individuals.<sup>27</sup>

In Rhode Island fewer than 175 companies, 0.4% of all employers, employ 250 or more individuals.<sup>28</sup>

The Preservation Society is responsible for **nearly half (49.5%)** of the jobs within the “museums, historical sites, zoos and parks” subset of the Arts, Entertainment and Recreation sector in Rhode Island.<sup>29</sup>

<sup>26</sup> Laura Sitrin, *Comprehensive Annual Financial Report of the City of Newport, Rhode Island* (Newport, RI: City of Newport, 2013), 123.; All City of Newport audits from 2003-2013.

<sup>27</sup> “Employment by Size of Firm,” *Department of Labor and Training*, March 2013, [www.dlt.ri.gov/lmi/pdf/size.pdf](http://www.dlt.ri.gov/lmi/pdf/size.pdf).

<sup>28</sup> “Employment by Size of Firm,” *Department of Labor and Training*.

<sup>29</sup> *Rhode Island Employment Trends and Workforce Issues* (Cranston, RI: RI Department of Labor and Training, 2013), 16.

### ***Contributing to a Healthier Economy***

While the City of Newport saw a *decline* in jobs between 2011 and 2012, the Preservation Society saw a **7.1% increase** in full-time equivalent employees and a **\$427,000 increase** in wages provided.<sup>30</sup>

Without the Preservation Society, unemployment in the City would increase from 9.7% to 11.0%.<sup>31</sup>

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<sup>30</sup> *Rhode Island Employment and Wage Analysis by County* (Cranston, RI: RI Department of Labor and Training, 2013), 2.; *ibid.*, 1.; Burress, e-mail communication, July 2013; *11/12 Annual Report* (Newport, RI: Preservation Society of Newport County, 2012).

<sup>31</sup> "Newport Labor Force Statistics," *Department of Labor and Training*, 2013, <http://www.dlt.ri.gov/lmi/laus/town/newport.htm>; Burress, e-mail communication with author, July 29, 2013.

## Purchase of Goods and Services

In order to fulfill its mission the Preservation Society engages a broad range of vendors within the city, county and state economy. These vendors vary in size as well as in the goods and services they provide. As a result, the organization helps to support businesses at all levels of the economy. Vendors range from the individual scholar, musician, or local restaurant; to the mid-sized architectural, landscape design, or engineering firm; to the larger utility or construction companies; and everything in between.

In fiscal year 2013 the Society engaged nearly **900 vendors** and spent over **\$10.7 million** in goods and services.

**16.6% of the vendors were City of Newport based companies,**  
**28.0% were Newport County (including Newport) based companies, and**  
**42.7% were Rhode Island (including Newport County) based companies.**<sup>32</sup>

### *Economic Impact of Purchasing*

A total of **\$1,274,312** was spent at local businesses and **\$3,485,248** in the State economy. It is estimated that this spending directly supports **ten jobs** and over **\$309,000** in wages in the City of Newport and **twenty-four jobs** and over **\$760,000** in wages in the State of Rhode Island.

Taking into account both direct and secondary effects, it is estimated that the Society's spending on goods and services generates in total:

14 jobs in Newport	40 jobs in Rhode Island
\$420,540 in wages to Newport residents	\$1,254,853 in wages to Rhode Island residents
\$1,733,064 in output within the City economy	\$5,750,659 in output within RI's economy

The Preservation Society's total spending represents **over half (58.4%)** of all spending by historical non-profit organizations in Rhode Island and **over two-thirds (69.6%)** of all spending by the State's museums.<sup>33</sup>

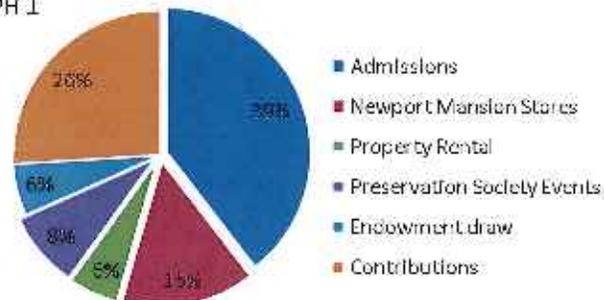
<sup>32</sup> FY13 Vendors, September 12, 2013, Preservation Society of Newport County financial records.

<sup>33</sup> Planning Decisions, Inc., The Maine Center for Creativity, and Charles Colgan, *New England's Creative Economy: Nonprofit Sector Impact* (Boston, MA: New England Foundation for the Arts, 2011), 14.; Pie Charts for FY13 Annual Report, 2013, Preservation Society of Newport County financial records.

## Operating Revenue

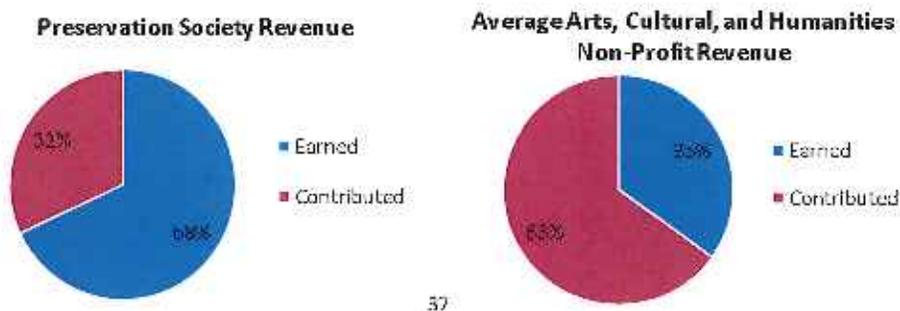
The Preservation Society is a **self-sustaining** operation. Two-thirds of operating revenue (68.2%) is earned income derived from the Society's operations, which include admission to the Newport Mansions, sales at Preservation Society stores, rentals of the Newport Mansions, and Preservation Society events.<sup>34</sup>

GRAPH 1



Less than one-third (31.8%) of the Society's operations are dependent on donations, of which there are **limited** government contributions.<sup>35</sup> This distinguishes the Society from other arts, cultural and humanities organizations in Rhode Island; on average, two-thirds of an organization's revenue is from contributions, 12% of which is from government sources.<sup>36</sup>

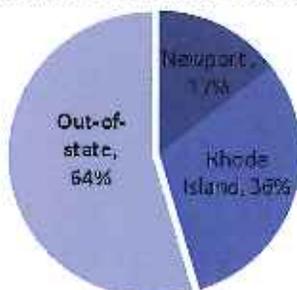
GRAPH 2



Nearly two-thirds of the contributions to the Preservation Society come from individuals or foundations based outside the State of Rhode Island. This is *significant* as it represents investments in the City and State that might otherwise not be made.

GRAPH 3

Composition of Preservation Society Donors



<sup>34</sup> Pie Charts for FY13 Annual Report, September 12, 2013, Preservation Society of Newport County financial records.

<sup>35</sup> Preservation Society Annual Report, Fiscal Year 2013, Preservation Society of Newport County financial records.; Trudy Coxé (CEO, The Preservation Society of Newport County), in discussion with author, October 2013.

<sup>36</sup> *The Preservation Society of Newport County: Unrestricted Activity Comparison Report, Contributed Revenue Detail* (RI: Cultural Data Project, 2013), 1.

<sup>37</sup> Pie Charts FY13 Annual Report.

<sup>38</sup> *Contributed Revenue Detail*, 1.

## The Preservation Society as a Driver of Tourism

The Preservation Society is a leader within the local, state, regional, and national tourism industries. The Society drives tourism to these areas through its interpretation of the Newport Mansions and hosting various special events, as well as the marketing that accompanies these activities and the year-round tourism they foster.

### The Preservation Society as a Regional Tourism Leader

In 2013 the Newport Mansions were the **fourth most visited attraction in New England** and for the last five years have consistently ranked within the region's top five most visited sites.<sup>39</sup>

TABLE 5

Institution	2013 Attendance
Museum of Science	1.4 million
New England Aquarium	1.2 million
Museum of Fine Arts	1.1 million
<b>Newport Mansions</b>	<b>916,000</b>
Mystic Aquarium	700,000

### A State Tourism Leader

Museums are a primary driver of tourism in the State of Rhode Island; half of visitor spending within the entertainment sector of the State's tourism industry is spent at museums and historical sites.<sup>40</sup>

Since the Preservation Society represents half of all spending by historical non-profits and nearly two-thirds of all spending by the State's museums, it follows that the Society is a primary driver of tourism in the State.<sup>41</sup>

<sup>39</sup> *Museums and Attractions of New England (MANE)* (Boston, MA: Museum of Science, 2013).; MANE reports from 2007-2013.

<sup>40</sup> Shane Norton, *Rhode Island and Tourism* (Rhode Island: IHS Global Insight, Inc., 2011), 24.

<sup>41</sup> Planning Decisions, Inc., The Maine Center for Creativity, and Charles Colgan, *New England's Creative Economy: Nonprofit Sector Impact* (Boston, MA: New England Foundation for the Arts, 2011), 14.; Pie Charts for FY10 Annual Report, 2010, Preservation Society of Newport County financial records.

