



Eugene City Council

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EUGENE CITY COUNCIL AGENDA

September 25, 2017

5:30 p.m. CITY COUNCIL WORK SESSION

Harris Hall

125 East 8th Avenue

Eugene, Oregon 97401

**Meeting of September 25, 2017;
Her Honor Mayor Lucy Vinis Presiding**

Councilors

Alan Zelenka, President

Emily Semple

Claire Syrett

Jennifer Yeh

Mike Clark, Vice President

Greg Evans

Chris Pryor

Betty Taylor

5:30 p.m. CITY COUNCIL WORK SESSION

Harris Hall, 125 East 8th Avenue

**A. Committee Reports and Items of Interest from Mayor, City Council,
and City Manager**

B. WORK SESSION:

Arts & Economic Prosperity V (AEP5)

C. WORK SESSION:

Mapping Value in Eugene

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EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session: Arts & Economic Prosperity V (AEP5)

Meeting Date: September 25, 2017
Department: Library, Recreation & Cultural Services
www.eugene-or.gov

Agenda Item Number: B
Staff Contact: Renee Grube
Contact Telephone Number: 541-682-5067

ISSUE STATEMENT

This work session is a presentation of findings from the Arts & Economic Prosperity Study V (AEP5).

BACKGROUND

The results of AEP5 are specific to Eugene and showcases the impact nonprofit arts organizations and their audiences have on Eugene's economy, as well as analysis of consumer habits and trends related to arts and culture.

The study shows that communities that support the arts and culture are investing in an industry that supports jobs, generates government revenue and is the cornerstone of tourism.

The AEP5 study methodology uses four economic measures to define impact: full time equivalent jobs, resident household income, and local and state government revenues. The study covers expenditures during the 2015 operating cycle. Through this study, we have learned that the cultural sector in Eugene contributes twice as much to the local economy than other similarly-sized cities.

Specifically, the study shows:

- In Eugene, spending by both the City of Eugene's nonprofit arts and cultural organizations and their audiences has reached \$62.2 million. This is almost double the median of similar sized regions (\$31.4 million) and the national median (\$35.8 million).
- Of that, about \$40.7 million is spent by arts groups themselves on staffing, supplies, advertising and artist salaries.
- An additional \$21.4 million in related spending by the 1,115,873 patrons of arts events on food, drinks and lodging (excluding the price of admission to shows).
- This work is done by a cultural sector that provides approximately 2,400 full-time equivalent jobs.
- This equates to \$45.7 million in income paid to Eugene residents.
- The arts and cultural activities have also generated \$2.4 million in revenue for the local government (median of similar sized communities was \$1.3 million), and an additional \$1.6 million for the state government (median of similar sized communities was \$1.5 million).

Most audience members (88%) reside inside of Lane County. However, the AEP5 has shown that cultural tourists actually spend more money in Eugene (related to lodging, meals and transportation).

- Nonresident attendees (12%) spent an average of 164% more per person than local attendees (\$42.29 per attendee vs \$16.02 per local attendee).
- Each nonresident respondent was asked about the purpose of their trip into Eugene. 78% of respondents indicated that the primary purpose of their visit to Eugene was “specifically to attend an arts/cultural event.”

While arts volunteers may not have an economic impact as defined in the AEP5 study, they clearly have an enormous impact in helping our local nonprofit arts and cultural organizations function and remain viable.

- During 2015, a total of 3,255 volunteers donated a total of 196,728 hours to the participating nonprofit arts and cultural organizations, representing a donation of time with an estimated aggregate value of \$4.6 million.

This study engaged 40 eligible, nonprofit arts and cultural organizations located in the City of Eugene. These entities represent a broad cross-section of the community and a diversity of viewpoints and opinions. The AEP5 update is informational only. Staff will utilize the triple bottom line to help inform any decisions that are made from the data.

RELATED CITY POLICIES

This item relates to the following Council Goals:

Accessible and Thriving Culture and Recreation

Sustainable Development

Effective, Accountable Municipal Government

Also relates to *Regional Prosperity Economic Development Plan, 2010*

COUNCIL OPTIONS

No options are provided; this item is for information only.

CITY MANAGER’S RECOMMENDATION AND SUGGESTED MOTION

No recommendation is suggested; this item is for information only.

ATTACHMENTS

- A. AEP5 Executive Summary, 2017
- B. AEP5 One Page Summary, 2017
- C. Arts & Economic Prosperity 5 Report, 2017

FOR MORE INFORMATION

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The Economic Impact of Nonprofit Arts and Cultural Organizations in Eugene

Arts & Economic Prosperity 5 provides evidence that the nonprofit arts and culture sector is a significant industry in the City of Eugene—one that generates \$62 million in total economic activity annually and supports 2,400 full-time equivalent jobs. This impact is twice as significant to the Eugene economy compared to the median of similarly sized regions around the country.

The impact of spending by nonprofit arts and cultural organizations is far reaching: they pay their employees, purchase supplies, and acquire assets within the local community. Additionally, unlike most industries, the arts leverage significant event-related spending by their audiences. Whether serving the local community or out-of-town visitors, a vibrant arts and culture industry helps local businesses thrive.

What is more, the arts in Eugene are literally where our community gathers. Each year, participating nonprofit arts and cultural organizations host over 1.1 million audience members at their various performances and exhibitions. And, more than 3,200 Eugenians volunteer a total of nearly 200,000 hours per year to local nonprofit arts and cultural organizations. This represents a donation of time worth an estimated aggregate value of \$4.6 million.



By proving that investing in the arts and culture yields economic benefits, **Arts & Economic Prosperity 5** lays to rest the misconception that communities support arts and culture at the expense of local economic development. In fact, communities like Eugene that support the arts and culture not only enhance their quality of life—they also invest in their economic well-being. **The arts mean business in the City of Eugene!**

Arts and Economic Prosperity 5 was conducted by Americans for the Arts to document the economic impact of the nonprofit arts and culture industry in 341 communities across the United States. The Arts and Business Alliance of Eugene, Lane Arts Council, City of Eugene, and the Center for Community Arts and Cultural Policy at the University of Oregon partnered with forty local arts and cultural nonprofits to collect the data necessary to determine the economic impact of these organizations in Eugene. For more information, including the full report, please see ArtsBusinessAlliance.org/AEP5.

Total Impact of the Nonprofit Arts and Culture Industry

(Expenditures by both organizations and audiences)

Total Expenditures	\$62,203,802
Full-Time Equivalent Jobs	2,401
Total Attendance	1,115,873
Annual Volunteer Hours	196,728



The Arts & Economic Prosperity®5 is a national study measuring the economic impact of nonprofit arts and cultural organizations on local jobs, income paid to local residents, and revenue generated to local and state governments.



The Economic Impact of Nonprofit Arts and Cultural Organizations and Their Audiences in the City of Eugene, OR (Fiscal Year 2015)

Direct Economic Activity	Arts and Cultural Organizations	+	Arts and Cultural Audiences	=	Total Industry Expenditures
Total Industry Expenditures	\$40,780,515		\$21,423,287		\$62,203,802

Economic Impact of Spending by Arts and Cultural Organizations and Their Audiences

Total Economic Impact of Expenditures	Economic Impact of Organizations	+	Economic Impact of Audiences	=	Total Economic Impact
Full-Time Equivalent (FTE) Jobs Supported	1,745		656		2,401
Household Income Paid to Residents	\$31,585,000		\$14,129,000		\$45,714,000
Revenue Generated to <u>Local</u> Government	\$1,454,000		\$912,000		\$2,366,000
Revenue Generated to <u>State</u> Government	\$711,000		\$856,000		\$1,567,000

Event-Related Spending by Arts and Cultural Audiences Totaled \$21.4 million (excluding the cost of admission)

Attendance to Arts and Culture Events	Resident ¹ Attendees	+	Nonresident ¹ Attendees	=	All Cultural Audiences
Total Attendance to Arts and Culture Events	980,852		135,021		1,115,873
Percentage of Total Attendance	87.9%		12.1%		100.0%
Average Event-Related Spending Per Person	\$16.02		\$42.29		\$19.21
Total Event-Related Expenditures	\$15,713,249		\$5,710,038		\$21,423,287

Nonprofit Arts and Cultural Event Attendees Spend an Average of \$19.21 Per Person (excluding the cost of admission)

Category of Event-Related Expenditure	Resident ¹ Attendees	Nonresident ¹ Attendees	All Cultural Audiences
Meals and Refreshments	\$11.58	\$22.30	\$12.88
Souvenirs and Gifts	\$1.58	\$4.03	\$1.87
Ground Transportation	\$1.21	\$4.07	\$1.56
Overnight Lodging (one night only)	\$0.04	\$9.93	\$1.24
Other/Miscellaneous	\$1.61	\$1.96	\$1.65
Average Event-Related Spending Per Person	\$16.02	\$42.29	\$19.21

Source: Arts & Economic Prosperity 5: The Economic Impact of Nonprofit Arts and Cultural Organizations and Their Audiences in the City of Eugene. For more information about this study or about other cultural initiatives in the City of Eugene, visit the Arts and Business Alliance of Eugene's web site at www.artsbusinessalliance.org.

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About This Study

This Arts & Economic Prosperity 5 study was conducted by Americans for the Arts to document the economic impact of the nonprofit arts and culture industry in 341 communities and regions (113 cities, 115 counties, 81 multicounty or multicounty regions, 10 states, and 12 individual arts districts)—representing all 50 U.S. states and the District of Columbia. The diverse communities range in population (1,500 to more than 4 million) and type (small rural to large urban). Project economists from the Georgia Institute of Technology customized an input-output analysis model for each participating region to provide specific and localized data on four measures of economic impact: full-time equivalent jobs, household income, and local and state government revenue. These localized models allow for the uniqueness of each local economy to be reflected in the findings.

Americans for the Arts partnered with 250 local, regional, and statewide organizations that represent the 341 study regions (30 partners included multiple study regions as part of their participation). **To complete this customized analysis for the City of Eugene, the Arts and Business Alliance of Eugene joined the study as one of the 250 partners.**

Surveys of Nonprofit Arts and Cultural ORGANIZATIONS

Each of the 250 partner organizations identified the universe of nonprofit arts and cultural organizations that are located in its region(s) using the Urban Institute's National Taxonomy of Exempt Entity (NTEE) coding system, a definitive classification system for nonprofit organizations recognized as tax exempt by the Internal Revenue Code. In addition, the study partners were encouraged to include other types of eligible organizations if they play a substantial role in the cultural life of the community or if their primary purpose is to promote participation in, appreciation for, and understanding of the visual, performing, folk, and literary and media arts. These include government-owned or government-operated cultural facilities and institutions; municipal arts agencies and councils; private community arts organizations; unincorporated arts groups; living collections (such as zoos, aquariums, and botanical gardens); university presenters, programs, and facilities; and arts programs that are embedded under the umbrella of a nonarts organization or facility (such as a hospital or church). In short, if it displays the characteristics of a nonprofit arts and cultural organization, it is included. *For-profit businesses (e.g., Broadway, motion picture theaters) and individual artists were excluded from this study.*

Nationally, data was collected from a total of 14,439 organizations for this study. Response rates among all eligible organizations located in the 341 study regions was 54.0 percent, and ranged from 9.5 percent to 100 percent. Responding organizations had budgets ranging from \$0 to \$785 million (Smithsonian Institution). It is important to note that each study region's results are based solely on the actual survey data collected. There are no estimates made to account for nonresponding organizations. Therefore, the less-than-100 percent response rates suggest an understatement of the economic impact findings in most of the individual study regions.

In the City of Eugene, 40 of the 82 eligible nonprofit arts and cultural organizations participated in this study—an overall participation rate of 48.8 percent. A list of the participating organizations can be obtained from the Arts and Business Alliance of Eugene.

Surveys of Nonprofit Arts and Cultural AUDIENCES

Audience-intercept surveying, a common and accepted research method, was completed in all 341 study regions to capture information about spending by audiences at nonprofit arts and culture events. Patrons were selected randomly and asked to complete a short survey while attending an event. A total of 212,691 attendees completed the survey. The respondents provided itemized travel party expenditure data on attendance-related activities such as meals, souvenirs, transportation, and lodging. Data was collected throughout the year to guard against seasonal spikes or drop-offs in attendance, and at a broad range of events (because a night at the opera will typically yield more spending than a Saturday children's theater production). Using total attendance data for 2015 (collected from the participating organizations), standard statistical methods were then used to derive a reliable estimate of total arts event-related expenditures by attendees in each study region.

In the City of Eugene, a total of 892 valid audience-intercept surveys were collected from attendees to nonprofit arts and cultural performances, events, and exhibitions during 2016.

Studying Economic Impact Using Input-Output Analysis

To derive the most reliable economic impact data, input-output analysis was used to measure the impact of expenditures by nonprofit arts and cultural organizations and their audiences. This highly-regarded type of economic analysis has been the basis for two Nobel Prizes in economics. The models are systems of mathematical equations that combine statistical methods and economic theory in an area of study called econometrics. The analysis traces how many times a dollar is respent within the local economy before it leaves the community, and it quantifies the economic impact of each of those rounds of spending. Project economists customized an input-output model for each of the 341 participating study regions based on the local dollar flow among 533 finely detailed industries within its economy. This was accomplished by using detailed data on employment, incomes, and government revenues provided by the U.S. Department of Commerce (County Business Patterns, the Regional Economic Information System, and the Survey of State and Local Finance), state and local tax data (e.g., sales taxes, lodging tax, property taxes, income tax, and miscellaneous local option taxes), and the survey data collected from the responding arts and cultural organizations and their audiences.