## A Local Tourism Leader

For many tourists, the Newport Mansions are the primary reason for their trip to Newport:

**91.7%** of *Preservation Society* visitors consider the Mansions to be important (either “very” or “somewhat important”) when selecting Newport as a vacation destination.<sup>42</sup>

**46.3%** of *general Newport* visitors consider the Newport Mansions to be among the top reasons for selecting Newport as a vacation destination.<sup>43</sup>

## A Primary Driver of Off-Season Tourism

Not only does the Preservation Society draw visitors to Newport and Rhode Island during peak tourism season (summer months), but it is also one of the **number one attractions for off-season travel** in the State (fall and winter months).<sup>44</sup>

In 2012, during the months of September and October the Newport Mansions were the **number one most visited site in New England**. For the last five years the Preservation Society has consistently held this ranking in September and/or October.<sup>45</sup>

### GRAPH 4

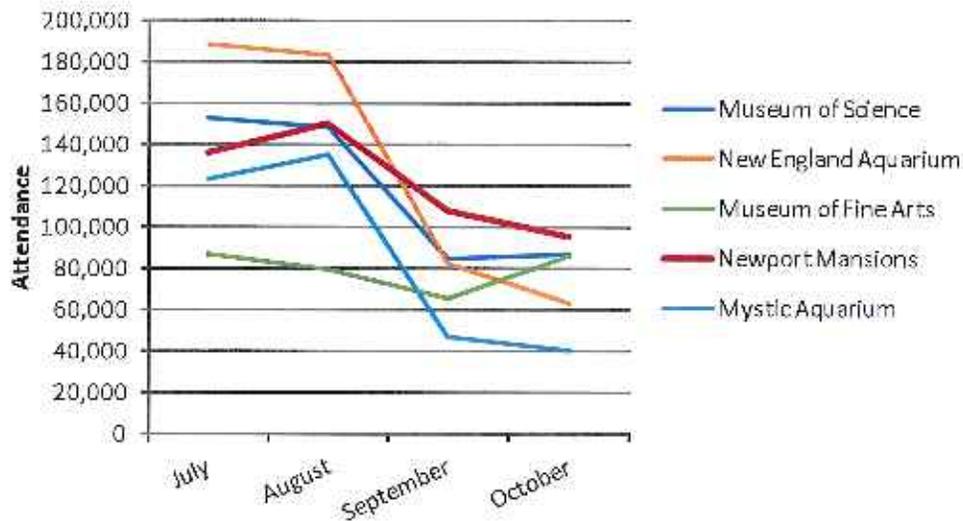
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<sup>42</sup> *2010 Newport Mansions Visitor Study* (Wickford, RI: Advantage Marketing Information, 2010), 33.

<sup>43</sup> *The Preservation Society of Newport County and The Newport County Convention and Visitors Bureau Consumer Study* (Wickford, RI: Advantage Marketing Information, 2007), 12.

<sup>44</sup> Mark Brodeur (Director of Tourism), in discussion with author, October 2013.; “Mark Brodeur, Rhode Island Tourism Director,” *Travel Pulse*, December 18, 2011, <http://www.travelpulse.com/opinions/column/mark-brodeur-rhode-island-tourism-director.html>.; “Glossary,” *National Tour Association*, 2011, <http://www.ntaonline.com/for-members/resources/glossary/>.

<sup>45</sup> *MANE*.; *MANE* reports from 2007-2013.



## Marketing

### *State Tourism*

The Newport Mansions drive tourism in Rhode Island by acting as a distinct “product” used in all State public relation efforts locally, nationally, and internationally.<sup>46</sup>

The Newport Mansions are “the number one historic attraction in the State,” and “truly the one thing that separates Rhode Island from the rest of the country.”<sup>47</sup>

### *Preservation Society*

The marketing efforts of the Society also promote tourism in the City and State overall.

The Preservation Society and its events generate over **\$50 million in earned media** in Newport’s travel and entertainment press.<sup>48</sup> The Preservation Society and its events also place **over half a million dollars in paid media** a year.<sup>49</sup>

<sup>46</sup> Brodeur, in discussion with author, October 2013.

<sup>47</sup> Ibid.

<sup>48</sup> John Rodman (Director of Museum Experience), in discussion with author, October 2013.

<sup>49</sup> Ibid.

## Tourism Generated by the Preservation Society

In 2012 there were nearly **640,000** people who took tours or attended events at the Preservation Society.<sup>50</sup> This represents **23%** of total visitation to Newport.

### Visitation to the Newport Mansions

In 2012, there were over 600,000 people who took over 900,000 tours of the Newport Mansions.<sup>51</sup> This reflects a steady increase in visitation in the last five years.<sup>52</sup>

### Visitation to Special Events

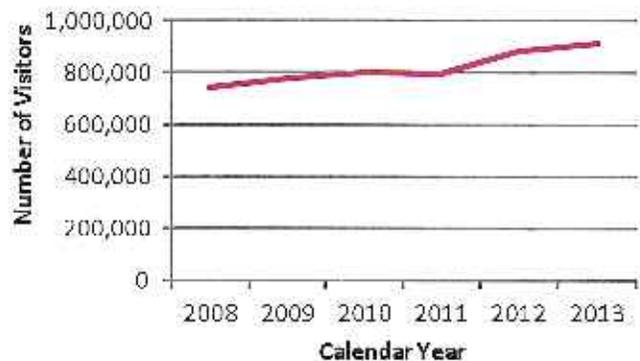
In 2012 special events held at the Newport Mansions attracted 39,779 attendees.<sup>53</sup>

This included **fifty-five Preservation Society special events**, among which were prominent community events such as the Newport Flower Show, the Newport Mansions Wine and Food Festival, and the Newport Symposium.<sup>54</sup>

The Preservation Society also hosted **106 third party special events**, which included private weddings; corporate rentals such as the Victoria's Secret and Ralph Lauren photo shoots; and events sponsored by organizations such as the Boys & Girls Club of Newport County, United States Coast Guard Academy, and the Newport Festivals Foundation.<sup>55</sup>

These third party special events generate an estimated **\$2 million** a year for local service providers such as caterers, tent companies, photographers, designers, musicians, and florists.<sup>56</sup>

GRAPH 5



<sup>50</sup> Ibid.; Beverly Ware (Special Events Manager), e-mail communication with author, October 2013.

<sup>51</sup> Ibid.

<sup>52</sup> Sales & Attendance Database, 2013, Preservation Society of Newport County visitor experience records.

<sup>53</sup> Ware, e-mail communication, October 2013.

<sup>54</sup> Ibid.

<sup>55</sup> Ibid.

<sup>56</sup> Rodman, in discussion with author, October 2013.

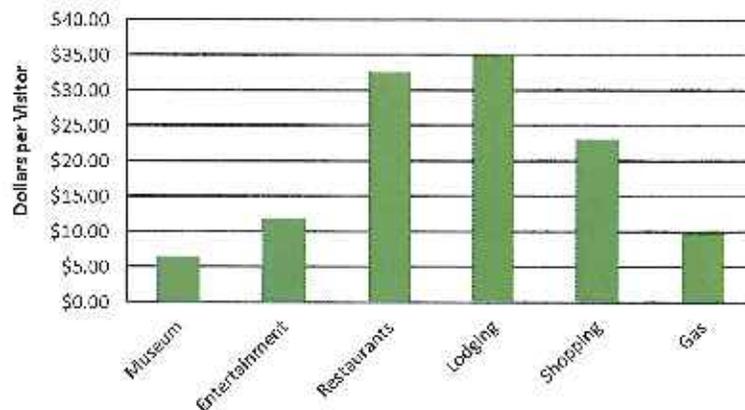
## Economic Impact of Preservation Society Visitors

Visitors drawn to Newport by the Newport Mansions and Preservation Society events have a substantial impact on the local economy. As part of their visit they spend money at local lodging establishments, restaurants and bars, retail and souvenir shops, museums and other recreational and entertainment activities, and transportation services. The money spent generates jobs in these industries and household income for local residents.

### Visitor Spending

It is estimated that, in addition to expenditures at the Newport Mansions, Preservation Society visitors spend on average over **\$118** while in Newport. This includes expenditures within the museum, entertainment, restaurant, lodging, shopping and transportation industries.<sup>57</sup>

GRAPH 6



### Economic Impact of Visitor Spending

Out of the total \$109 million in City economic impact, direct visitor expenditure within Newport's economy is nearly **\$76 million** per year. This spending directly supports **786 jobs** and over **\$18.6 million in wages** in the City of Newport and **954 jobs** and over **\$17.4 million** in wages in the State of Rhode Island. When taking into account both indirect and secondary effects it is estimated that spending by visitors to the Newport Mansions and Preservation Society events generates in total:

1,068 jobs in Newport  
\$25,375,380 in wages to Newport residents  
\$103,341,893 in output within the City economy

1,489 jobs in Rhode Island  
\$27,326,398 in wages to RI residents  
\$118,325,484 in output within the State economy

<sup>57</sup> Robert J. Johnston and Tim Tyrell, *The Preservation Society of Newport County 2000 Visitor Survey* (Wakefield, RI: Impact Research Associates, 2000), 4.

### ***Taxes Generated***

The nearly \$76 million spent directly by visitors while in Newport each year generates taxes for the local and state economy.

TABLE 6

State Sales Tax	\$1,033,122	Spending in local stores <sup>58</sup>
	\$1,464,391	Spending at local restaurants and bars <sup>59</sup>
State Lodging Tax	\$2,672,639	Spending at local lodging establishments <sup>60</sup>
<b><i>Annual Total of State Taxes</i></b>	<b><i>\$5,170,152</i></b>	
Local Food and Beverage Tax	\$209,198	Spending at local restaurants and bars <sup>61</sup>
Local Lodging Tax	\$222,720	Spending at local lodging establishments <sup>62</sup>
<b><i>Annual Total of Local Taxes</i></b>	<b><i>\$431,918</i></b>	

<sup>58</sup> "Questions and Answers on Sales/Use Taxes," *State of Rhode Island Division of Taxation*, 2013, <http://www.tax.ri.gov/help/faq.php>.

<sup>59</sup> State of Rhode Island Division of Taxation, in discussion with author, October 2013.

<sup>60</sup> "Rhode Island 44-18-36.1 – Hotel Tax" (Rhode Island Statutes and Codes, Rhode Island, 2011); RI Division of Taxation, in discussion with author, October 2013.

<sup>61</sup> "Questions and Answers Sales/Use Taxes," *State of Rhode Island Division of Taxation*.