¹ For the purpose of this study, residents are attendees who live within Lane County; nonresidents live elsewhere.



ARTS & ECONOMIC PROSPERITY 5

THE ECONOMIC IMPACT OF NONPROFIT ARTS & CULTURAL ORGANIZATIONS & THEIR AUDIENCES



in the City of Eugene, OR

Arts and Economic Prosperity® 5 was conducted by Americans for the Arts, the nation's nonprofit organization for advancing the arts in America. Established in 1960, we are dedicated to representing and serving local communities and creating opportunities for every American to participate in and appreciate all forms of the arts.

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“Understanding and acknowledging the incredible economic impact of the nonprofit arts and culture sector, we must always remember their fundamental value. They foster beauty, creativity, originality, and vitality. The arts inspire us, sooth us, provoke us, involve us, and connect us. But they also create jobs and contribute to the economy.”

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

The Arts Mean Business

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

In my travels, I meet business and government leaders who speak passionately about the value the arts bring to their communities—fueling creativity, beautifying downtowns, and providing joy. Many also share with me the challenge of balancing arts funding with the demands to support jobs and grow their economy. To these community leaders, **Arts & Economic Prosperity 5** offers a clear and welcome message: the arts are an investment that delivers both community well-being and economic vitality.

Arts & Economic Prosperity 5 (AEP5) is Americans for the Arts' fifth economic impact study of the nation's nonprofit arts and cultural organizations and their audiences. By every measure, the results are impressive. Nationally, the nonprofit arts industry generated \$166.3 billion of economic activity in 2015—\$63.8 billion in spending by arts and cultural organizations and an additional \$102.5 billion in event-related expenditures by their audiences. This activity supported 4.6 million jobs and generated \$27.5 billion in revenue to local, state, and federal governments (a yield well beyond their collective \$5 billion in arts allocations). AEP5 is the most comprehensive study of its kind ever conducted. It provides detailed economic impact findings on 341 study regions representing all 50 states and the District of Columbia. Data was gathered from 14,439 organizations and 212,691 arts event attendees, and our project economists customized input-output models for each and every study region to ensure reliable and actionable localized results.

When Americans for the Arts published its first economic impact study in 1994, it worked with 33 local communities. As evidence of the value of these studies, AEP5 has grown this local participation ten-fold. We also have witnessed a corresponding growth in the understanding of the economic value of the arts. The U.S. Bureau of Economic Analysis, for example, now publishes an annual *Arts & Cultural Production Satellite Account*, which extends beyond the nonprofit sector to include the full breadth of commercial and for-profit arts, education, and individual artists, and lists the sector as a \$730 billion industry (4.2 percent of the nation's GDP—a larger share of the economy than

transportation, tourism, agriculture, and construction). As another example, many state and local governments have established agencies to track and grow their creative economy.

What continues to set AEP5 apart from other studies is exactly why it is so useful: it uses localized research that not only focuses on arts organizations—but also incorporates the event-related spending by their audiences. When patrons attend an arts event, they may pay for parking, eat dinner at a restaurant, enjoy dessert after the show, and return home to pay the babysitter. The study found that the typical attendee spends \$31.47 per person, per event beyond the cost of admission. AEP5 also shows that one-third of attendees (34 percent) traveled from outside the county in which the arts event took place. Their event-related spending was more than twice that of their local counterparts (\$47.57 vs. \$23.44). What brought those visitors to town? Two-thirds (69 percent) indicated that the primary purpose for their visit was to attend that arts event. The message is clear: a vibrant arts community not only keeps residents and their discretionary spending close to home, it also attracts visitors who spend money and help local businesses thrive.

AEP5 demonstrates that the arts provide both cultural and economic benefits. No longer do community leaders need to feel that a choice must be made between arts funding and economic development. **Arts & Economic Prosperity 5** proves that they can choose both. Nationally as well as locally, the arts mean business.

“The arts are a central component of the City of Eugene’s efforts to create a welcoming, vibrant, and prosperous city that we can all be proud to call home. This study provides undeniable evidence that this focus and the City’s investments in the arts are well placed in meeting the needs of our community.”

— Jon Ruiz
City Manager
City of Eugene

The Economic Impact of the Nonprofit Arts and Culture Industry in the City of Eugene

Arts & Economic Prosperity 5 provides evidence that the nonprofit arts and culture sector is a significant industry in the City of Eugene—one that generates \$62.2 million in total economic activity. This spending—\$40.8 million by nonprofit arts and cultural organizations and an additional \$21.4 million in event-related spending by their audiences—supports 2,401 full-time equivalent jobs, generates \$45.7 million in household income to local residents, and delivers \$3.9 million in local and state government revenue. This economic impact study sends a strong signal that when we support the arts, we not only enhance our quality of life, but we also invest in the City of Eugene’s economic well-being.

This Arts & Economic Prosperity 5 study documents the economic impact of the nonprofit arts and culture sector in 341 study regions—113 cities, 115 counties, 81 multicounty or multicity regions, 20 states, and 12 arts districts—representing all 50 U.S. states and the District of Columbia. The diverse study regions range in population (1,500 to four million) and type (rural to large urban). Economists customized input-output models to calculate specific and reliable findings for each study region. This study focuses solely on the economic impact of nonprofit arts and cultural organizations and event-related spending by their audiences. Spending by individual artists and the for-profit arts and culture sector (e.g., Broadway or the motion picture industry) are excluded from this study.

The geographic area analyzed in this unique report is defined as **the City of Eugene, Oregon**.

Defining Economic Impact

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

Full-Time Equivalent (FTE) Jobs describes the total amount of labor employed. An FTE job can be one full-time employee, two half-time employees, etc. Economists measure FTE jobs, not the total number of employees, because it is a more accurate measure that accounts for part-time employment.

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

Revenue to Local and State Government includes revenue from local and state taxes (e.g., income, sales, lodging, real estate, personal property, and other local option taxes) as well as funds from license fees, utility fees, filing fees, and other similar sources. Local government revenue includes funds to governmental units such as city, county, township, and school districts, and other special districts.

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

In communities coast-to-coast, from our smallest towns to our largest cities, America's 100,000 nonprofit arts and cultural organizations make their communities more desirable places to live and work every day of the year.

The arts and culture provide inspiration and joy to residents, beautify public spaces, and strengthen the social fabric of our communities. Nonprofit arts and cultural organizations are also businesses. They employ people locally, purchase goods and services from other local businesses, and attract tourists. Event-related spending by arts audiences generates valuable revenue for local merchants such as restaurants, retail stores, parking garages, and hotels.

During fiscal year 2015, spending by both the City of Eugene's nonprofit arts and cultural organizations and their audiences totaled \$62.2 million. The table below demonstrates the total economic impact of these expenditures.

TABLE 1:
Total Economic Impact of the Nonprofit Arts and Culture Industry in the City of Eugene
(Combined Spending by Nonprofit Arts and Cultural Organizations and Their Audiences)

	City of Eugene	Median of Similar Study Regions <i>Pop. = 100,000 to 249,999</i>	National Median
Total Industry Expenditures	\$62,203,802	\$31,381,076	\$35,750,645
Full-Time Equivalent Jobs	2,401	1,046	1,131
Resident Household Income	\$45,714,000	\$19,916,500	\$23,154,000
Local Government Revenue	\$2,366,000	\$1,260,000	\$1,407,000
State Government Revenue	\$1,567,000	\$1,552,000	\$1,961,000

The Arts Improve the Economy ... and the Quality of our Personal Lives

- ✓ **82 percent** of Americans believe the arts & culture are important to local businesses and the economy
- ✓ **87 percent** of Americans believe the arts & culture are important to quality of life

Source: Americans for the Arts' 2016 survey of 3,020 adults by Ipsos Public Affairs

“As Artistic Director, my focus is on creating unforgettable moments of artistic achievement. But it is certainly not lost on me or the Eugene Ballet Company that by doing so, we are also contributing to the local economy in so many ways. Our sets are designed and built by local craftspeople, our costumes are designed and created by local artists, and our audience members are patrons of restaurants, cafes, and local businesses.”

— Toni Pimble
Artistic Director
Eugene Ballet Company

Economic Impact: Total, Direct, Indirect, and Induced

How can a dollar be *respent*? Consider the example of a theater company that purchases a five-gallon bucket of paint from its local hardware store for \$100—a very simple transaction at the outset, but one that initiates a complex sequence of income and spending by both individuals and other businesses.

Following the paint purchase, the hardware store may use a portion of the \$100 to pay the sales clerk who sold the bucket of paint. The sales clerk then respend some of the money for groceries; the grocery store uses some of the money to pay its cashier; the cashier then spends some of the money for rent; and so on.

The hardware store also uses some of the \$100 to purchase goods and services from other businesses, such as the local utility company, and then to buy a new bucket of paint from the paint factory to restock its shelf. Those businesses, in turn, respend the money they earned from the hardware store to buy goods and services from still other local businesses, and so on.

Eventually, the last of the \$100 is spent outside of the community and no longer has a local economic impact. It is considered to have leaked out of the community.

The **total** economic impact describes this full economic effect, starting with the theater’s initial paint purchase and ending when the last of the \$100 leaks out of the community. It is composed of the **direct** economic impact (the effect of the initial expenditure by the theater), as well as the **indirect** and **induced** economic impacts, which are the effects of the subsequent rounds of spending by businesses and individuals, respectively.

Interestingly, a dollar ripples very differently through each community, which is why an input-output model was customized for the unique economy of Lane County.

Economic Impact of Spending by Nonprofit Arts and Cultural ORGANIZATIONS in the City of Eugene

Nonprofit arts and culture organizations are active contributors to their business community. They are employers, producers, and consumers. They are members of the Chamber of Commerce as well as key partners in the marketing and promotion of their cities, regions, and states. **Spending by nonprofit arts and cultural organizations totaled \$40.8 million in the City of Eugene during fiscal year 2015.** This spending is far-reaching: organizations pay employees, purchase supplies, contract for services, and acquire assets within their community. These actions, in turn, support jobs, generate household income, and generate revenue to local and state governments.

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

Data were collected from 40 eligible nonprofit arts and cultural organizations that are located in the City of Eugene. Each provided detailed budget information for fiscal year 2015 (e.g., labor, payments to local and nonlocal artists, operations, administration, programming, facilities, and capital expenditures/asset acquisition). The following table demonstrates the total economic impact of their aggregate spending.

TABLE 2: Total Economic Impact of Spending by Nonprofit Arts and Cultural ORGANIZATIONS in the City of Eugene			
	City of Eugene	Median of Similar Study Regions <i>Pop. = 100,000 to 249,999</i>	National Median
Total Organizational Expenditures	\$40,780,515	\$14,554,235	\$15,727,535
Full-Time Equivalent Jobs	1,745	608	608
Resident Household Income	\$31,585,000	\$10,827,500	\$11,441,500
Local Government Revenue	\$1,454,000	\$553,000	\$592,000
State Government Revenue	\$711,000	\$656,500	\$840,500

Economic Impact Beyond Dollars: Volunteerism

While arts volunteers may not have an economic impact as defined in this study, they clearly have an enormous impact by helping nonprofit arts and cultural organizations function as a viable industry. Arts & Economic Prosperity 5 reveals a significant contribution to nonprofit arts and cultural organizations as a result of volunteerism. **During 2015, a total of 3,255 volunteers donated a total of 196,728 hours to the City of Eugene's participating nonprofit arts and cultural organizations. This represents a donation of time with an estimated aggregate value of \$4,634,912** (Independent Sector estimates the dollar value of the average 2015 volunteer hour to be \$23.56). Volunteers can include unpaid professional staff (e.g., executive and program staff, board/commission members), artistic volunteers (e.g., artists, choreographers, designers), clerical volunteers, and service volunteers (e.g., ticket takers, docents, ushers, gift shop volunteers).

The 40 participating organizations reported an average of 81.4 volunteers who volunteered an average of 60.4 hours during 2015, for a total of 4,918.2 hours per organization.

The Value of In-Kind Contributions to Arts Organizations

The organizations were asked about the sources and value of their in-kind support. In-kind contributions are non-cash donations such as materials (e.g., office supplies from a local retailer), facilities (e.g., office or performance space), and services (e.g., printing from a local printer). **The 40 participating nonprofit arts and cultural organizations in the City of Eugene reported that they received in-kind contributions with an aggregate value of \$733,384 during fiscal year 2015.** These contributions can be received from a variety of sources including corporations, individuals, local and state arts agencies, and government agencies.

“In my many years in commercial real estate in Eugene, I have seen many companies cite a vibrant arts and culture sector as a key metric in deciding to relocate or expand their operations in Eugene. With arts and culture as an essential aspect of our community, companies are better able to compete and retain talent.”

— Alan Evans
Founder and President
Evans, Elder, Brown & Seubert Commercial Real Estate

Economic Impact of Spending by Nonprofit Arts and Cultural AUDIENCES in the City of Eugene

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

To measure the impact of spending by cultural audiences in the City of Eugene, data were collected from 892 event attendees during 2016. Researchers used an audience-intercept methodology, a standard technique in which patrons are asked to complete a short survey about their event-related spending (while they are attending the event). In the City of Eugene, cultural attendees spent an average of \$19.21 per person, per event as a direct result of their attendance at the event.

The 40 participating nonprofit arts and cultural organizations reported that the aggregate attendance to their events was 1.1 million during 2015. **Event-related spending by these attendees totaled \$21.4 million in the City of Eugene during fiscal year 2015**, excluding the cost of event admission. The following table demonstrates the total economic impact of this spending.

TABLE 3: Total Economic Impact of Spending by Nonprofit Arts and Cultural AUDIENCES in the City of Eugene (excluding the cost of event admission¹)			
	City of Eugene	Median of Similar Study Regions Pop. 100,000 to 249,999	National Median
Total Audience Expenditures	\$21,423,287	\$15,144,477	\$18,871,511
Full-Time Equivalent Jobs	656	382	430
Resident Household Income	\$14,129,000	\$7,980,000	\$8,402,500
Local Government Revenue	\$912,000	\$696,500	\$898,000
State Government Revenue	\$856,000	\$767,000	\$1,007,500

¹ Why exclude the cost of admission? The admissions paid by attendees are excluded from the audience analysis because those dollars are captured in the operating budgets of the participating nonprofit arts and cultural organizations and, in turn, are spent by the organizations. This methodology avoids “double-counting” those dollars in the study analysis.

Cultural Tourists Spend More

The 892 audience survey respondents were asked to provide the ZIP code of their primary residence, enabling researchers to determine which attendees were local residents (live within Lane County) and which were nonresidents (live outside Lane County). In the City of Eugene, researchers estimate that 87.9 percent of the 1.1 million nonprofit arts attendees were residents; 12.1 percent were nonresidents.

Nonresident attendees spent an average of 164 percent more per person than local attendees (\$42.29 vs. \$16.02) as a result of their attendance to cultural events. As would be expected from a traveler, higher spending was typically found in the categories of lodging, meals, and transportation. When a community attracts cultural tourists, it harnesses significant economic rewards.

TABLE 4: Event-Related Spending by Arts and Culture Event Attendees Totaled \$21.4 million in the City of Eugene (excluding the cost of event admission)

	Residents	Nonresidents	All City of Eugene Event Attendees
Total Attendance	980,852	135,021	1,115,873
Percent of Attendees	87.9%	12.1%	100%
Average Dollars Spent Per Attendee	\$16.02	\$42.29	\$19.21
Total Event-Related Expenditures	\$15,713,249	\$5,710,038	\$21,423,287

TABLE 5: Nonprofit Arts and Culture Event Attendees Spend an Average of \$19.21 Per Person in the City of Eugene (excluding the cost of event admission)

	Residents	Nonresidents	All City of Eugene Event Attendees
Refreshments/Snacks During Event	\$3.23	\$2.83	\$3.18
Meals Before/After Event	\$8.35	\$19.47	\$9.70
Souvenirs and Gifts	\$1.58	\$4.03	\$1.87
Clothing and Accessories	\$0.90	\$0.41	\$0.84
Ground Transportation	\$1.21	\$4.07	\$1.56
Event-Related Child Care	\$0.18	\$0.25	\$0.19
Overnight Lodging (<i>one night only</i>)	\$0.04	\$9.93	\$1.24
Other	\$0.53	\$1.30	\$0.62
Total Per Person Spending	\$16.02	\$42.29	\$19.21

The Arts Drive Tourism

Each of the nonresident survey respondents (i.e., those who live outside Lane County) were asked about the purpose of their trip: **77.8 percent indicated that the primary purpose of their visit to the City of Eugene was “specifically to attend this arts/cultural event.”** This finding demonstrates the power of the arts to attract visitors to the community.

The audience-intercept survey also asked nonresident attendees if they would have traveled somewhere else (instead of to the City of Eugene) if the event where they were surveyed had not occurred: **36.9 percent of nonresident attendees would have “traveled to a different community to attend a similar cultural event.”**

Of the 12.1 percent of arts attendees who are nonresidents, 15.7 percent reported an overnight lodging expense. Not surprisingly, nonresident attendees with overnight expenses spent considerably more money per person during their visit to the City of Eugene than did nonresident attendees without overnight lodging expenses (\$124.88 and \$26.85, respectively). For this analysis, only one night of lodging expenses is counted toward the audience expenditure, regardless of how many nights these cultural tourists actually stayed in the community. This conservative approach ensures that the audience-spending figures are not inflated by non-arts-related spending.

The Arts Retain Local Dollars

The survey also asked local resident attendees about what they would have done if the arts event that they were attending was not taking place: **28.3 percent of resident attendees said they would have “traveled to a different community to attend a similar cultural event.”**

The cultural tourism findings on this page demonstrate the economic impact of the nonprofit arts and culture industry in its truest sense. If a community fails to provide a variety of artistic and cultural experiences, not only will it fail to attract new dollars from cultural tourists, it will also lose the discretionary spending of its own residents who will travel elsewhere for a similar experience.

“Hats off to Americans for the Arts and Eugene’s local study partners for producing this insightful study. Arts and Economic Prosperity 5 makes explicit what many of us have known in our guts for a long time: the arts play an essential role in our county’s economic prosperity. Not only do our world-class arts organizations attract tourism, but they also keep hard-earned money circulating right here at home. We should all do our parts to continue investing in what makes Lane County special.”

— Pete Sorenson
Lane County Commissioner

Travel Party and Demographic Characteristics of Arts Attendees

The tables below list the audience-intercept survey findings related to travel party size as well as the age, educational attainment, and household income reported by the survey respondents.

TABLE 6: Travel Party and Demographic Characteristics of Arts Audiences in the City of Eugene

	Residents	Nonresidents
Travel Party Size		
Average number of adults (18 years or older)	2.2	2.3
Average number of children (younger than 18)	0.1	0.1
Average travel party size	2.3	2.4
Trip Characteristics		
Average number of nights spent away from home as a result of arts event	0.1	0.8
Percentage with any nights spent away from home as a result of arts event	2.7%	32.4%
Percentage attending the arts event or facility (where they were surveyed) for the first time	16.6%	34.6%
Age of Cultural Attendees		
18-34	17.8%	21.6%
35-44	7.0%	7.8%
45-54	11.1%	15.7%
55-64	25.5%	20.6%
65 or Older	38.6%	34.3%
Educational Attainment of Cultural Attendees		
Less than high school	0.0%	0.0%
High school	9.7%	12.4%
2-year college/technical/associates degree	15.2%	12.4%
4-year college/bachelors degree	33.9%	37.1%
Masters degree	27.7%	24.8%
Doctoral degree	13.6%	13.3%
Annual Household Income of Cultural Attendees		
Less than \$40,000	26.5%	19.2%
\$40,000 to \$59,999	18.1%	17.2%
\$60,000 to \$79,999	16.3%	17.2%
\$80,000 to \$99,999	11.3%	11.1%
\$100,000 to \$119,999	10.4%	16.2%
\$120,000 or More	17.4%	19.2%
Civic Engagement of Cultural Attendees		
Percentage that voted in 2016 U.S. presidential election	93.4%	90.6%

“Every day the Lane Workforce Partnership dedicates its efforts to improving the quality of the workforce in Lane County. This comprehensive study adds a whole new layer of understanding and appreciation for our local nonprofit arts organizations. Not only are these institutions providing food for our souls but they are literally putting food on the table for the thousands of local employees directly supported by their activities. Moreover, Eugene’s vibrant arts sector creates a welcoming environment for all of us who work and live in our community.”

— Kristina Payne
Executive Director
Lane Workforce Partnership

Conclusion

The nonprofit arts and culture sector is a \$62.2 million industry in the City of Eugene—one that supports 2,401 full-time equivalent jobs and generates \$3.9 million in local and state government revenue.

Nonprofit arts and cultural organizations are businesses in their own right. They spent \$40.8 million during fiscal year 2015 to employ people locally, purchase goods and services from local establishments, and attract tourists. They also leveraged a remarkable \$21.4 million in additional spending by cultural audiences—spending that pumps vital revenue into restaurants, hotels, retail stores, parking garages, and other local businesses.

This study puts to rest a misconception that communities support arts and culture at the expense of local economic development. In fact, communities that support the arts and culture are investing in an industry that supports jobs, generates government revenue, and is the cornerstone of tourism. This Arts & Economic Prosperity 5 study shows conclusively that **the arts mean business in the City of Eugene!**

“By every measure, the results are impressive. This study puts to rest a misconception that communities support arts and culture at the expense of local economic development. Arts and Economic Prosperity 5 shows conclusively that the arts in Eugene not only lift our spirits but create jobs, drive tourism, and keep residents and their discretionary spending close to home. Locally as well as nationally, the arts mean business!”

— John Barry
Managing Director
Arts and Business Alliance of Eugene

The Arts & Economic Prosperity 5 Calculator

To make it easier to compare the economic impacts of different organizations within the City of Eugene (or to calculate updated estimates in the immediate years ahead), the project researchers calculated the economic impact per \$100,000 of direct spending by nonprofit arts and cultural organizations and their audiences.

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

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

TABLE 7: Ratios of Economic Impact Per \$100,000 of Direct Spending by Nonprofit Arts and Cultural Organizations in the City of Eugene			
	City of Eugene	Median of Similar Study Regions <i>Pop. = 100,000 to 249,999</i>	National Median
Full-Time Equivalent Jobs	4.28	4.13	3.52
Resident Household Income	\$77,451	\$74,554	\$74,554
Local Government Revenue	\$3,565	\$3,820	\$3,563
State Government Revenue	\$1,743	\$4,155	\$4,891

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

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

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

Thus, \$250,000 divided by 100,000 equals 2.5; 2.5 times 4.28 (from the top row of data on Table 1 above) equals a total of 10.7 full-time equivalent jobs supported (both directly and indirectly) within the City of Eugene by that nonprofit arts and cultural organization. Using the same procedure, the estimate can be calculated for resident household income as well as for local and state government revenue.

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

The economic impact of event-related spending by arts audiences can also be derived for an individual organization or groups of organizations in the City of Eugene.

The first step is to determine the total estimated event-related spending by attendees who are residents of Lane County. To derive this figure, first multiply the total attendance by the percentage of attendees that are residents. Then, multiply the result by the average per person event-related expenditure by resident attendees. The result is the total estimated event-related spending by resident attendees.

The second step is to do the same for nonresidents of Lane County. To derive this figure, first multiply the total attendance by the percentage of attendees that are nonresidents. Then, multiply the result by the average per person event-related expenditure by nonresident attendees. The result is the total estimated event-related spending by nonresident attendees.

Then, add the results from the first two steps together to calculate the total estimated event-related audience spending. Finally, the ratios of economic impact per \$100,000 in direct spending can then be used to determine the total economic impact of the total estimated audience spending.

TABLE 8: Audience Spending Ratios for the Arts & Economic Prosperity 5 Calculator in the City of Eugene (excluding the cost of event admission)

	Residents	Nonresidents
Percent of Attendees	87.9%	12.1%
Average Per Person Event-Related Expenditures	\$16.02	\$42.29

TABLE 9: Ratios of Economic Impact Per \$100,000 of Direct Spending by Nonprofit Arts and Culture Audiences in the City of Eugene

	City of Eugene	Median of Similar Study Regions Pop. = 100,000 to 249,999	National Median
Full-Time Equivalent Jobs	3.06	2.53	2.46
Resident Household Income	\$65,952	\$53,212	\$52,101
Local Government Revenue	\$4,257	\$4,418	\$4,449
State Government Revenue	\$3,996	\$5,213	\$5,692

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

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

1. Multiply the total attendance by the percentage of attendees that are residents;
2. Multiply the result of step 1 by the average per person event-related expenditure for residents;
3. Multiply the total attendance by the percentage of attendees that are nonresidents;
4. Multiply the result of step 3 by the average per person event-related expenditure for nonresidents;
5. Sum the results of steps 2 and 4 to calculate the total estimated event-related audience spending;
6. Divide the resulting total estimated audience spending by 100,000; and
7. Multiply that figure by the FTE employment ratio per \$100,000 for the City of Eugene.

Thus, 25,000 times 87.9% (from Table 8 on the preceding page) equals 21,975; 21,975 times \$16.02 (from Table 8) equals \$352,040; 25,000 times 12.1% (from Table 8) equals 3,025; 3,025 times \$42.29 equals \$127,927; \$352,040 plus \$127,927 equals \$479,967, \$479,967 divided by 100,000 equals 4.80; 4.80 times 3.06 (from the top row of data on Table 9 on the preceding page) equals a total of 14.7 full-time equivalent jobs supported (both directly and indirectly) within the City of Eugene by that nonprofit arts and cultural organization. Using the same procedure, the estimate can be calculated for resident household income as well as for local and state government revenue.

Making Comparisons with Similar Study Regions

For the purpose of this analysis and unique report, **the geographic region being studied is defined as the City of Eugene, Oregon**. According to the most recent data available from the U.S. Census Bureau, the population of the City of Eugene was estimated to be 160,561 during 2015. For comparison purposes, 458 pages of detailed data tables containing the study results for all 341 participating study regions are located in Appendix B of the National Statistical Report. The data tables are stratified by population, making it easy to compare the findings for the City of Eugene to the findings for similarly populated study regions (as well as any other participating study regions that are considered valid comparison cohorts).