<sup>62</sup> "Rhode Island 44-18-36.1 – Hotel Tax" (Rhode Island Statutes and Codes, Rhode Island, 2011).

### ***Cruise Ship Head Tax***

Throughout the year, dozens of cruise ships travel to Newport. In addition to what is spent by passengers at local stores, restaurants, and attractions, and the taxes generated as a result of these expenditures, the City also collects a cruise ship head tax for all passengers aboard the ship. In 2012, nearly \$300,000 in head tax was collected by the City.<sup>63</sup>

The Newport Mansions play a significant role in cruise lines' decision to choose Newport as a destination.

James Bonfield, Delivery Planning Manager at Cunard Cruise Line, states that "Newport is one of the more popular ports we go to with customers, after Quebec, New York and Boston." He lists "The Vanderbilts of Newport" and the "Grand Mansions of Newport" as two of the most popular shore excursions.<sup>64</sup>

John Stoll, Vice-President at Land Programs at Crystal Cruises, also cites the Newport Mansions as a "big draw" for passengers, and therefore for the cruise line. He explained that Newport is integral to their Canada and New England cruises.<sup>65</sup>

The Preservation Society, therefore, is responsible for some percentage of the cruise ship head tax that is collected by the City. There is, however, no definitive way of knowing what percentage of the tax collected is attributable to the Newport Mansions.

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<sup>63</sup> Timothy Mills (Harbor Master, City of Newport), e-mail communication with author, January 2014.

<sup>64</sup> James Bonfield (Delivery Planning Manager, Cunard Cruise Line), e-mail communication with author, March 2014.

<sup>65</sup> John Stoll (Vice-President at Land Programs, Crystal Cruises), in discussion with author, March 2014.

## Visitor Profile

The total economic impact of visitor spending in Newport is complemented by an analysis of the profile of Preservation Society visitors. When surveyed in 2010, distinct patterns emerged regarding the attributes of the average visitor. These characteristics provide insight into visitor travel patterns, spending habits, and the resultant impact these variables have on the local economy.

### *Reasons for Visit*

When visitors were asked to rank the activities that influenced their decision to visit Newport, the vast majority (91.7%) identified the Newport Mansions as important to their choice of the City as a vacation destination.<sup>66</sup> A significant majority (81.6%) also identified dining, shopping, and nightlife to be important reasons for choosing Newport as a vacation destination.<sup>67</sup>

This is *significant* because it demonstrates that visitors to the Newport Mansion have a high propensity to spend money at local restaurants, bars, and retail and souvenir shops while visiting Newport.

TABLE 7

Reason for Visit	Percent of Tourists that Consider the Activity to be "Important" to their Visit
<b><i>The Newport Mansions</i></b>	<b>91.7%</b>
The Cliff Walk and Ocean Drive	87.5%
Dining, shopping, and nightlife	81.6%
Other attractions and festivals	68.0%
Beaches and boating	59.1%

68

<sup>66</sup> 2010 Newport Mansions Visitor Study, 29.

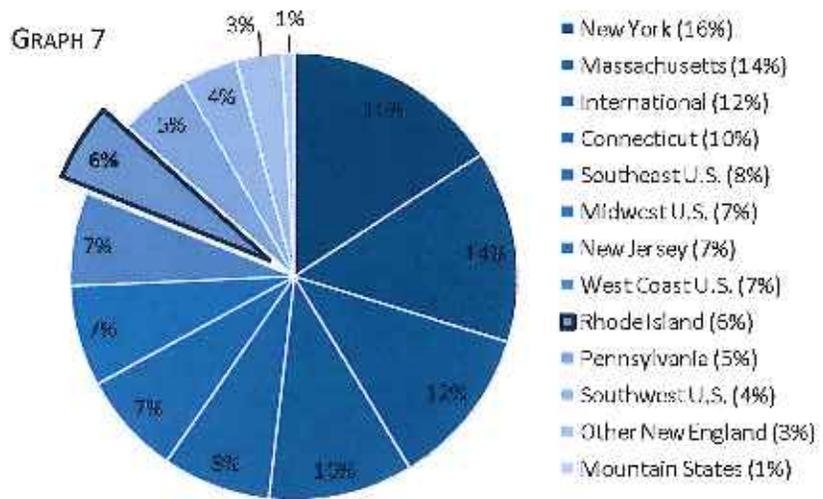
<sup>67</sup> Ibid.

<sup>68</sup> Ibid.

### Visitor Origin

The vast majority of Newport Mansions visitors (94.4%) are from outside Rhode Island.<sup>69</sup>

This is *significant* as it means that the money being spent in Newport by tourists is truly profit, rather than a reallocation of funds within the City's economy.



### Length of Trip

Two thirds of Newport Mansions visitors (65.5%) make the Newport Mansions part of a larger trip, in which they stay “in the area” for two or more days.<sup>70</sup>

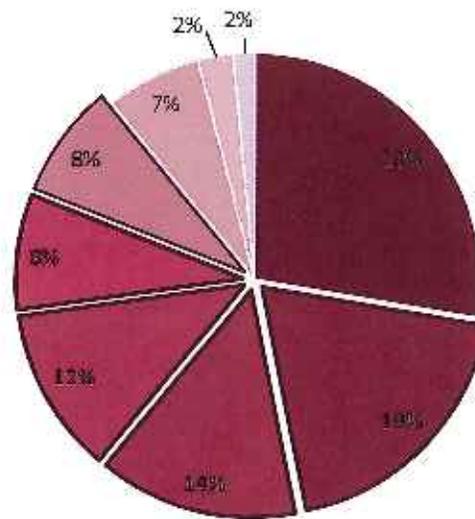
This is *significant* as the longer tourists stay in the area, the more money they will spend in the local economy. Overnight visitors spend more money in the local economy due to the necessity of purchasing accommodations at local lodging establishments and meals at local restaurants or grocery and convenience stores. Visitors that stay overnight in Newport are also more likely to engage in other tourists activities that generate money for the local economy.

GRAPH 8

<sup>69</sup> *ibid.*

<sup>70</sup> *ibid.*, 30.

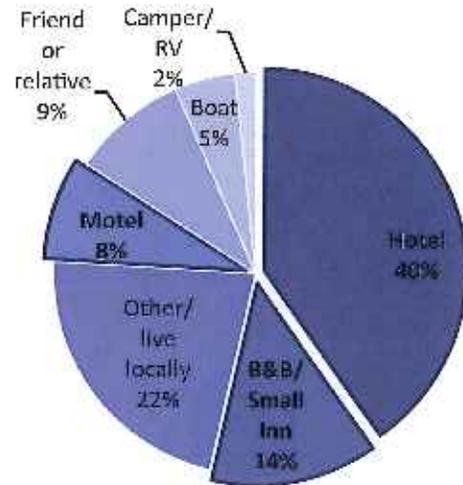
- Here for the day (28%)
- Two days (19%)
- Three days (14%)
- Five to seven days (12%)
- One day, with overnight stay in the area (8%)
- Four days (8%)
- Live locally (7%)
- More than one week, less than one month (2%)
- One month or more (2%)



### Lodging

Of those Newport Mansions visitors staying overnight in the area, the majority (61.8%) stay in hotels (40.1%), bed and breakfasts or small inns (13.5%), and motels (8.2%).<sup>71</sup>

This is *significant* as it translates into income for the local hospitality business, which is the second largest sector within the local tourism industry drawing in an average of \$100 million in gross revenue annually.<sup>72</sup>



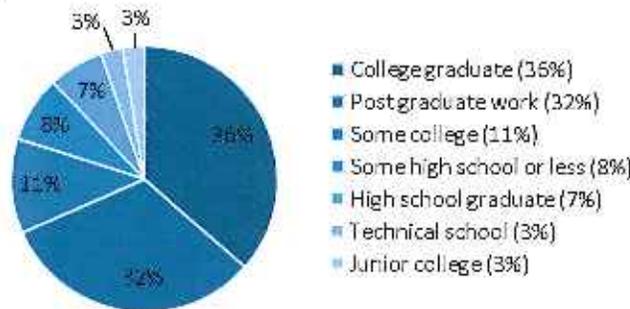
GRAPH 9

### Background

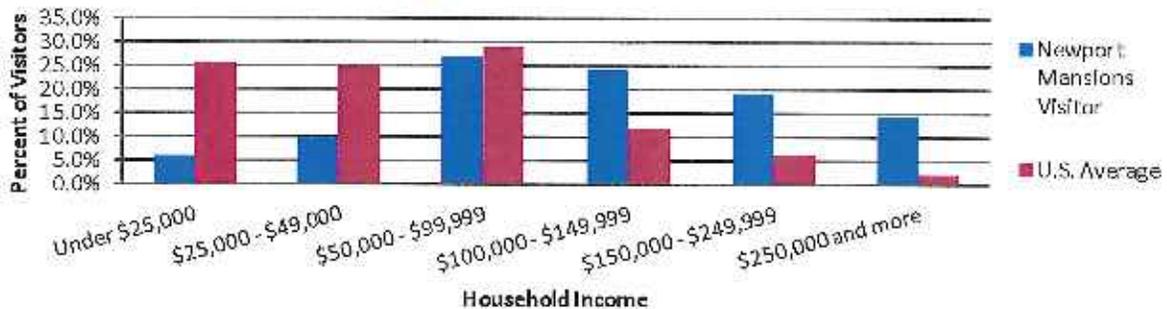
Newport Mansions visitors are largely “well educated, older and more affluent visitors.”<sup>73</sup> More than two-thirds of the Society’s visitors are college graduates, which is more than double the nation’s average of 28%.<sup>74</sup>

This is *significant* as such visitors are more likely to stay longer in order to visit other local attractions and in turn spend more money at lodging establishments, restaurants, stores and other businesses in Newport.

GRAPH 10



GRAPH 11



<sup>72</sup> Evan Smith (President & CEO, Discover Newport), in discussion with author, August 2013.

<sup>73</sup> 2010 Newport Mansions Visitor Study, 4.

<sup>74</sup> Ibid.; U.S. Census Bureau, Current Population Survey, 2012 Annual Social and Economic Supplement.

<sup>75</sup> Ibid., 32.; U.S. Census Bureau, Current Population Survey, 2012 Annual Social and Economic Supplement.

## Quality of Life Contributions to the City and State

In addition to the various economic contributions, the Preservation Society is also an active contributor to the City's **quality of life**.

### Sense of Place

Without the Preservation Society, the character and composition of Newport's landscape would be drastically different. If not for Society's initial preservation efforts, and the continual maintenance and protection of its historic structures, large swaths of the City's historic streetscapes and landscapes would not exist. It is Newport's historic resources that define the City and foster a strong sense of place, which not only draws in tourists but more importantly attracts and maintains residents.

### Maintenance and Beautification

The Preservation Society's Properties Department lends expertise, staff time, and materials to assist in the maintenance and improvement of City- and community-owned property.

TABLE 8

Activity	Cost to the Preservation Society
Repair of the park benches at Touro Park in 1992 and 1998.	\$2,800
Assessment of window, roof and tower conditions at City Hall in 1993.	\$4,000
Repair of the columns, roof and concrete steps at Kings Park Gazebo in 1997, and the re-repair and re-painting of the columns in 1999/2000.	\$80,000
Repair of Cliff Walk tunnel under the Marble House Tea House.	\$50,000
Repair of the second floor porch and two windows at the Touro Street Fire Station in 2003.	\$8,000
Repair of iron fence at Washington Square in 2007 and 2009.	\$30,250
Consulting on the School Committee Board for Thompson Middle School.	\$9,000
Creation of an enclosure to assist the City's restoration of the bronze Statue in Equality Park.	\$10,000
Assessment of building conditions at Emmanuel Church and general assistance to the congregation regarding property improvements in 2013. <sup>76</sup>	\$6,000

<sup>76</sup> Curt Genga (Director of Properties), in conversation with author, September and November 2013.

**Total** \$200,050  
 The Preservation Society's Garden and Grounds Department contributes to various beautification initiatives throughout Newport.

TABLE 9

Activity	Cost to the Preservation Society
Daffodil planting initiative for seven years. <sup>77</sup>	\$74,100
Assembly of the Christmas Tree in Washington Square for twenty-five years. <sup>78</sup>	\$25,000
Planters along Broadway for five years.	\$1,250
Horse Trough planters in Washington Square for five years.	\$8,500
Hill Association garden at Touro Park in Spring of 2013. <sup>79</sup>	\$250
Maintenance of Coggeshall Cemetery for over twenty-eight years. <sup>80</sup>	\$78,400
Landscaping on Narragansett Avenue. <sup>81</sup>	\$4,585
<b>Total</b>	<b>\$192,085</b>

<sup>77</sup> Jeff Curtis (Director of Grounds), in discussion with author, August and October 2013.

<sup>78</sup> David Leys (Vice-President, The Preservation Society of Newport County), e-mail communication with author, October 2013.

<sup>79</sup> Curtis, in discussion with author, August and October 2013.; Leys, e-mail communication with author, October 2013.

<sup>80</sup> Kathleen Martin (Assistant to the Director of Gardens and Grounds), e-mail communication with author, January 2013.

<sup>81</sup> Curtis, in discussion with author, February 2014.

## Cultural and Social Life

Through academic programs, special events, and curatorial work the Preservation Society fosters a culture of learning, fun and philanthropy in the community, which enhances the social and cultural life of Newport residents.

The Preservation Society hosts educational events throughout the year at a greatly reduced rate. These events, which include lectures, concerts, plays, student forums and hands-on workshops, are geared towards learners of all ages.<sup>87</sup>

In addition to these regular events, the Preservation Society provides occasions on which local residents can enjoy the Newport Mansions free of charge.

Annually, the Preservation Society provides two days of free admission to all Newport County residents.<sup>83</sup>

- In fiscal year 2013, 483 residents visited the Newport Mansions free of charge, equaling nearly \$5,000.<sup>84</sup>

Every year during the holiday season the Preservation Society also provides free weekend admission to Newport Police and Fire Department members.<sup>85</sup>

- In fiscal year 2013, nearly 500 residents visited the Newport Mansions, equaling approximately \$5,000.<sup>86</sup>

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<sup>87</sup> Brittany Hullinger (Museum Affairs Coordinator), in discussion with author, October 2013.

<sup>83</sup> Rodman, in discussion with author, October 2013.

<sup>84</sup> Ibid.

<sup>85</sup> Ibid.

<sup>86</sup> Ibid.

The Preservation Society lends the Newport Mansions to businesses and organizations for special events, free of charge.

In calendar year 2012 the Preservation Society donated its facilities for **twenty-three events**, a contribution that equals **over \$220,000**.<sup>87</sup> Organizations that hosted at the Newport Mansions include:

- Community Committee for Boston Marathon bombing victim Heather Abbott, Bellevue Ochre Point Neighborhood Association, Victorian Society, Newport County Inns and Bed & Breakfast Association, Arts & Cultural Alliance, Newport County Convention and Visitors Bureau, Portsmouth Abbey, Island Moving Company, Preserve RI, Providence Business News, NewportFILM, Grace Ormonde, Alex & Ani, Brooks Brothers, Newport Life, National Trust Insurance Services/Freemans, and Rhode Island Mentorship.<sup>88</sup>

The Preservation Society loans collection items to various institutions throughout Rhode Island. Institutions include:

- Newport Historical Society
- Whitehall
- White Horse Tavern
- Edward King House
- Admiral's Residence – War College
- The Glen<sup>89</sup>

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<sup>87</sup> Ware, e-mail communication with author, October 2013.

<sup>88</sup> Ibid.

<sup>89</sup> Paul Miller (Curator), e-mail communication author, January 2013.

## Youth Education

### *Partnerships with Newport Schools*

The Preservation Society partners with Newport public and private schools to provide unique educational opportunities that complement the school curriculum and enhance the overall learning of the City's youth.

In the eight months between January and October 2013, **414 Newport public school children** participated in educational programs free of charge.<sup>90</sup> Programs included:

- Tours at The Breakers with all 6<sup>th</sup> grade classrooms in Newport Public Schools,
- Tours at Marble House with all 5<sup>th</sup> grade classrooms in Newport Public Schools,
- Newport Art Night with middle school classrooms in Newport Public Schools,
- Landscape Design summer school program with Newport Public Schools,
- Study of Architecture at The Elms with Newport Child Opportunity Zone,
- Trim-a-Tree with 4<sup>th</sup> grade classrooms in Newport public and private schools.<sup>91</sup>

To support these offerings the Preservation Society provides funds to support the busing of Newport Public School children on field trips to the Newport Mansions.<sup>92</sup>

In addition to these classroom programs, the Preservation Society partners with Rogers High School and the Metropolitan Regional Career and Technical Center to provide internships to high school students.<sup>93</sup>

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<sup>90</sup> Hullinger, in discussion with author, August and September 2013.

<sup>91</sup> Ibid.

<sup>92</sup> Ibid.

<sup>93</sup> Kate Botelho (Inventory Systems Coordinator), in discussion with author, December 2013.; Kaity Ryan (Manager of Preservation Policy), in discussion with author, October 2013.

### *Youth Services through Partnerships with other Organizations*

The Preservation Society also partners with other non-profit organizations to provide youth programming within the City and throughout the State. The programs include:

- **East Bay Community Action Program (EBCAP)** – An organization that provides health and human services to residents of Rhode Island. Working with EBCAP, the Preservation Society hires youth to work for six weeks in different departments within the organization.<sup>94</sup>
- **Rhode Island Mentorship Partnership** – An organization dedicated to expanding the quality of mentoring services for the State’s youth.<sup>95</sup> Preservation Society staff members take part, specifically, in the Aquidneck Island Mentor Program in which they dedicate an hour per week to mentor a local student.<sup>96</sup>
- **The Big Read** - A National Endowment for the Arts program designed to encourage citizens of every age to read for pleasure. The Preservation Society acted as the lead agency for coordinating this initiative in Newport in 2010 and 2012.
- **MUSE Program** - A program developed by the Newport Art Museum that helps promote museum careers to high school students. The Preservation Society participates by offering the Newport Mansions as field trip locations.
- **Rhody Ramble** - An initiative designed by Preserve Rhode Island to bring awareness to historic preservation. The Preservation Society acts as part of a larger network of organizations that support the initiative.
- **Summer reading** – The Preservation Society helps RI State Libraries promote summer reading by providing free tickets to The Breakers to those students who complete their summer assignments.<sup>97</sup>

### **Higher Education**

The Preservation Society promotes the work of emerging scholars and practitioners through professional opportunities and partnerships with local institutions. These activities include:

- **Sponsoring emerging scholars in the museum field through the Preservation Society’s Fellows Program,**
- **providing internships for college students from local universities such as Salve Regina University, Roger Williams University, and the Community College of Rhode Island,**
- **providing funding for a college intern to work in the City’s Zoning Office, and**
- **partnering with Roger Williams University to conduct a course on heritage stewardship.**<sup>98</sup>

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<sup>94</sup> “About,” *East Bay Community Action Program*, 2014, <http://www.ebcap.org/About/About/tabid/147/Default.aspx>; Jan Doda (Human Resources Manager), in discussion with author, December 2013.

<sup>95</sup> “About Us,” *Rhode Island Mentorship Partnership*, 2007, <http://www.mentorri.org/about-us.htm>.

<sup>96</sup> *Ibid.*; Barbara Shea (Tourism Marketing Manager), in discussion with author, December 2013.