The National Summary Report and National Brochure are available both by download (free) and hardcopy (for purchase). The National Statistical Report (more than 500 pages in length) is available by download only. All documents and resources can be found at www.AmericansForTheArts.org/EconomicImpact.

“The Arts and Prosperity 5 report illuminates that the arts are good for business. With the contribution of \$62 million to our regional economy and significant investments in event-related spending, it is easy to see that the arts are an industry cultivating a vibrant and prosperous community. The Eugene Area Chamber of Commerce is excited to see our local arts and cultural organizations continue to thrive and help support growth and economic development throughout our region.”

— Mandy Jones
Chair, Board of Directors
Eugene Area Chamber of Commerce

About This Study

This Arts & Economic Prosperity 5 study was conducted by Americans for the Arts to document the economic impact of the nonprofit arts and culture industry in 341 communities and regions (113 cities, 115 counties, 81 multi-city or multi-county regions, 20 states, and 12 individual arts districts)—representing all 50 U.S. states and the District of Columbia.

The diverse local communities range in population (1,500 to four million) and type (rural to urban). The study focuses solely on nonprofit arts and cultural organizations and their audiences. The study excludes spending by individual artists and the for-profit arts and entertainment sector (e.g., Broadway or the motion picture industry). Detailed expenditure data were collected from 14,439 arts and culture organizations and 212,691 of their attendees. The project economists, from the Georgia Institute of Technology, customized input-output economic models for each participating study region to provide specific and reliable economic impact data about their nonprofit arts and culture industry: full-time equivalent jobs, household income, and local and state government revenue.

The 250 Local, Regional, and Statewide Study Partners

Americans for the Arts published a Call for Participants in 2015 seeking communities interested in participating in the Arts & Economic Prosperity 5 study. Of the more than 300 potential partners that expressed interest, 250 local, regional, and statewide organizations agreed to participate and complete four participation criteria: identify and code the universe of nonprofit arts and cultural organizations in their study region; assist researchers with the collection of detailed financial and attendance data from those organizations; conduct audience-intercept surveys at cultural events; and pay a modest cost-sharing fee (no community was refused participation for an

inability to pay). Thirty of the 250 partners included multiple study regions as part of their AEP5 participation (e.g., a county as well as a specific city located within the county). As a result, the 250 local, regional, and statewide organizations represent a total of 341 participating study regions.

The Arts and Business Alliance of Eugene responded to the 2015 Call for Participants, and agreed to complete the required participation criteria.

Surveys of Nonprofit Arts and Cultural ORGANIZATIONS

Each of the 250 study partners identified the universe of nonprofit arts and cultural organizations that are located in their region(s) using the Urban Institute's National Taxonomy of Exempt Entity (NTEE) coding system as a guideline. The NTEE system—developed by the National Center for Charitable Statistics at the Urban Institute—is a definitive classification system for nonprofit organizations recognized as tax exempt by the Internal Revenue Code. This system divides the entire universe of nonprofit organizations into 10 Major categories, including “Arts, Culture, and Humanities.” The Urban Institute reports that approximately 100,000 nonprofit arts and cultural organizations were registered with the IRS in 2015.

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

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

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

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

To collect the required financial and attendance information from eligible organizations, researchers implemented a multipronged data collection process. Americans for the Arts partnered with DataArts to collect detailed budget and attendance information about each organization’s fiscal year that ended in 2015. DataArts’ Cultural Data Profile (CDP) is a unique system that enables arts and cultural organizations to enter financial, programmatic, and operational data into a standardized online form. To reduce the survey response burden on participating organizations, and because the CDP collects the detailed information required for this economic impact analysis, researchers used confidential CDP data as the primary organizational data collection mechanism for the Arts & Economic Prosperity 5 study. This primary data collection effort was supplemented with an abbreviated one-page paper version of the survey that was administered to organizations that did not respond to the CDP survey.

Nationally, information was collected from 14,439 eligible organizations about their fiscal year 2015 expenditures, event attendance, in-kind contributions, and volunteerism. Responding organizations had

budgets ranging from \$0 to \$785 million (Smithsonian Institution). Response rates for the 341 communities ranged from 9.5 percent to 100 percent and averaged 54.0 percent. It is important to note that each study region's results are based solely on the actual survey data collected. No estimates have been made to account for nonparticipating eligible organizations. Therefore, the less-than-100 percent response rates suggest an understatement of the economic impact findings in most of the individual study regions.

In the City of Eugene, 40 of the 82 eligible nonprofit arts and cultural organizations identified by the Arts and Business Alliance of Eugene participated in this study—a participation rate of 48.8 percent

Surveys of Nonprofit Arts and Cultural AUDIENCES

Audience-intercept surveying, a common and accepted research method, was conducted in all 341 of the study regions to measure event-related spending by nonprofit arts and culture audiences. Patrons were asked to complete a short survey while attending an event. Nationally, a total of 212,691 attendees completed a valid survey. The randomly selected respondents provided itemized expenditure data on attendance-related activities such as meals, retail shopping (e.g., gifts and souvenirs), local transportation, and lodging. Data were collected throughout 2016 (to account for seasonality) as well as at a broad range of both paid and free events (a night at the opera will typically yield more audience spending than a weekend children's theater production or a free community music festival, for example). The survey respondents provided information about the entire party with whom they were attending the event. With an overall average travel party size of 2.56 people, these data actually represent the spending patterns of more than 544,489 cultural attendees.

In the City of Eugene, a total of 892 valid audience-intercept surveys were collected from attendees to arts and cultural performances, events, and exhibits during 2016.

Economic Analysis

A common theory of community growth is that an area must export goods and services if it is to prosper economically. This theory is called economic-base theory, and it depends on dividing the economy into two sectors: the export sector and the local sector. Exporters, such as automobile manufacturers, hotels, and department stores, obtain income from customers outside of the community. This "export income" then enters the local economy in the form of salaries, purchases of materials, dividends, and so forth, and becomes income to residents. Much of it is respent locally; some, however, is spent for goods imported from outside of the community. The dollars respent locally have an economic impact as they continue to circulate through the local economy. This theory applies to arts organizations as well as to other producers.

Studying Economic Impact Using Input-Output Analysis

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

To complete the analysis for the City of Eugene, project economists customized an input-output

model based on the local dollar flow among 533 finely detailed industries within the unique economy of Lane County. This was accomplished by using detailed data on employment, incomes, and government revenues provided by the U.S. Department of Commerce (County Business Patterns, the Regional Economic Information System, and the Survey of State and Local Finance), local tax data (sales taxes, property taxes, and miscellaneous local option taxes), as well as the survey data from the responding nonprofit arts and cultural organizations and their audiences.

The Input-Output Process

The input-output model is based on a table of 533 finely detailed industries showing local sales and purchases. The local and state economy of each community is researched so the table can be customized for each community. The basic purchase patterns for local industries are derived from a similar table for the U.S. economy for 2012 (the latest detailed data available from the U.S. Department of Commerce). The table is first reduced to reflect the unique size and industry mix of the local economy, based on data from County Business Patterns and the Regional Economic Information System of the U.S. Department of Commerce. It is then adjusted so that only transactions with local businesses are recorded in the inter-industry part of the table. This technique compares supply and demand and estimates the additional imports or exports required to make total supply equal total demand. The resulting table shows the detailed sales and purchase patterns of the local industries. The 533-industry table is then aggregated to reflect the general activities of 32 industries plus local households, creating a total of 33 industries. To trace changes in the economy, each column is converted to show the direct requirements per dollar of gross output for each sector. This direct-requirements table represents the “recipe” for producing the output of each industry.

The economic impact figures for Arts & Economic Prosperity 5 were computed using what is called an “iterative” procedure. This process uses the sum of a power series to approximate the solution to the economic model. This is what the process looks like in matrix algebra:

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

T is the solution, a column vector of changes in each industry’s outputs caused by the changes represented in the column vector X. A is the 33 by 33 direct-requirements matrix. This equation is used to trace the direct expenditures attributable to nonprofit arts organizations and their audiences. A multiplier effect table is produced that displays the results of this equation. The total column is T. The initial expenditure to be traced is IX (I is the identity matrix, which is operationally equivalent to the number 1 in ordinary algebra). Round 1 is AX, the result of multiplying the matrix A by the vector X (the outputs required of each supplier to produce the goods and services purchased in the initial change under study). Round 2 is A²X, which is the result of multiplying the matrix A by Round 1 (it answers the same question applied to Round 1: “What are the outputs required of each supplier to produce the goods and services purchased in Round 1 of this chain of events?”). Each of columns 1 through 12 in the multiplier effects table represents one of the elements in the continuing but diminishing chain of expenditures on the right side of the equation. Their sum, T, represents the total production required in the local economy in response to arts activities.

Calculation of the total impact of the nonprofit arts on the outputs of other industries (T) can now be converted to impacts on the final incomes to residents by multiplying the outputs produced by the ratios of household income to output and employment to output. Thus, the employment impact of changes in outputs due to arts expenditures is calculated by multiplying elements in the column of total outputs

by the ratio of employment to output for the 32 industries in the region. Changes in household incomes, local government revenues, and state government revenues due to nonprofit arts expenditures are similarly transformed. The same process is also used to show the direct impact on incomes and revenues associated with the column of direct local expenditures.

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

“Even in a strong economy, some may perceive the arts as an unaffordable luxury. Fortunately, this rigorous report offers evidence that the nonprofit arts industry provides not just cultural benefits to our communities, but also makes significant positive economic contributions to the nation's financial wellbeing regardless of the overall state of the economy. The arts as a driver of employment, vibrancy, tourism, and building a creative workforce is certainly something to applaud.”

— Jonathan Spector
President & CEO
The Conference Board

Frequently Used Terms

Cultural Tourism

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

Direct Economic Impact

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

Direct Expenditures

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

Econometrics

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

Econometrician

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

Full-Time Equivalent (FTE) Jobs

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

Indirect and Induced Economic Impact

This study measures the economic impact of the arts using a methodology that enables economists to track how many times a dollar is respent within the local economy, and thus to measure the economic impact generated by each round of spending. When a theater company purchases paint from the local hardware store, there is a measurable economic effect of that initial expenditure within a community. However, the economic benefits typically do not end there, because the hardware store uses some of its income to pay the clerk that sold the paint, as well as to pay its electric bill and to re-stock the shelves. The indirect and induced economic impacts are the effects of the subsequent rounds of spending by businesses and individuals, respectively. (See the example on Page 5 of this report.)

Input-Output Analysis

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

Leakage

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

Multiplier (often called Economic Activity Multiplier)

An estimate of the number of times that a dollar changes hands within the community before it leaks out of the community (for example, the theater pays the actor, the actor spends money at the grocery store, the grocery store pays its cashier, and so on). This estimate is quantified as one number by which all expenditures are multiplied. For example, if the arts are a \$10 million industry and a multiplier of three is used, then it is estimated that these arts organizations have a total economic impact of \$30 million. The convenience of a multiplier is that it is one simple number; its shortcoming, however, is its reliability. Users rarely note that the multiplier is developed by making gross estimates of the industries within the local economy with no allowance for differences in the characteristics of those industries, usually resulting in an overestimation of the economic impact. In contrast, the input-output model employed in Arts & Economic Prosperity 5 is a type of economic analysis tailored specifically to each community and, as such, provides more reliable and specific economic impact results.

Resident Household Income (often called Personal Income)

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

Revenue to Local and State Government

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

Frequently Asked Questions

How were the 341 participating communities and regions selected?

In 2015, Americans for the Arts published a Call for Participants for communities interested in participating in the Arts & Economic Prosperity 5 study. Of the more than 300 participants that expressed interest, 250 agreed to participate and complete four participation criteria: (1) identify and code the universe of nonprofit arts and cultural organizations in their study region; (2) assist researchers with the collection of detailed financial and attendance data from those organizations; (3) conduct audience-intercept surveys at cultural events; and (4) pay a modest cost-sharing fee (no community was refused participation for an inability to pay). Thirty of the 250 partners included multiple regions as part of their participation (e.g., a county as well as a city located within the county); as a result, the 250 local, regional, and statewide partners represent a total of 341 participating study regions.

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

Local partners attempted to identify their universe of nonprofit arts and cultural organizations using the Urban Institute's National Taxonomy of Exempt Entity (NTEE) codes as a guideline. Eligible organizations included those whose primary purpose is to promote appreciation for and understanding of the visual, performing, folk, and media arts. Government-owned and government-operated cultural facilities and institutions, municipal arts agencies and councils, private community arts organizations, unincorporated arts groups, living collections (such as zoos, aquariums, and botanical gardens), university presenters and cultural facilities, and arts programs that are embedded under the umbrella of a non-arts organization or facility (such as a hospital or church) also were included if they play a substantial role in the cultural life of the community. For-profit businesses and individual artists are excluded from this study.

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

An input-output economic analysis was customized for each of the participating study regions to determine the economic impact its nonprofit arts and cultural organizations and arts audiences. Americans for the Arts, which conducted the research, worked with highly regarded economists to design the input-output models.

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

In addition to detailed expenditure data provided by the surveyed organizations and cultural attendees, researchers and economists collected extensive wage, labor, tax, and commerce data provided by the U.S. Department of Commerce (County Business Patterns, the Regional Economic Information System, and the Survey of State and Local Finance), as well as local and state tax data for use in the input-output analyses.

Why doesn't this study use a multiplier?

When many people hear about an economic impact study, they expect the result to be quantified in what is often called a multiplier or an economic activity multiplier. The economic activity multiplier is an estimate of the number of times a dollar changes hands within the community (e.g., a theater pays its actor, the actor spends money at the grocery store, the grocery store pays the cashier, and so on). It is quantified as one number by which expenditures are multiplied. The convenience of the multiplier is that it is one simple number. Users rarely note, however, that the multiplier is developed by making gross estimates of the industries within the local economy

and does not allow for differences in the characteristics of those industries. Using an economic activity multiplier usually results in an overestimation of the economic impact and therefore lacks reliability.

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

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

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

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

Will my local legislators believe these results?

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

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

How can a community not participating in the Arts and Economic Prosperity 5 study apply these results?

Because of the variety of communities studied and the rigor with which the Arts & Economic Prosperity 5 study was conducted, nonprofit arts and cultural organizations located in communities that were not part of the study can estimate their local economic impact. Estimates can be derived by using the Arts & Economic Prosperity 5 Calculator (found at www.AmericansForTheArts.org/EconomicImpact). Additionally, users will find sample PowerPoint presentations, press releases, Op-Ed, and other strategies for proper application of their estimated economic impact data.

Acknowledgments

Americans for the Arts expresses its gratitude to the many people and organizations who made *Arts & Economic Prosperity 5: The Economic Impact of Nonprofit Arts and Cultural Organizations and Their Audiences in the City of Eugene* possible and assisted in its development, coordination, and production. A study of this size cannot be completed without the collaboration of many partnering organizations.

Generous funding for this project was provided by the Arts and Business Alliance of Eugene, which also served as the local project partner and as such was responsible for the local implementation and data collection requirements of this customized analysis for the City of Eugene.

Special thanks to the John D. and Catherine T. MacArthur Foundation, the Barr Foundation, and The Ruth Lilly Fund of Americans for the Arts for their financial support of the national implementation of Arts & Economic Prosperity 5.

Finally, each of our 250 local, regional, and statewide research partners contributed time and/or financial support toward the completion of this national study. We thank each and every one of them for committing the time and resources necessary to achieve success. A study of this magnitude is a total organizational effort; appreciation is extended to the entire board and staff of Americans for the Arts. The research department responsible for producing this study includes Randy Cohen, Ben Davidson, Isaac Fitzsimons, and Graciela Kahn.

The City of Eugene's Participating Nonprofit Arts and Cultural Organizations

This study could not have been completed without the cooperation of the 40 nonprofit arts and cultural organizations in the City of Eugene, listed below, that provided detailed financial and event attendance information about their organization.

Actors Cabaret of Eugene; Amazon Community Center; Arts And Business Alliance Of Eugene; Ballet Fantastique; Cascadia Concert Opera; City of Eugene Peterson Barn Community Center; Community Events (Cultural Services); Delgani String Quartet; Eugene Airport Gallery; Eugene Ballet Company; Eugene Concert Choir; Eugene Opera; Eugene Public Library; Eugene Symphony Association; Eugene-Springfield Youth Orchestras; Fred Crafts Radio Redux; Free Shakespeare In The Park; Hult Center/Cuthbert Amphitheater; Jacobs Gallery; Jazz Station; John G. Shedd Institute For The Arts; Joint Forces Dance Co; Jordan Schnitzer Museum Of Art; Lane Arts Council; Lane County Historical Society and Museum; Lord Leebrick Theatre Company Dba Oregon Contemporary Theatre; Materials Exchange Center for Community Arts; Maude Kerns Art Center; Museum of Natural and Cultural History (University of Oregon); New Zone Gallery; Oregon Bach Festival; Oregon Folklife Network; Pacific International Choral Festivals; Public Art (Cultural Services); Saturday Market; Shelton McMurphey Johnson House; Soromundi: Lesbian Chorus of Eugene; University of Oregon (Center for Student Involvement); Upstart Crow Studios; and Very Little Theatre.

The City of Eugene's Participating Cultural Event Attendees

Additionally, this study could not have been completed without the cooperation of the 892 arts and cultural audience members who generously took the time to complete the audience-intercept survey while attending a performance, event, or exhibit within the City of Eugene during calendar year 2016.



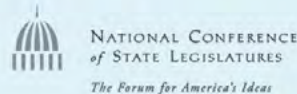
AMERICANS FOR THE ARTS IS THE NATION'S LEADING NONPROFIT ORGANIZATION FOR ADVANCING THE ARTS IN AMERICA. ESTABLISHED IN 1960, WE ARE DEDICATED TO REPRESENTING AND SERVING LOCAL COMMUNITIES AND CREATING OPPORTUNITIES FOR EVERY AMERICAN TO PARTICIPATE IN AND APPRECIATE ALL FORMS OF THE ARTS.



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

Cover: Andrew Shurtleff Photography

(Clockwise from Top) Concert for Miami, Knight Concert Hall, Miami-Dade, FL.; Photos from the Broward 100 'InsideOut' campaign "Creatives Making a Difference in Hollywood". Presented by the Community Redevelopment Agency of Hollywood and supported by the Downtown Hollywood Mural Project and the Art and Cultural Center of Hollywood, FL. Photo by Jill Weisberg; The Pool, El Paso Museums & Cultural Affairs Department, TX. Photo by Jen Lewin; Dancer at outdoor performance. Fulton County Arts Council, GA. Photo by CGC Studios.



EUGENE CITY COUNCIL AGENDA ITEM SUMMARY



Work Session: Mapping Value in Eugene

Meeting Date: September 25, 2017
Department: Planning and Development
www.eugene-or.gov

Agenda Item Number: C
Staff Contact: Will Dowdy and Anne Fifield
Contact Telephone Number: 682-5561 and 682-5451

ISSUE STATEMENT

Staff have developed an analysis of property tax revenue across the city that graphically shows the revenue on a per-acre basis. The analysis helps staff and our community understand how development patterns affect the tax revenue our city uses to provide public services. The work session is for informational purposes only; no action from City Council is required.

BACKGROUND

Council has directed staff to expand analyses of Eugene-specific metrics; it is one of the 'Baker's Dozen' strategies that have been identified to advance economic prosperity. As part of that work, staff have created a visual display of property tax revenue across the city of Eugene.

Property taxes are the primary revenue source for local governments in Oregon. Because it supports most of the City's services, staff at public agencies work to understand property tax revenue and its projected fluctuations. Traditionally, local governments have focused on the agency's largest property tax accounts, that is, those individual properties that generate the most revenue. This work session describes an analysis conducted by City of Eugene staff that shifts the focus from large accounts to a per-acre perspective.

With a per-acre perspective, the analysis shows how our community's built environment affects tax revenue. The analysis shows that certain parts of the city have higher taxable value, notably downtown, midtown (between 13th and 19th Avenues), and the area around the University of Oregon. These areas yield more tax revenue per acre, yet consume less land, roads, and pipes—the urban infrastructure that makes the city function.

Staff are beginning to use this analysis to understand how development patterns affect the City's fiscal sustainability. We will use this type of analysis as we begin to plan for urban reserves so we can understand how urban form affects fiscal sustainability.

The analysis is summarized in Attachment A, a small booklet titled "Mapping Value in Eugene." The booklet explains some of the key terminology of property taxes, discusses how development patterns affect tax revenue, and includes maps that visually display the data. In addition to the booklet, staff have prepared a web page with information on the City of Eugene's website, at www.eugene-

[or.gov/mappingvalue](http://eugene.or.gov/mappingvalue).

At this work session, staff will present the background and the booklet to City Council.

RELATED CITY POLICIES

The Mapping Value in Eugene project enhances staff understanding of how the built environment of Eugene affects fiscal resources, which informs decisions to implement the following policies.

- Envision Eugene Pillars
- Eugene Climate & Energy Action Plan
- City Council Goal of Sustainable Development and Fair, Stable and Adequate Financial Resources

It also provides a data resource to inform Triple Bottom Line analyses.

COUNCIL OPTIONS

Information only. No options identified at this time.

CITY MANAGER'S RECOMMENDATION

Information only. No recommendation identified at this time.

SUGGESTED MOTION

No motion required.

ATTACHMENTS

A. "Mapping Value in Eugene" booklet

FOR MORE INFORMATION

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DRAFT

2017

Mapping Value in Eugene, Oregon



**A practical guide to understanding taxes, land use
and quality of life in a great city in the Northwest.**

May 2017



Chances are, city government finances aren't your thing...

You'd probably prefer to be hiking the Ridgeline, enjoying a concert, or meeting friends. And who could blame you? In Eugene, we cherish our exceptional quality of life, and we love to share it with friends and family living out of town.

So here's the challenge: what preserves our quality of life for generations to come? You may have realized (or not) that one of the factors contributing to our quality of life is money—the City of Eugene's costs and revenues. But did you know that the way we have built, and continue to build, our city and its neighborhoods is one of the biggest determinants of our city finances? Not only that, but as we look to the future and consider what sort of legacy we leave to the Eugeneans of tomorrow, how we as a community build our city becomes even more important.

So, even if city government finances are not the most gripping topic, we need our community to understand it, or else future generations may not be able to enjoy the famous Eugene quality of life of the early 21st century.



This guide explains some basic concepts about our city's finances and then shows how different parts of Eugene—and how they're built—influence the city's ability to pay for the things that affect our quality of life.

...but you might be glad to know some basics.

Ready?

- 1

The Fundamentals

Money in, money out. The basics of how cities operate.


- 2

Understanding "Value"

This section takes a complicated topic—property taxes and assessment in Oregon—and whittles it down to a few essentials.


- 3

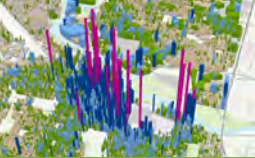
A New Way to Think about Property Value

Most of us think about property value as a 'lump sum'. But if you really want to understand property value, you need to make sure it's an apples-to-apples comparison.


- 4

Mapping Value in Eugene

This is where we put it all together and show you where the taxable value and its associated property tax revenue really are. The maps put Eugene in a whole new light.



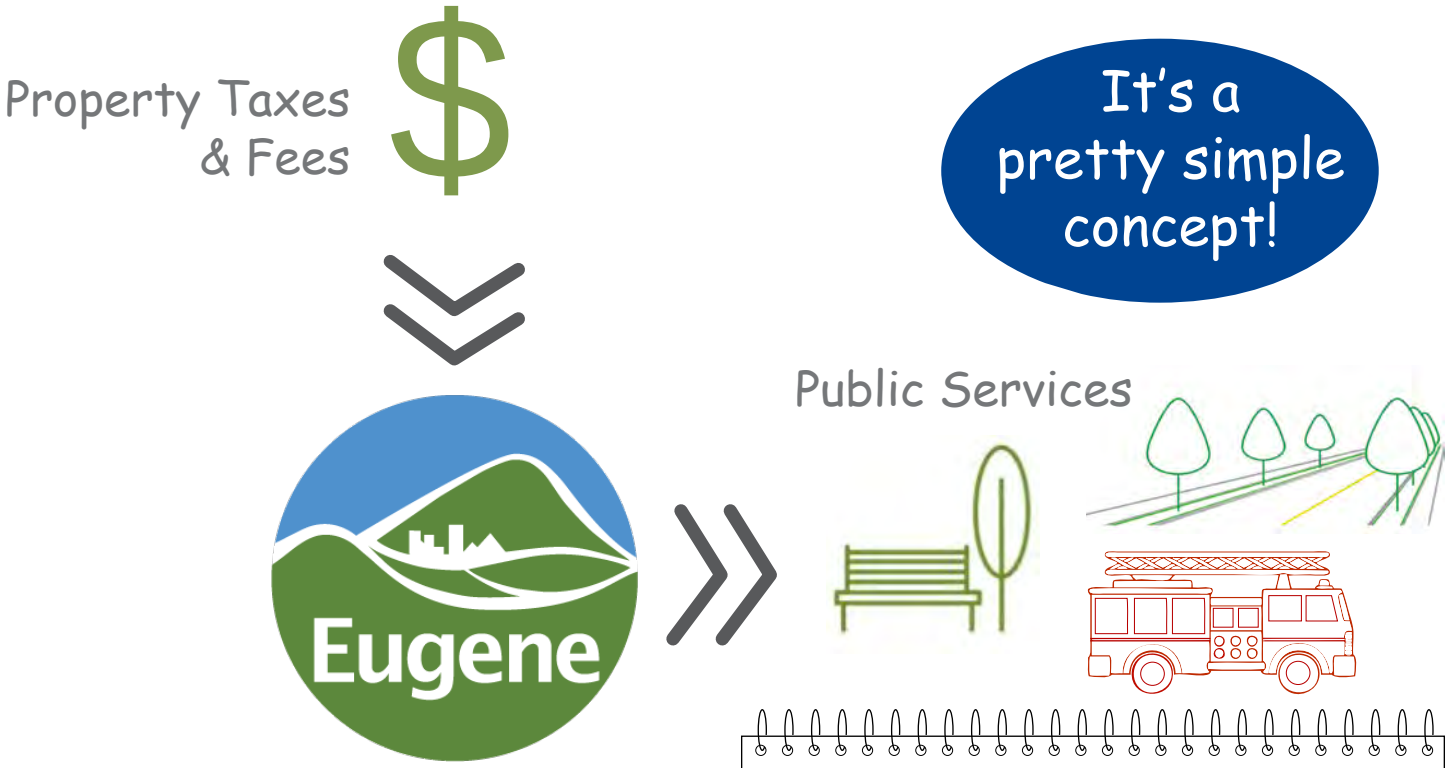
Let's start with some basics...