<sup>97</sup> Hullinger, in discussion with author, August and September 2013.

<sup>98</sup> Hullinger, in discussion with author, August and September 2013.; Botelho, in discussion with author, December 2013.

## Sponsorships and Underwriting

The Preservation Society helps support various organizations and initiatives throughout the City, including:

- Women in Business: Newport County Chamber of Commerce
- Travel and Event Guide of the Newport County Chamber of Commerce
- Discover Newport Visitor Guide
- State Tourism Visitor Guide
- Newport Harbor Guide
- Newport in Bloom
- Navy Choristers Program
- Newport Rotary Club
- Newport Polo
- The Women Run: Sanity Chase event
- Newport Police Parade<sup>99</sup>
- Bike Newport: Newport Bicycle Map
- Bike Newport: Bike to Work Day<sup>100</sup>
- "Adopt-a-Spot": City of Newport<sup>101</sup>

On an annual basis the Preservation Society provides a total of over **\$20,000** to these organizations.<sup>102</sup>

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<sup>99</sup> Rodman, in discussion with author, October 2013.

<sup>100</sup> Laura Murphy (Educational Sales Manager), in discussion with author, January 2013.

<sup>101</sup> Leys, e-mail communication with author, October 2013.

<sup>102</sup> Rodman, in discussion with author, October 2013.

## Fundraisers

The Preservation Society helps support charities throughout the City and State by donating resources for fundraisers held by various organizations. Donations include:

- Guest passes to the Newport Mansions and Preservation Society merchandise, which has an annual value of \$4,000,<sup>103</sup>
- flowers and greens for the Edward King House Senior Center's annual fundraiser for twenty years, which has an annual value of \$1,000, and
- a Turkish Oak for an Aquidneck Land Trust fundraiser, which had a value of \$1,000.<sup>104</sup>

## Additional Donations

- The Preservation Society's Gardens and Grounds Department donates produce from its vegetable garden to Lucy's Hearth, a women's shelter in Middletown.<sup>105</sup>
- The Gardens and Grounds Department also donates twenty to thirty poinsettias to the Ancient Order of Hibernians for their family Mass each year.<sup>106</sup>
- Annually the Garden and Grounds Department adopts a family through Child and Family Services and each employee purchases, wraps, and donates toys for the family.<sup>107</sup>
- The Breakers Greenhouse is donated as a workspace for Lucy's Hearth volunteers to create holiday wreaths for the organization's annual fundraiser.
- The Preservation Society's Special Events Department donates floral arrangements to Grand Islander Nursing Home and Newport Hospital.<sup>108</sup>

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<sup>103</sup> Pat Dias (Marketing/Sales Support Specialist), e-mail communication with author, January 2013.

<sup>104</sup> Curtis, in discussion with author, January 2014. The estimate is based on sales of similar sized trees at area nurseries.

<sup>105</sup> Jim Donahue (Horticulturist), e-mail communication with author, September 2013.

<sup>106</sup> Paul McGrady (Properties Supervisor), e-mail communication with author, December 2013.

<sup>107</sup> Martin, e-mail communication with author, January 2013.

<sup>108</sup> Philip Pelletier (Director of Special Events), e-mail communication with Kaity Ryan, October 2013.

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## Total Economic Impact

### Visitor Spending

#### Visitor Spending on “Mansions/Museums”

According to a 2000 survey, approximately sixty percent of Newport Mansion visitors are first-time visitors and forty percent are return visitors.<sup>109</sup> Visitor studies also demonstrate that first-time tourists generally only visit the Newport Mansions during their trip while return tourists visit the Mansions as well as other attractions in Newport.<sup>110</sup> On average Newport Mansions visitors spend \$14.44 on “museums/mansions.”<sup>111</sup> It is unclear through the survey whether or not the spending expressed by the visitor included the amount spent at the Newport Mansions. Survey data was used to estimate what portion of visitor expenditures went to the Preservation Society and what portion to other local “museums/mansions”. The methodology is described below:

- There are 360,000 first-time visitors.  
=  $0.60 * 600,000$   
= 360,000 first-time visitors
- First-time tourists generally only visit the Newport Mansions during their trip and therefore all of their spending on “museums/mansions” goes to the Preservation Society.  
=  $360,000 * \$14.44$   
= \$5,198,400
- There are 240,000 second-time visitors.  
=  $0.40 * 600,000$   
= 240,000

<sup>109</sup> Robert J. Johnston and Tim Tyrrell, *The Preservation Society of Newport County 2000 Visitor Survey* (Wakefield, RI: Impact Research Associates, 2000), 19.

<sup>110</sup> John Rodman (Director of Museum Experience), in discussion with author, October 2013.

<sup>111</sup> Johnston and Tyrrell, *2000 Visitor Survey*, 23.

- Second-time tourists generally visit other attractions as well as the Newport Mansions during their trip. To determine what portion of the \$14.44 spent on “museums/mansions” the Preservation Society collects, the revenue generated by admissions in 2000 was considered. Total revenue in 2000 from admissions is estimated to be \$7.5 million.<sup>112</sup> This includes revenue from ticket sales (\$7.2 million) plus a portion of membership sales (\$300,000), which was included to account for the memberships sold and used solely for admissions to the Newport Mansions.<sup>113</sup>

- Spending by second-time visitors must be equal to the balance remaining when spending by first-time visitors is deducted from the 2000 revenue.

$$\begin{aligned} ((\$14.44)(x))*240,000 &= (\$7,500,000 - \$5,198,400) \\ 3,465,600x &= 2,301,600 \\ x &= 2,301,600/3,465,600 \\ x &= .66 \text{ (or } 2/3) \end{aligned}$$

- This methodology can be checked by inserting  $2/3$  into the equation to arrive at revenue in 2000.

$$\begin{aligned} &= ((\$14.44)(2/3))*240,000 \\ &= \$2,311,200 \\ &= \$5,198,400 + \$2,311,200 \\ &= \$7.5 \text{ million} \end{aligned}$$

- It can be determined, therefore, that total expenditures on “mansions/museums” other than the Newport Mansions is equal to  $1/3$  of “mansion/museum” expenditures recorded in the 2000 survey.

$$\begin{aligned} &= \$14.44 * 1/3 \\ &= \$4.81 \end{aligned}$$

<sup>112</sup> Rodman, in discussion with the author, December 2013.

<sup>113</sup> Ibid.

## Inflation

Visitor spending data was only available through a 2000 visitor survey conducted by Robert J. Johnston and Tim Tyrrell of Impact Research Associates. To adjust this data to represent 2013 visitor spending patterns, chain-type consumer price indexes were used. Chain-type price indexes are an alternative metric for the traditional consumer price index (CPI).<sup>114</sup> According to the Bureau of Labor Statistics, CPI “is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services” whereas chain-type price indexes “consider product substitutions made by consumers and other changes in their spending habits.”<sup>115</sup> By dividing the 2013 chain-type price index by that from 2000 one arrives at an inflation factor, which then can be used to adjust 2000 visitor spending to represent 2013 spending.<sup>116</sup>

For example:

- The chain-type price index for “food services and drinking places” in 2000 was 86.8 and in the second quarter of 2013 it was 126.2.<sup>117</sup>
- Newport Mansions visitor spending on food in 2000 was \$22.49.  

$$= (126.2/86.8)*\$22.49$$

$$= \$32.70$$

Below is a complete list of 2000 and 2013 visitor expenditures:

	Expenditure/ Visitor ('00) <sup>118</sup>	2000 Index <sup>119</sup>	2013QIII Index <sup>120</sup>	Inflation Factor	Expenditure/ Visitor ('13)
Museums/Mansions	\$4.81	86.7	117.2	1.35	\$6.50
Entertainment/Bars	\$8.21	86.8	126.2	1.45	\$11.94
Restaurant/Groceries	\$22.49	86.8	126.2	1.45	\$32.70
Lodging	\$27.39	88.2	112.1	1.27	\$34.81
Shopping	\$18.51	94.2	117.4	1.25	\$23.07
Gas/Transportation	\$6.74	90.4	130.8	1.45	\$9.75

<sup>114</sup> “Consumer Price Index,” *United States Department of Labor, Bureau of Labor Statistics*, 2013, [http://stats.bls.gov/cpi/cpifaq.htm#Question\\_1](http://stats.bls.gov/cpi/cpifaq.htm#Question_1).

<sup>115</sup> *Ibid.*; “Chain-Weighted CPI,” *Investopedia*, 2013, <http://www.investopedia.com/terms/c/chain-linked-cpi.asp>.

<sup>116</sup> Methodology suggested by: Tim Tyrrell, e-mail communication with the author, October 2013.

<sup>117</sup> John Terpening (Economist, U.S. Office of Travel and Tourism Industries), e-mail communication with author, November 2013.

<sup>118</sup> Johnston and Tyrrell, *2000 Visitor Survey*, 23.

<sup>119</sup> Terpening, e-mail communication with author, November 2013.

<sup>120</sup> *Ibid.*

<b>Total</b>	<b>\$88.15</b>	<b>\$118.77</b>
<b><i>Direct Impacts</i></b>		

**Census Ratios**

In order to determine the direct jobs and wages generated as a result of Preservation Society or visitor spending, ratios based on the United States 2007 economic census data were used.<sup>121</sup> For every North American Industry Classification System (NAICS) code there is a set of data that includes total sales, annual payroll, and number of employees for a specific geographic region. When the direct impacts of visitor spending, Preservation Society payroll, or organizational purchasing on the State were calculated, ratios were created using Rhode Island census data. When calculating the direct impacts of Society operations within the City, ratios were created using census data for Newport, with the exception of the gasoline and transportation industries as City-level data for these industry codes was not available.

Ratio formulas used:

- (employees/receipts) \* (output/1) = employees
- (payroll/receipts) \* (output/1) = payroll

The following example demonstrates the number of jobs and dollars in wages generated within Newport as a result of Preservation Society visitor expenditures at retail establishments in the City.

- According to a 2000 study, Preservation Society visitors spend an average of \$18.51 on retail shopping in Newport (equivalent to the NAICS code “retail trade”).<sup>122</sup> In 2007, total sales of all “retail trade” establishments in the City of Newport equaled \$364,263,000, annual payroll was \$36,701,000, and the total number of employees was 1,589.<sup>123</sup>

$$\begin{aligned} (1,589 \text{ employees}/\$364,263,000 \text{ sales}) * \$14,758,887 \text{ expenditures} &= 64 \text{ jobs} \\ (\$36,701,000 \text{ payroll}/\$364,263,000 \text{ sales}) * \$14,758,887 \text{ expenditures} &= \$1,487,019 \\ &\text{in wages} \end{aligned}$$

When calculating the direct impacts of Preservation Society spending on goods and services an aggregate ratio was created using all available NAICS codes because no one code characterizes the various industries in which the Society spends money.<sup>124</sup>

<sup>121</sup> Methodology suggested by: Tim Tyrrell, e-mail communication with the author, October 2013.

<sup>122</sup> Johnston and Tyrell, *2000 Visitor Survey*, 23.

<sup>123</sup> U.S. Census Bureau, 2007, U.S. Economic Census.

<sup>124</sup> Methodology suggested by: Tyrrell, e-mail communication with the author, October 2013.

## *Secondary Impacts*

### Multipliers

To calculate the secondary impacts of the Preservation Society's operations and visitor spending indirect-impact multipliers were used. To obtain secondary impacts, the appropriate multiplier was multiplied by visitor spending, Preservation Society wages, and expenditures on goods and services respectively. The result was then added to the direct impacts to get total impacts. To calculate secondary impacts in Newport the multiplier 0.36 was used, which originated from Tim Tyrell's article *A Framework for Assessing Direct Economic Impacts of Tourist Events*. Ideally a different multiplier would have been used for each industry in which the visitor spent money and the different types of spending (i.e. visitor vs. organization spending), but this data was not available. When calculating secondary impacts in Rhode Island, multipliers from Tim Tyrell's article *Rhode Island Tourism Multipliers* were used.

For example:

- Visitor spending on lodging equaled \$22,271,991.  
Secondary impact (indirect + induced) =  $\$22,271,991 \times 0.36$   
= \$8,017,917  
Total economic impact of visitor spending (direct + secondary) =  $\$22,271,991 + \$8,017,917$   
= \$30,289,908

**Outline of Direct and Indirect Impacts**

**Effects of Visitor Spending in Newport**

**US Census Data for Newport**

Spending Category	NAICS Code	Receipts	Jobs	Wages
Museums/Mansions	712 (Museums, historical sites, and similar institutions)	\$27,304,000	239	\$7,774,000
Entertainment/Bars	711 (Performing Arts, Spectator Sports, and Related Industries) 713 (Amusement, Gambling, Recreation)			
Restaurant/Groceries	7224 (Drinking Places) 722 (Food services and drinking places)	\$68,107,000	632	\$20,024,000
Lodging	721 (Accommodation)	\$108,029,000	1,921	\$36,043,000
Shopping	44-45 (Retail Trade)	\$118,586,000	1,155	\$33,373,000
Gas/Transportation	447 (Gasoline stations) 485 (Transit and Ground Transportation)	\$364,263,000	1,589	\$36,701,000
		\$1,130,771,000	4,518	\$89,535,000

**Direct Effects of Visitor Spending**

Spending Category	\$/Visitor (2013)	Number of Visitors	Output	Jobs	Wages
Museums/Mansions	\$6.50	639,779	\$4,159,907	36	\$1,184,409
Entertainment/Bars	\$11.94	639,779	\$7,636,824	71	\$2,245,287
Restaurant/Groceries	\$32.70	639,779	\$20,919,874	372	\$6,979,746
Lodging	\$34.81	639,779	\$22,271,991	217	\$6,267,883
Shopping	\$23.07	639,779	\$14,758,887	64	\$1,487,019
Gas/Transportation	\$9.75	639,779	\$6,239,204	25	\$494,023
<i>Subtotal</i>	<i>\$118.77</i>		<i>\$75,986,686</i>	<i>786</i>	<i>\$18,658,367</i>

**Secondary Effects of Visitor Spending**

Spending Category	Output	Jobs	Wages
Museums/Mansions	\$1,497,566	13	\$426,387
Entertainment/Bars	\$2,749,257	26	\$808,303
Restaurant/Groceries	\$7,531,155	134	\$2,512,709
Lodging	\$8,017,917	78	\$2,256,438
Shopping	\$5,313,199	23	\$535,327
Gas/Transportation	\$2,246,113	9	\$177,848
<i>Subtotal</i>	<i>\$27,355,207</i>	<i>283</i>	<i>\$6,717,012</i>

**Total Effects of Visitor Spending**

Output	Jobs	Wages
\$103,341,893	1,068	\$25,375,380

## Effects of Visitor Spending in Rhode Island

### US Census Data for Rhode Island

Spending Category	NAICS Code	Receipts	Jobs	Wages
Museums/Mansions	712 (Museums, historical sites, and similar institutions)	\$48,446,000	508	\$15,314,000
Entertainment/Bars	711 (Performing Arts, Spectator Sports, and Related Industries) 713 (Amusement, Gambling, Recreation)			
Restaurant/Groceries	7224 (Drinking Places) 722 (Food services and drinking places)	\$726,530,000	10,455	\$201,787,000
Lodging	721 (Accommodation)	\$1,758,928,000	40,319	\$519,212,000
Shopping	44-45 (Retail Trade)	\$389,746,000	4,107	\$102,865,000
Gas/Transportation	447 (Gasoline stations) 485 (Transit and Ground Transportation)	\$12,286,485,000	50,865	\$1,215,441,000
		\$1,130,771,000	4,518	\$89,535,000

### Direct Effects of Visitor Spending

Spending Category	\$/Visitor (2013)	Number of Visitors	Output	Jobs	Wages
Museums/Mansions	\$6.50	639,779	\$4,159,907	44	\$1,314,965
Entertainment/Bars	\$11.94	639,779	\$7,636,824	110	\$2,121,057
Restaurant/Groceries	\$32.70	639,779	\$20,919,874	480	\$6,175,267
Lodging	\$34.81	639,779	\$22,271,991	235	\$5,878,209
Shopping	\$23.07	639,779	\$14,758,887	61	\$1,460,023
Gas/Transportation	\$9.75	639,779	\$6,239,204	25	\$494,023
<i>Subtotal</i>	<i>\$118.77</i>		<i>\$75,986,686</i>	<i>954</i>	<i>\$17,443,545</i>

### Secondary Effects of Visitor Spending

Spending Category	Output	Jobs	Wages
Museums/Mansions	\$2,703,939	28	\$854,727
Entertainment/Bars	\$4,200,253	60	\$1,166,582
Restaurant/Groceries	\$11,505,931	264	\$3,396,397
Lodging	\$13,140,475	138	\$3,468,143
Shopping	\$7,231,854	30	\$715,411
Gas/Transportation	\$3,556,346	14	\$281,593
<i>Subtotal</i>	<i>\$42,338,798</i>	<i>535</i>	<i>\$9,882,854</i>

### Total Effects of Visitor Spending

	Output	Jobs	Wages
	\$118,325,484	1,489	\$27,326,398

### Effects of Preservation Society Payroll

<b>U.S. Census Data for Newport</b>			
NAICS Code	Receipts	Jobs	Wages
712 (Museums, historical sites, and similar institutions)	\$27,304,000	239	\$7,774,000
<b>U.S. Census Data for Rhode Island</b>			
NAICS Code	Receipts	Jobs	Wages
712 (Museums, historical sites, and similar institutions)	\$48,446,000	508	\$15,314,000
<b>Direct Effects of PS Payroll</b>			
	Output	Jobs	Wages
City of Newport employees	\$3,186,294	176	\$3,186,294
Rhode Island employees (including Newport County)	\$7,371,734	369	\$7,371,734
<b>Secondary Effects of PS Payroll</b>			
	Output	Jobs	Wages
City of Newport employees	\$1,147,066	10	\$1,147,066
Rhode Island employees (including Newport County)	\$4,791,627	50	\$4,791,627
<b>Total Effects of PS Payroll</b>			
	Output	Jobs	Wages
Newport Total	\$4,333,360	186	\$4,333,360
Rhode Island Total	\$12,163,361	419	\$12,163,361

## Effects of Preservation Society Purchasing

### U.S. Census Data for Newport

NAICS Code	Receipts	Jobs	Wages
Aggregate of Available NAICS Codes	\$1,170,207,000	9,347	\$283,959,000

### U.S. Census Data for Rhode Island

NAICS Code	Receipts	Jobs	Wages
Aggregate of Available NAICS Codes	\$38,858,553,000	272,729	\$8,479,339,000

### Direct Effects of Preservation Society Spending

	Output	Jobs	Wages
City of Newport vendors	\$1,274,312	10	\$309,221
Rhode Island vendors (not including Newport County)	\$3,485,248	24	\$760,517

### Secondary Effects of Preservation Society Spending

	Output	Jobs	Wages
City of Newport vendors	\$458,752	4	\$111,319
Rhode Island vendors (not including Newport County)	\$2,265,411	16	\$494,336

### Total Effects of Preservation Society Spending

	Output	Jobs	Wages
Newport Total	\$1,733,064	14	\$420,540
Rhode Island Total	\$5,750,659	40	\$1,254,853

### **Impact on the City Coffers**

**Note:** See section “Economic Impact of Preservation Society Operations,” subheading *Payments to the City* (page 4) in main document for more information regarding payments and donations to the local government. See “Economic Impact of Preservation Society Visitors,” subheading *Taxes Generated* (page 46) for more detailed information regarding how taxes from visitor spending were calculated.