Part 1: The Fundamentals

The basics of how cities operate from a financial perspective, and a few key terms.

Property taxes

You're probably aware that the residents and businesses of Eugene depend on our city government to provide key public services, such as streets and public safety. There are two primary revenue sources for these services: property taxes and fees. Here, we'll focus on property taxes.



A quick note:
Understanding any city's revenues is not a matter of partisan politics. The ability to have political disagreements over funding priorities is only possible if there are funds available in the first place. Regardless of anyone's political ideologies, the basic process stays the same: taxes and fees enable a city to provide services to its residents and businesses.

Does this really impact me?

Yes! Every Eugene household and business benefits from the city of Eugene's services, even when we don't notice it.

- When you drive or ride your bike along a road, you are using the city's services.
- When you slide down a slide at a park, you are using the city's services.
- When firefighters put out a fire so it doesn't spread, you are using the city's services.

Just because there is no direct charge for the services, that doesn't mean they are free. The streets need to be swept and the parks need to be mowed and weeded. The water needs to be delivered to fire hydrants and the firefighters need to be trained.

They are called 'public services' because they are available to the public. A city park is different from a bowling alley; the city park is available to all residents and visitors at no charge.

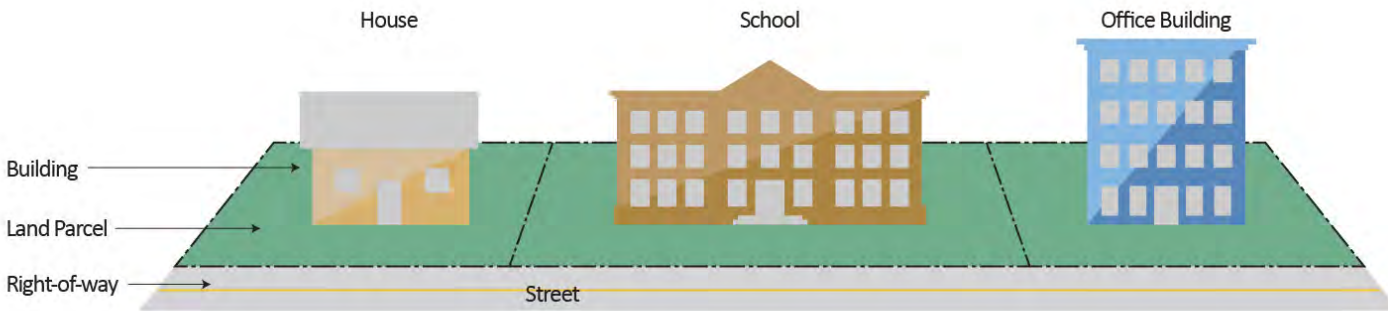


Part 2: Understanding “Value”

This section takes a complicated topic—property taxes and assessment in Oregon—and whittles it down to a few key essentials that help the rest of this make sense.

What gets taxed?

The land in the city of Eugene is divided into parcels, or lots. A house sits on a parcel, an office building sits on a parcel, and a school sits on a parcel. Streets and alleys are known as public right-of-way, and they connect land parcels to the rest of the community.



Owners of privately owned land parcels pay property taxes, which are based on property value. Public property, such as parks, schools, and libraries, don’t pay property taxes.

What gets the taxes?

Every parcel sits inside multiple ‘taxing districts,’ which are the different public agencies that serve that parcel, such as the City of Eugene, Lane County, and school districts. The state gives these agencies the authority to collect property taxes, all of which are combined into a single property tax bill each year sent out by Lane County.

A quick note:

Taxable value is related to, but is not equal to market value. Oregon’s tax laws require that a property’s taxable value may not exceed its estimated market value, and in Eugene, most properties’ market value is higher than their taxable value.

Different kinds of value

Privately owned property has a “taxable value.”The annual property tax payment is the taxable value times the applicable tax rate.

Taxable
Value

X

Tax
Rate

=

Annual
Property
Tax

The total tax rate includes all the taxing districts that serve that property.

	House	School	Office Building
Approximate Market Value	\$230,000	\$3,800,000	\$4,960,000
Taxable Value	\$170,000	\$0	\$2,775,000
Some properties don’t pay property taxes, or they have special exemptions.			
Taxes	\$3,000	\$0	\$50,000
Total Taxes vary depending on which taxing districts the property is in, but they typically range from 1%-2% of Taxable Value.			

Part 3: A New Way to Think about Property Value

Most of us think about property value as a ‘lump sum’—a \$100,000 house compared to a \$300,000 house. But if you really want to understand property value, you need to make sure it’s an apples-to-apples comparison. We explain it here.

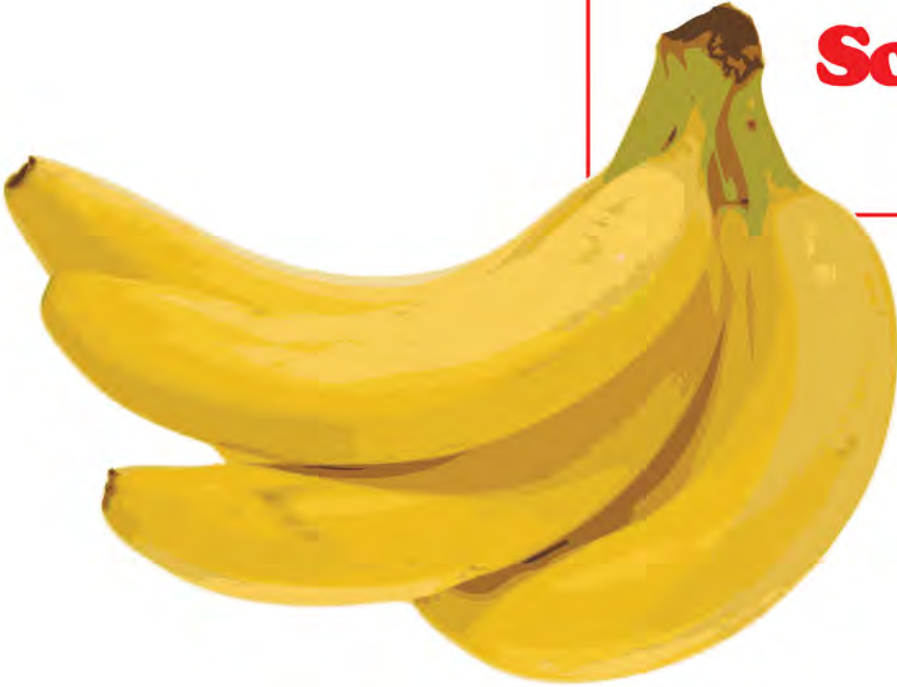
Comparing apples to apples

Everybody knows that if you’re going to compare the values of two different things, you need to know what you’re getting for your money. You expect a big bunch of bananas to cost more than a small bunch and a 3-scoop waffle cone to cost more than a kiddie cone.

Great Value!

Bananas

Sold by the pound



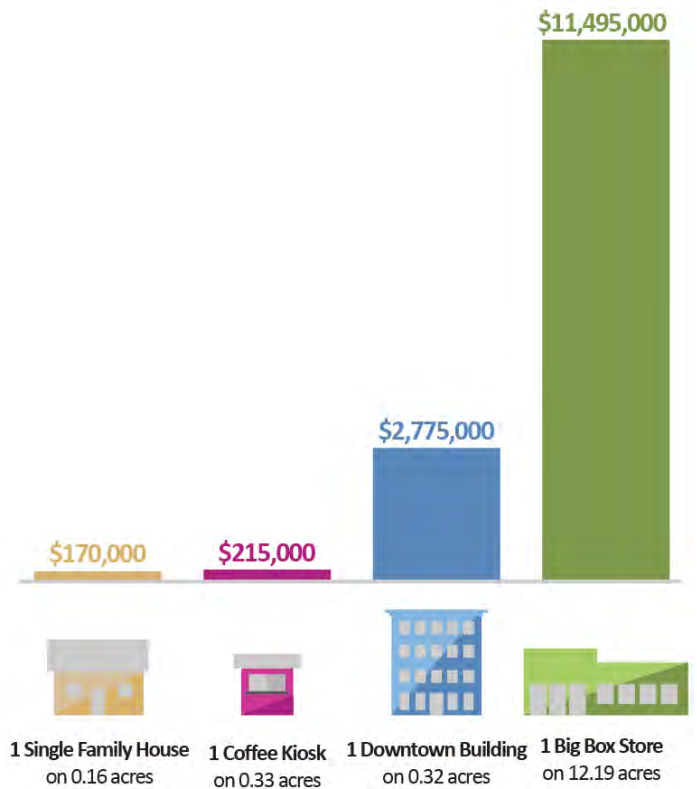
Imagine owning a grocery store and saying that every bunch of bananas should cost the same; your customers would all want to buy the biggest bunch they could find. The same goes for an ice cream cone—and just about everything.

The conventional comparison of property values

There’s a temptation to throw this out the window when we look at property values and taxes. We tend to get fascinated by the really big price tags that go with large parcels and forget everything we know about comparing

values. Let’s look at real world examples of how this plays out. Consider four types of properties in Eugene, and look at how their taxable values compare:

Total Taxable Value



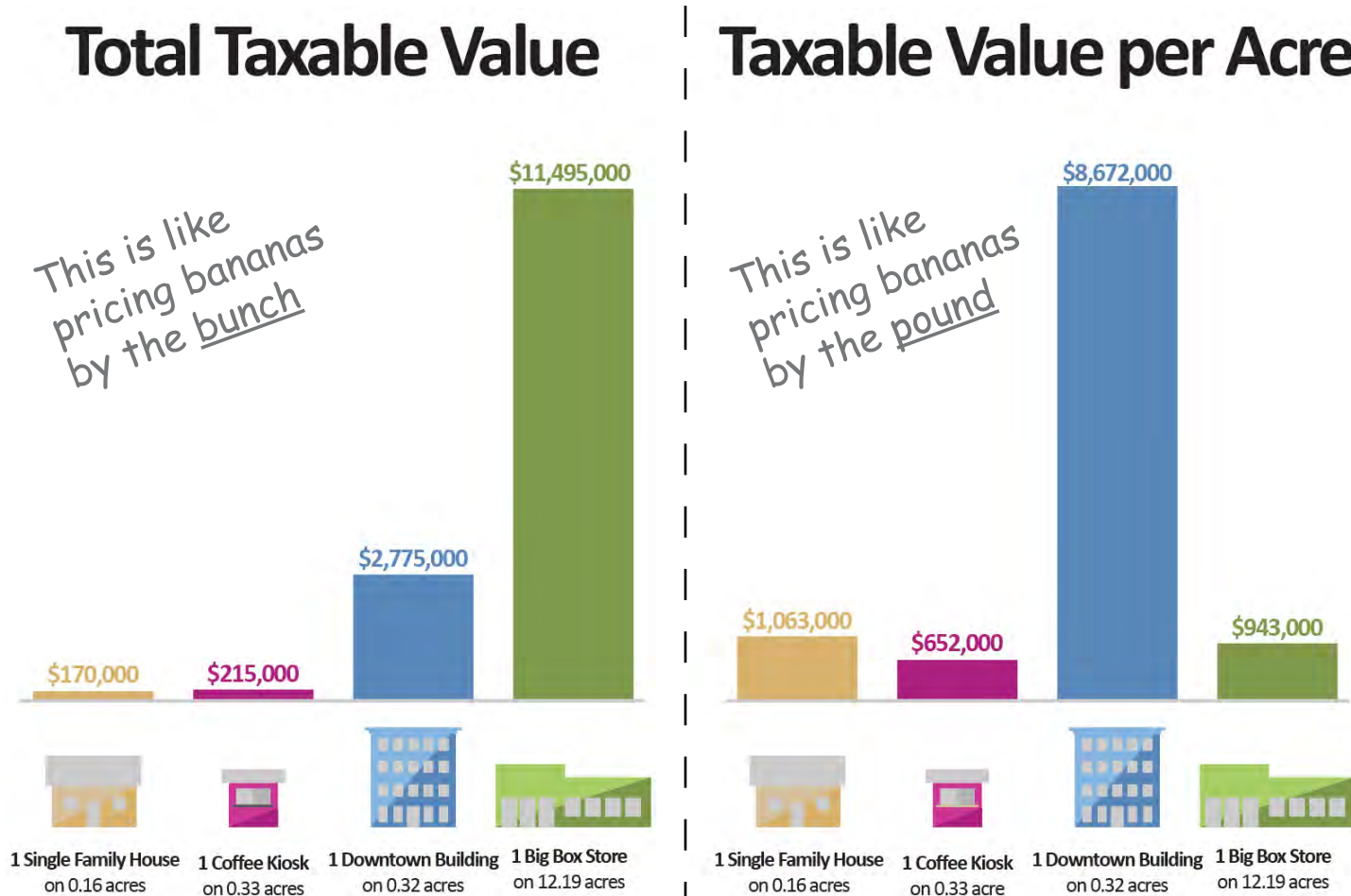
- The single-family house, a ranch-style house on a typical single-family lot. It’s a pretty average house for Eugene with an approximate market value of about \$230,000, but its taxable value (which is what we’re focusing on here) is lower, at \$170,000.
- The coffee kiosk, a small building with a drive-through, located near commuter traffic, with a taxable value of \$215,000.
- The downtown office building, 4 stories, with a taxable value of \$2,775,000.
- The big box store, a large single-story retail center, with a taxable value of \$11,495,000.

You’ve probably noticed a couple of things: although the office building has over 16 times the value of the house, the big box store blows them all away. However, you may also have noticed that the big box store consumes more than 30 times the land of the other buildings. If that caught your attention, then you’re already thinking about the apples-to-apples comparison of value. Let’s look at that in more detail.

A better comparison of property values

If you look at the value per acre of these same properties—like looking at the price per pound of bananas—you see a very different picture.

That big box store may have a high taxable value, but it requires a lot of land to generate that value. And if you don't take that into consideration, it's not a true comparison of value.

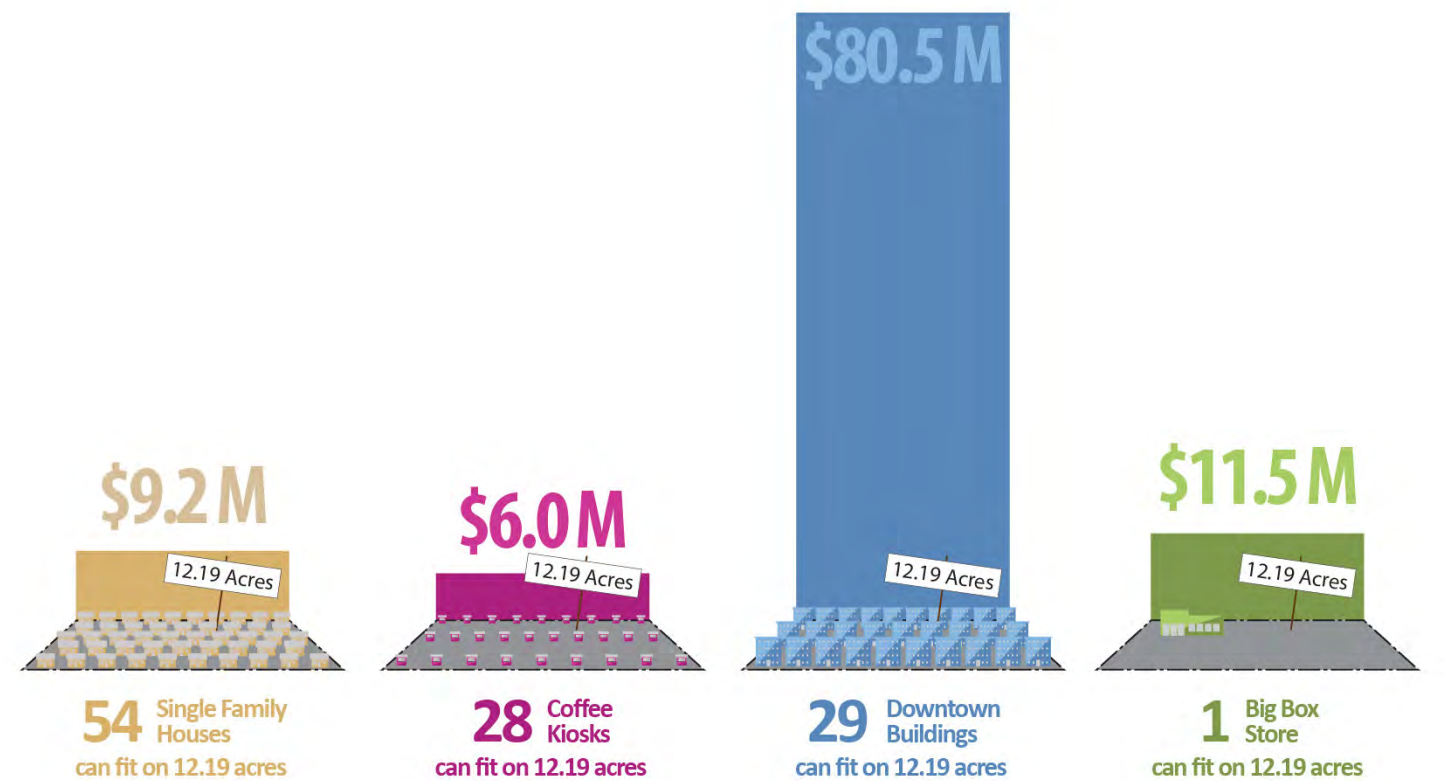


How much value can you get on 12.19 acres?

Think of it as an opportunity

Let's think about the big box store's 12.19 acres. The same land could hold 54 single-family houses, 28 coffee kiosks, or 29 4-story buildings.* The value of 29 4-story buildings on 12.19 acres is 7 times the value of the big box store on the same amount of land.

In fact, the community could have the same taxable value created by the big box store with less than 2 acres (or about half a block) of office buildings. That means that for the same taxable value—which translates into tax revenue—a city would only have to provide roads, water lines, and sewer lines across a fraction of the area with downtown office buildings instead of the big box retail.



*To calculate the number of houses, coffee kiosks, and office buildings, we assumed some of the parcel was dedicated for street right-of-way.

Part 4: Mapping Value in Eugene

This is where we take all of the concepts from the previous sections and show you where the Taxable Value and its associated property tax revenue really are. We use some 3D maps to show you Eugene in a whole new light.

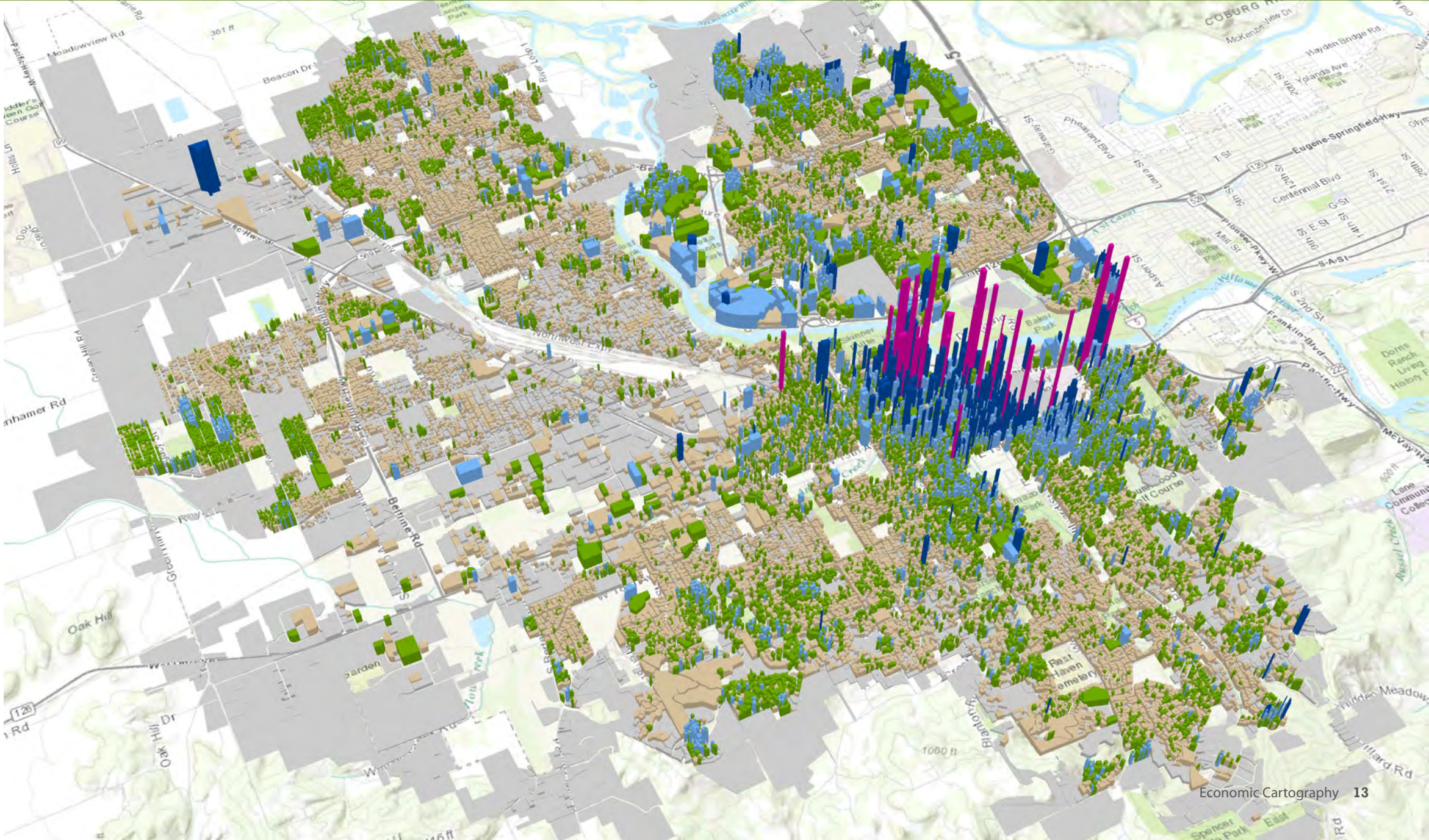
From 4 buildings to a whole city

Imagine that the chart showing the Taxable Value per acre of those 4 buildings was expanded to include every building in the city. Now imagine that instead of lining up all of values on a chart, we put them all on a map of the city. This 3D map shows the per-acre Taxable Value for every land parcel in Eugene.