### **Impact on State’s Economy**

#### ***Visitor Spending***

Visitor spending in Rhode Island is an underestimate due to the fact that there has only been a survey conducted to estimate visitor spending in Newport, not elsewhere in the State.

### **Impact on State Coffers**

Income tax withholding + taxes generated from visitor spending= \$277,000 + \$5,170,152  
= \$5,447,152

**Note:** See section “Economic Impact of Preservation Society Visitors,” subheading *Taxes Generated* in Appendix I (page 46) for more detailed information regarding how taxes from visitor spending were calculated.

## Economic Impact of Preservation Society Operations

### Payments to the City

Total voluntary payments made by the Preservation Society in 2013.

City Planning Department	\$50,000
RIPTA trolley service	\$20,000
Property Taxes (Preservation Society warehouse) <sup>125</sup>	\$7,252
July 4 <sup>th</sup> fireworks	\$1,500
<b>Total</b>	<b>\$78,752</b>

Total voluntary payments made by the Preservation Society to the City of Newport over the last two decades.

1994 to 2013	\$50,000 annually
1993	\$41,250
1992	\$15,000
Prior to 1992	varying annual amounts, totaling \$315,250 <sup>126</sup>
<b>Total</b>	<b>\$1,371,500</b>

<sup>125</sup> A portion of The Breakers parking lot is on land owned by Salve Regina University. The Society's easement requires it to reimburse Salve for property taxes Salve pays the City on the parking lot. The Society considers this a direct obligation to the City. The Preservation Society voluntarily created a separate corporation to hold title to its warehouse which is not exempt from property taxes. The Society therefore considers this a voluntary payment to the City.

<sup>126</sup> All payment information from: 02/06/2013 PSNC Payments to City of Newport, February 6, 2013, Preservation Society of Newport County financial records.

## Job Creation

### *Average Tenure*

As of December 31, 2012, the average hire for employees who worked during 2012 was December 14, 2004, which means the average tenure was eight years.<sup>127</sup>

### *Employee Percentage Breakdown*

$$\begin{aligned}\text{Percent Newport employees} &= (\text{Newport employees}/\text{total PS} \\ &\quad \text{employees}) * 100 \\ &= (176/400) * 100 \\ &\approx 44.0\%\end{aligned}$$

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$$\begin{aligned}\text{Percent Newport County employees} &= (\text{Newport County employees}/\text{total PS} \\ &\quad \text{employees}) * 100 \\ &= (294/400) * 100 \\ &\approx 73.5\%\end{aligned}$$

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$$\begin{aligned}\text{Percent Rhode Island based employees} &= (\text{Rhode Island employees}/\text{total PS} \\ &\quad \text{employees}) * 100 \\ &= (369/400) * 100 \\ &\approx 92.3\%^{128}\end{aligned}$$

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<sup>127</sup> James M. Burress (Director of Finance), e-mail communication, December 2013.

<sup>128</sup> All statistics regarding number of employees: Burress, e-mail communication, November 2013.

## Contributing to a Healthier Economy

### Percent Increase in FTEs

$$\begin{aligned}\text{Percent increase in FTEs from 2011 to 2012} &= \frac{((Y_{2012 \text{ FTEs}} - Y_{2011 \text{ FTEs}}) / Y_{2011 \text{ FTEs}}) * 100}{1} \\ &= \frac{((210^{129} - 196^{130}) / 196) * 100}{1} \\ &= 7.14\% \\ &\approx 7.1\%\end{aligned}$$

### Unemployment Rate

$$\begin{aligned}\text{Unemployment rate} &= \frac{(\text{unemployed workers} / \text{labor force}) * 100}{1} \\ \text{2012 annual average City unemployment rate} &= \frac{1,256 / 13,007 * 100}{1} \\ &= 9.65\% \\ &\approx 9.7\%^{131} \\ \text{City Unemployment rate without PS} &= \frac{(\text{unemployed workers in Newport} + \text{PS employees residing in Newport}) / \text{labor force} * 100}{1} \\ &= \frac{(1,256 + 171^{132}) / 13,007 * 100}{1} \\ &= 10.97\% \\ &\approx 11.0\%\end{aligned}$$

To allow for the appropriate comparison, the 2012 annual average unemployment rate for the City of Newport and Preservation Society employment numbers from calendar year 2012 were used.

<sup>129</sup> Burress, e-mail communication, November 2013.

<sup>130</sup> *11/12 Annual Report* (Newport, RI: Preservation Society of Newport County, 2012).

<sup>131</sup> "Newport Labor Force Statistics," *Department of Labor and Training*, 2013,

<http://www.dlt.ri.gov/lmi/laus/town/newport.htm>.

<sup>132</sup> Burress, e-mail communication, July 2013.

## Purchase of Goods and Services

### *Vendor Percentage Breakdown*

$$\begin{aligned}\text{Percent Newport based companies} &= (\text{Newport based companies}/\text{total} \\ &\text{vendors}) * 100 \\ &= (147/893) * 100 \\ &\approx 16.5\%\end{aligned}$$

---

$$\begin{aligned}\text{Percent Newport County based companies} &= (\text{Newport County based companies}/ \\ &\text{total vendors}) * 100 \\ &= (250/893) * 100 \\ &\approx 28.0\%\end{aligned}$$

---

$$\begin{aligned}\text{Percent Rhode Island based companies} &= (\text{RI based companies}/ \text{total vendors}) * \\ &100 \\ &= (381/893) * 100 \\ &\approx 42.7\%<sup>133</sup>\end{aligned}$$

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<sup>133</sup> All statistics regarding number of vendors from: FY13 Vendors, September 12, 2013, Preservation Society of Newport County financial records.

## *Economic Impact of Purchasing*

### Percent of Non-profit Expenditures

Percent of total expenditures by historical non-profits in Rhode Island = Expenditures by the PS/Total RI historical non-profit expenditures  
= \$20,253,298<sup>134</sup>/\$34,700,000<sup>135</sup>  
= 58.4%

Percent of total expenditures by museums in Rhode Island = Expenditures by the PS/Total RI museum expenditures  
= \$20,253,298<sup>136</sup>/\$29,100,000<sup>137</sup>  
= 69.6%

Statistics regarding expenditures by non-profit organizations and museums in Rhode Island are based on the number of "registered filers," federally registered non-profit organizations with revenue above the \$25,000 annual threshold.<sup>138</sup> Registered non-filers, embedded organizations, and unincorporated nonprofits also spend some money but there is no systematic way to know the amount. Their spending, therefore, comes from methodological assumptions based on anecdotal evidence and the advice of professional colleagues.<sup>139</sup>

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<sup>134</sup> Pie Charts for FY10 Annual Report, 2010, Preservation Society of Newport County financial records.

<sup>135</sup> Planning Decisions, Inc., The Maine Center for Creativity, and Charles Colgan, *New England's Creative Economy: Nonprofit Sector Impact* (Boston, MA: New England Foundation for the Arts, 2011), 14.

<sup>136</sup> Pie Charts for FY10 Annual Report.

<sup>137</sup> Planning Decisions, Inc., The Maine Center for Creativity, and Colgan, *New England's Creative Economy*, 14.

<sup>138</sup> *Ibid.*, 9.

<sup>139</sup> *Ibid.*, 10.

Visitation to the Newport Mansions

*Percent of Total Visitation to Newport*

$$\begin{aligned} \text{Percent of total visitation to Newport} &= \frac{\text{Visitors to the Preservation Society whose reason for their visit to Newport was the Newport Mansions or a Society event}}{\text{total visitors to Newport}} \\ \text{Visitors to the Preservation Society whose reason for their visit to Newport was the Newport Mansions or a Society event} &= 639,779 * 91.7\%^{140} \\ &= 639,779 * 0.917 \\ &\approx 586,677 \\ \text{Total visitors to Newport} &= 2,784,900^{141} * 90\%^{142} \\ &= 2,506,410 \end{aligned}$$

**Note:** The total number of visitors to the City of Newport is unknown. The figure used is an estimate based on the known number of visitors to Newport County. Ten percent of visitors to Newport County were subtracted from the total to account for visitors that do not visit the City of Newport and instead travel to other parts of the County, which include Jamestown, Little Compton, Middletown, Portsmouth, and Tiverton.<sup>143</sup>

$$\begin{aligned} \text{Percent of total visitation to Newport} &= \frac{639,779^{144}}{2,506,410} * 100 \\ &= 23.41\% \\ &\approx 23.0\% \end{aligned}$$

<sup>140</sup> 2010 Newport Mansions Visitor Study (Wicklford, RI: Advantage Marketing Information, 2010), 33.

<sup>141</sup> Shane Norton, *Rhode Island and Tourism* (Rhode Island: IHS Global Insight, Inc., 2011), 47.

<sup>142</sup> Rodman, in discussion with author, October 2013.

<sup>143</sup> Ibid.

<sup>144</sup> Ibid.; Beverley Ware (Special Events Manager), e-mail communication with author, October 2013.

### Visitation to Special Events

“Preservation Society events” include community education, fundraisers, and social events.

	<b>Number of events</b>	<b>Number of guests</b>	<b>Event type</b>
	19	1,874	PS Social
	9	12,785	PS Fundraiser
	27	1,740	PS Community education
<i>Subtotal</i>	<b>55</b>	<b>16,399</b>	

“Third party events” include private events for which the Newport Mansions were rented by private parties, companies, or non-profit organizations.

	<b>Number of events</b>	<b>Number of guests</b>	<b>Event type</b>
	33	4,525	Wedding
	26	11,915	SMERF
	2	40	Photo shoot
	39	5,350	Corporate
	6	1,550	Association <sup>145</sup>
<i>Subtotal</i>	<b>106</b>	<b>23,380</b>	
<b>Total</b>	<b>161</b>	<b>39,779</b>	

<sup>145</sup> All statistics regarding special events; Ware, e-mail communication, October 2013.

## Economic Impact of Preservation Society Visitors

### Visitor Spending

#### Taxes Generated

	Expenditure per visitor <sup>146</sup>	Total expenditure by all visitors	Total tax	State tax	Direct State tax collected	Local tax	Direct Local tax collected
Restaurants	\$32.70	\$20,919,874	8%	7% <sup>147</sup>	\$1,464,391	1% <sup>148</sup>	\$209,199
Lodging	\$34.81	\$22,271,991	13%	5% hotel <sup>149</sup>	\$1,113,600	1% <sup>150</sup>	\$222,720
				7% sales <sup>151</sup>	\$1,559,039		
Shopping	\$23.07	\$14,758,887	7%	7% <sup>152</sup>	\$1,033,122		
<b>Total</b>					<b>\$5,170,152</b>		<b>\$431,919</b>

<sup>146</sup> Johnston and Tyrell, *2000 Visitor Survey*, 4.

<sup>147</sup> State of Rhode Island Division of Taxation, in discussion with author, October 2013.

<sup>148</sup> "Questions and Answers on Sales/Use Taxes," *State of Rhode Island Division of Taxation*, 2013, <http://www.tax.ri.gov/help/faq.php>.

<sup>149</sup> "Rhode Island 44-18-36.1 – Hotel Tax" (Rhode Island Statutes and Codes, Rhode Island, 2011).

<sup>150</sup> *Ibid.*

<sup>151</sup> RI Division of Taxation, in discussion with author, October 2013.

<sup>152</sup> "Questions and Answers on Sales/Use Taxes," *State of Rhode Island Division of Taxation*.

## Quality of Life Contributions to the City and State

### Maintenance and Beautification

Contribution	Cost to the Preservation Society
Annual daffodil planting initiative =	(\$1,600 in labor * 9 years <sup>153</sup> ) + \$59,700 donation over 9 years <sup>154</sup>
	= \$74,100
Annual Christmas Tree in Washington Square =	\$1,000 in labor <sup>155</sup> * 25 years <sup>156</sup>
	= \$25,000
Annually filling planters on Broadway =	\$250 in materials * 5 years
	= \$1,250
Purchase and maintenance of Horse Trough in Washington Square =	\$800 in one-time cost + (\$100 in materials * 5 years) + (\$1,440 in labor * 5 years)
	= \$8,500
Creation of a garden in Touro Park in the Spring of 2013 by the Hill Association =	\$250 in materials <sup>157</sup>
Maintenance of Coggeshall Cemetery =	\$2,800 in labor * 28 years <sup>158</sup>
	= \$78,400
Landscaping on Narragansett Avenue =	\$4,585 in labor and materials <sup>159</sup>
<b>Total =</b>	<b>\$192,085</b>

### Cultural Life

Value of free admission =	Number of visitors * average admission rate
	= 483 * \$10.00 <sup>160</sup>
	= \$4,830.00

<sup>153</sup> Jeff Curtis (Director of Grounds), in discussion with author, August and October 2013.

<sup>154</sup> Alyssa Gaudreau (Membership/Development Assistant), in discussion with author, December 2013.

<sup>155</sup> Curtis, in discussion with author, August and October 2013.

<sup>156</sup> David Leys, e-mail communication with Alyssa Lozupone, October 2013.

<sup>157</sup> Curtis, in discussion with author, August and October 2013.

<sup>158</sup> Kathleen Martin (Assistant to the Director of Gardens and Grounds), e-mail communication with author, January 2013.

<sup>159</sup> Curtis, in discussion with author, February 2014.

<sup>160</sup> Rodman, in discussion with author, October 2013.

# **Appendix E**

## Tourism Generated by the Preservation Society

In 2012 there were nearly **640,000** people who took tours or attended events at the Preservation Society.<sup>50</sup> This represents **23%** of total visitation to Newport.

### Reasons for Visit

When visitors were asked to rank the activities that influenced their decision to visit Newport, the vast majority (91.7%) identified the Newport Mansions as important to their choice of the City as a vacation destination.<sup>66</sup> A significant majority (81.6%) also identified dining, shopping, and nightlife to be important reasons for choosing Newport as a vacation destination.<sup>67</sup>

This is *significant* because it demonstrates that visitors to the Newport Mansion have a high propensity to spend money at local restaurants, bars, and retail and souvenir shops while visiting Newport.

TABLE 7

Reason for Visit	Percent of Tourists that Consider the Activity to be "Important" to their Visit
<b>The Newport Mansions</b>	<b>91.7%</b>
The Cliff Walk and Ocean Drive	87.5%
Dining, shopping, and nightlife	81.6%
Other attractions and festivals	68.0%
Beaches and boating	59.1%

68

640,000 people took tours of the mansions

X

.875 percent of visitors to the mansions who thought the C.W. was important

=

560,000 people that took a tour at the mansions and thought the cliff walk was important to them.



**Percent of Total Visitation to Newport**

Percent of total visitation to Newport = Visitors to the Preservation Society whose reason for their visit to Newport was the Newport Mansions or a Society event/total visitors to Newport

$$\begin{aligned} \text{Visitors to the Preservation Society whose} \\ \text{reason for their visit to Newport was the} \\ \text{Newport Mansions or a Society event} &= 639,779 * 91.7\%^{140} \\ &= 639,779 * 0.917 \\ &= 586,677 \\ \text{Total visitors to Newport} &= 2,784,900^{141} * 90\%^{142} \\ &= 2,506,410 \end{aligned}$$

**Note:** The total number of visitors to the City of Newport is unknown. The figure used is an estimate based on the known number of visitors to Newport County. Ten percent of visitors to Newport County were subtracted from the total to account for visitors that do not visit the City of Newport and instead travel to other parts of the County, which include Jamestown, Little Compton, Middletown, Portsmouth, and Tiverton.<sup>143</sup>

**560,000**

mansion visitors who thought  
C.W. was important

**2,506,410**

is the estimated number of total  
visitors to Newport.

$$\frac{560,000}{2,506,410} = .2234 = 22.34\%$$

**22.34%**  
of total visitors to Newport  
thought the cliff walk was  
important to them.

Spending Category	\$/Visitor (2013)
Museums/Mansions	\$6.50
Entertainment/Bars	\$11.94
Restaurant/Groceries	\$32.70
Lodging	\$34.81
Shopping	\$23.07
Gas/Transportation	\$9.75
<b>Subtotal</b>	<b>\$118.77</b>

Spending Category	\$/Visitor (2013)		# of people who value C.W. highly		Total spent
Museums/Mansions	6.50	x	560,000	=	\$3,640,000
Entertainment/Bars	11.94	x	560,000	=	\$6,686,400
Restaurant/Groceries	32.70	x	560,000	=	\$18,312,000
Lodging	34.81	x	560,000	=	\$19,493,600
Shopping	23.07	x	560,000	=	\$12,919,200
Gas/Transportation	9.75	x	560,000	=	\$5,460,000
<b>TOTAL</b>	<b>118.77</b>	<b>x</b>	<b>560,000</b>	<b>=</b>	<b>\$66,511,200</b>

**\$66,511,200**  
 total spent on restaurants,  
 lodging, and shopping. (by  
 visitors to the mansions who  
 thought the C.W. was important  
 to them)

### Multipliers

To calculate the secondary impacts of the Preservation Society's operations and visitor spending indirect-impact multipliers were used. To obtain secondary impacts, the appropriate multiplier was multiplied by visitor spending, Preservation Society wages, and expenditures on goods and services respectively. The result was then added to the direct impacts to get total impacts. To calculate secondary impacts in Newport the multiplier 0.36 was used, which originated from Tim Tyrell's article *A Framework for Assessing Direct Economic Impacts of Tourist Events*. Ideally a different multiplier would have been used for each industry in which the visitor spent money and the different types of spending (i.e. visitor vs. organization spending), but this data was not available. When calculating secondary impacts in Rhode Island, multipliers from Tim Tyrell's article *Rhode Island Tourism Multipliers* were used.

For example:

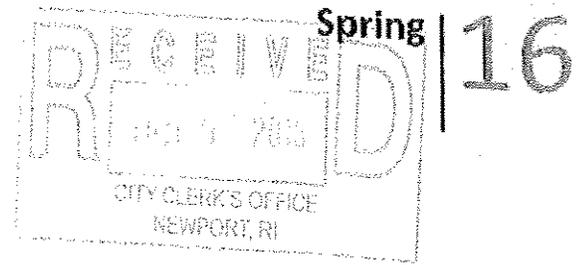
- Visitor spending on lodging equaled \$22,271,991.  
Secondary Impact (indirect + induced) =  $\$22,271,991 \times 0.36$   
= \$8,017,917  
Total economic impact of visitor spending (direct + secondary) =  $\$22,271,991 + \$8,017,917$   
= \$30,289,908

$$\begin{array}{rcl} .36 & & \\ \text{Multiplier to} & & \\ \text{determine the} & & \\ \text{secondary impacts of} & \times & \$66,511,200 \\ \text{visitor spending} & & \text{total spent on restaurants,} \\ & & \text{lodging, and shopping. (by} \\ & & \text{visitors to the mansions who} \\ & & \text{thought the C.W. was important} \\ & & \text{to them)} \end{array} = \$23,944,032$$

= total secondary impact  
(indirect and induced)

$$\begin{array}{r} \$23,944,032 \\ + \$66,511,200 \\ \hline \end{array}$$

**\$90,455,232**  
total economic impact of  
visitors to the mansions that  
think the C.W. is important.



## The Cliff Walk Impact Study

### ECN 307: Introduction to Econometrics

An economic study that investigates what impact the Cliff Walk has on the Newport community.

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