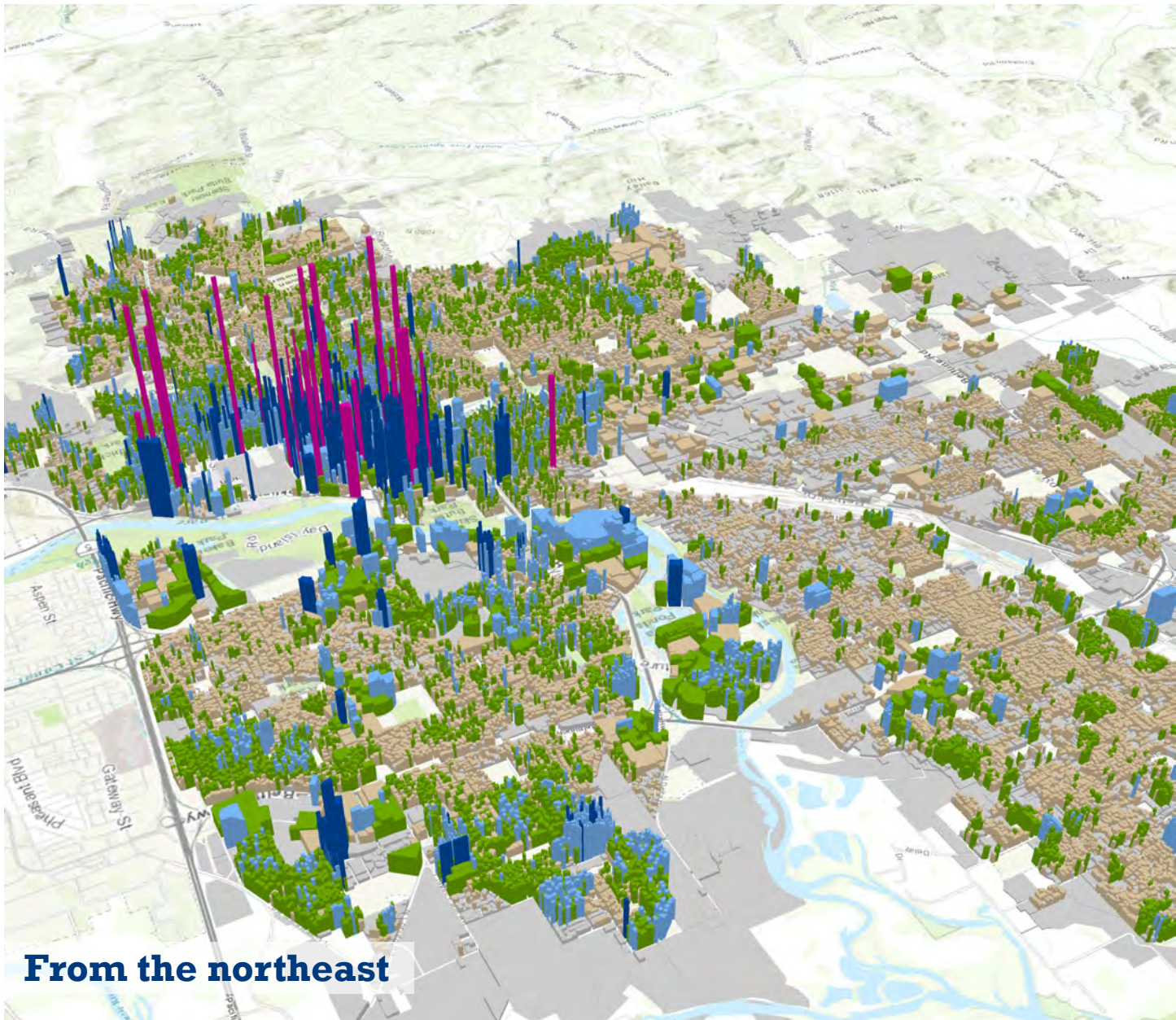
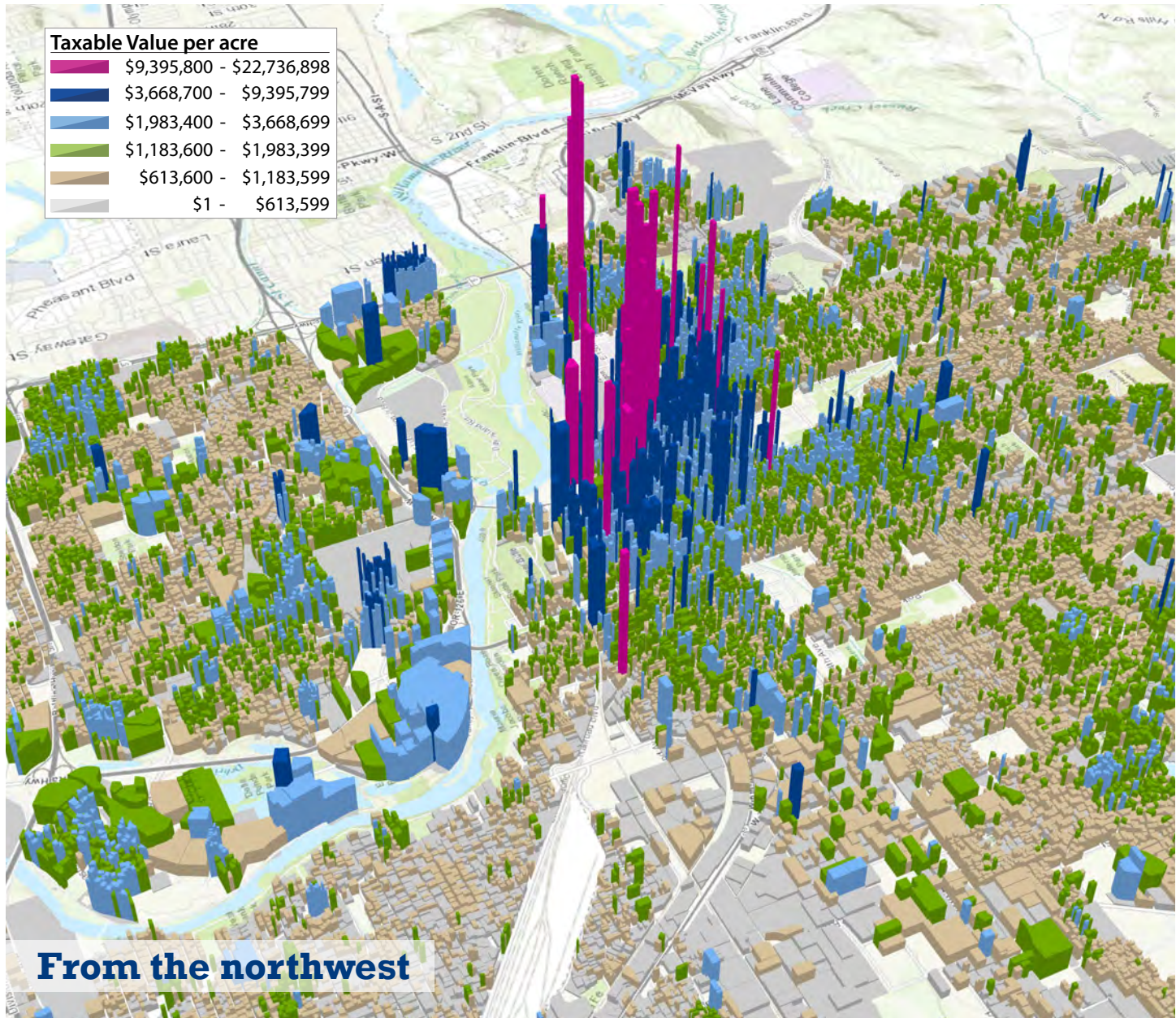
So, what can you see? A vast majority of the city is single-family houses, like the one in the previous chart. Those properties mostly fall in the grey, tan, or green ranges (\$20/acre to about \$2.5 million/acre). As you might expect, much of the suburban-style commercial land, whether more like the coffee kiosk or the big box store, falls into that same range, with a handful of light blues marking the highest values. What really jumps out on this map, is downtown, with lots of light blue, dark blue and magenta. This is the part of Eugene where the “downtown building” from our example is, and that pattern is repeated block after block.

If you look around the map, you can see some other places you recognize: a commercial center, a subdivision, an historic neighborhood, an apartment complex.

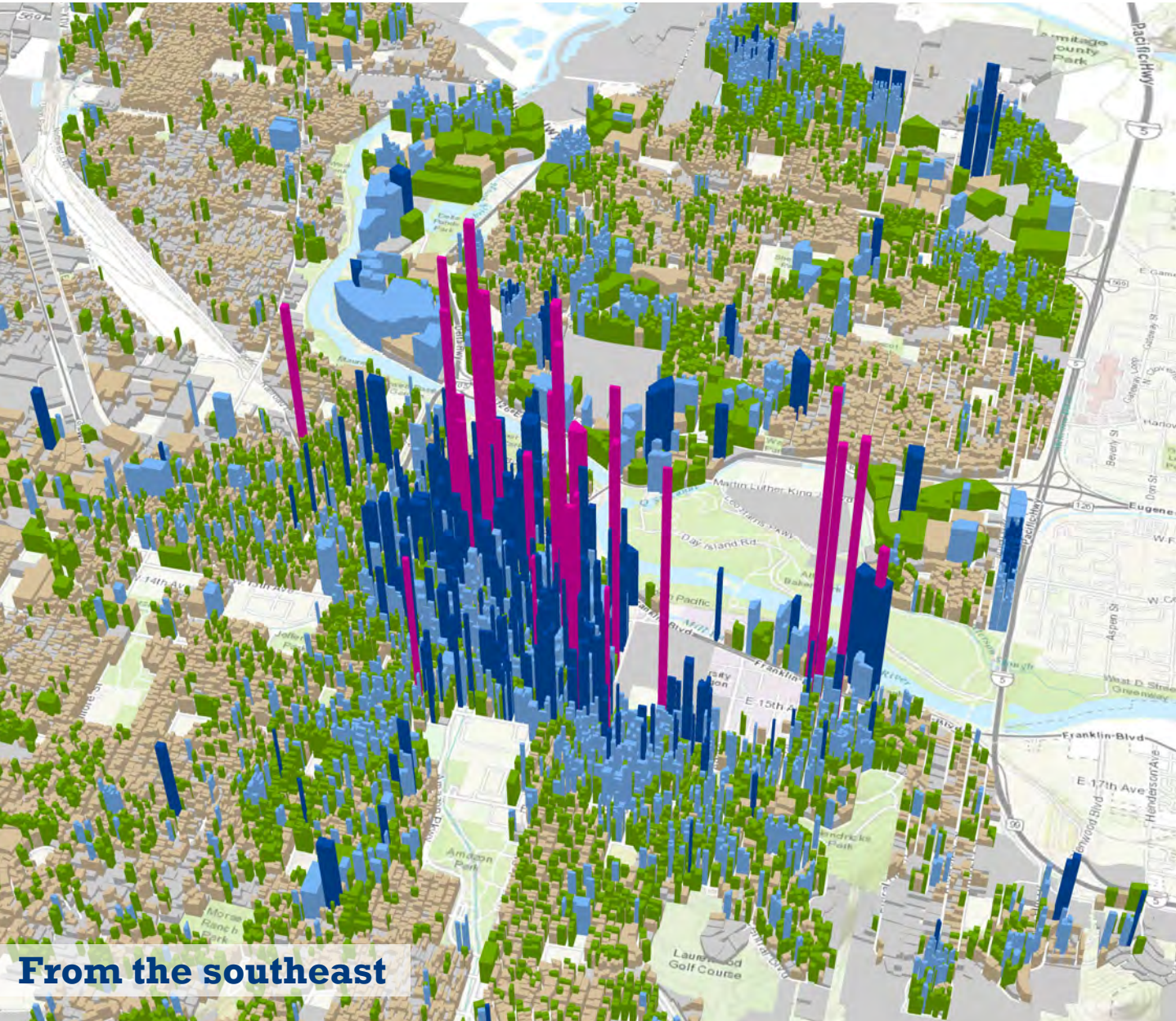
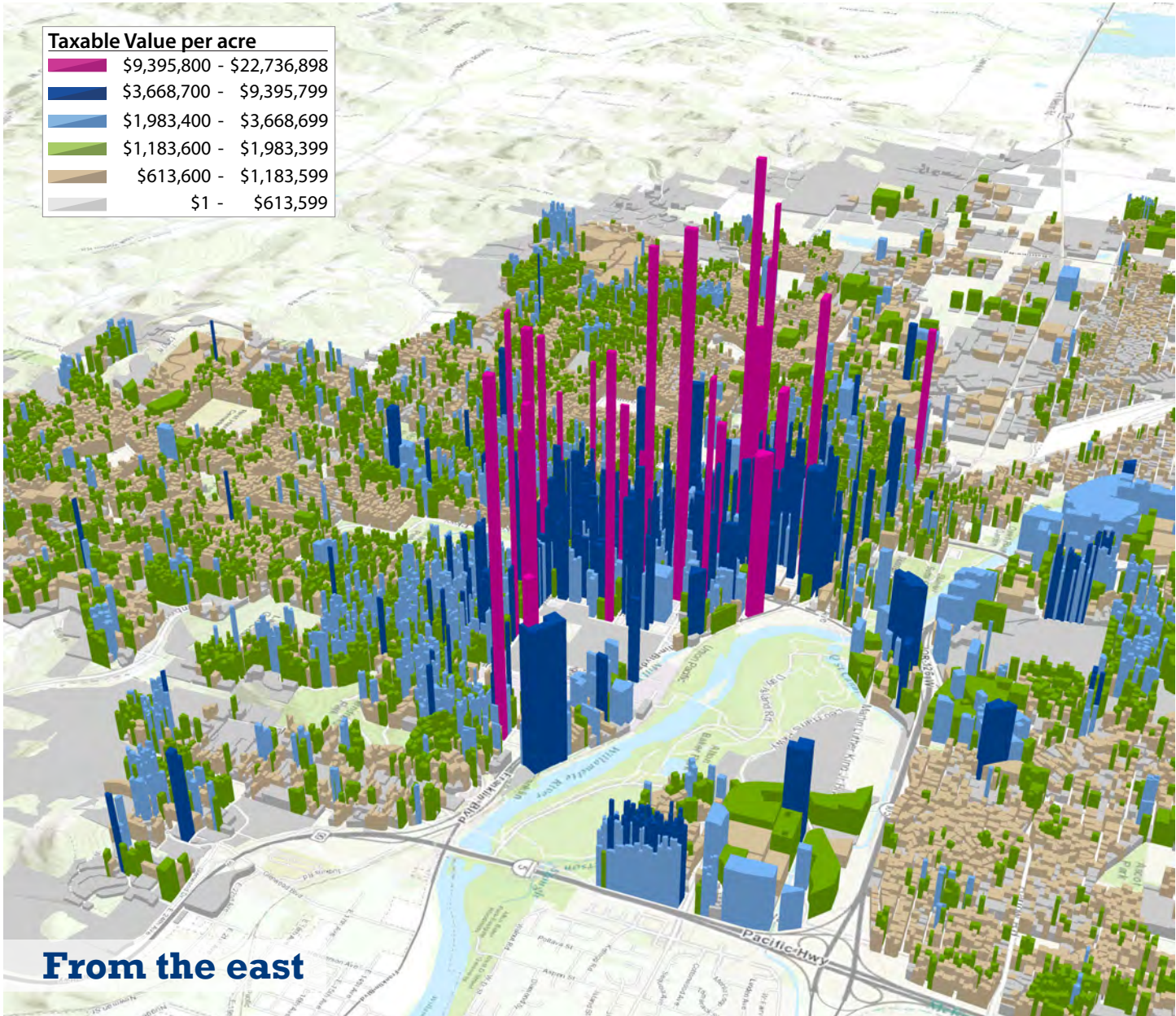
Taxable Value per acre	
■	\$9,395,800 - \$22,736,898
■	\$3,668,700 - \$9,395,799
■	\$1,983,400 - \$3,668,699
■	\$1,183,600 - \$1,983,399
■	\$613,600 - \$1,183,599
■	\$1 - \$613,599



Part 4: Mapping Value in Eugene



Part 4: Mapping Value in Eugene

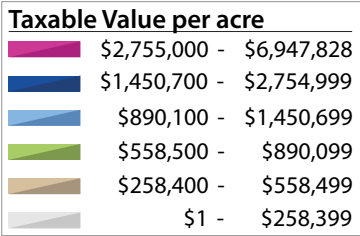
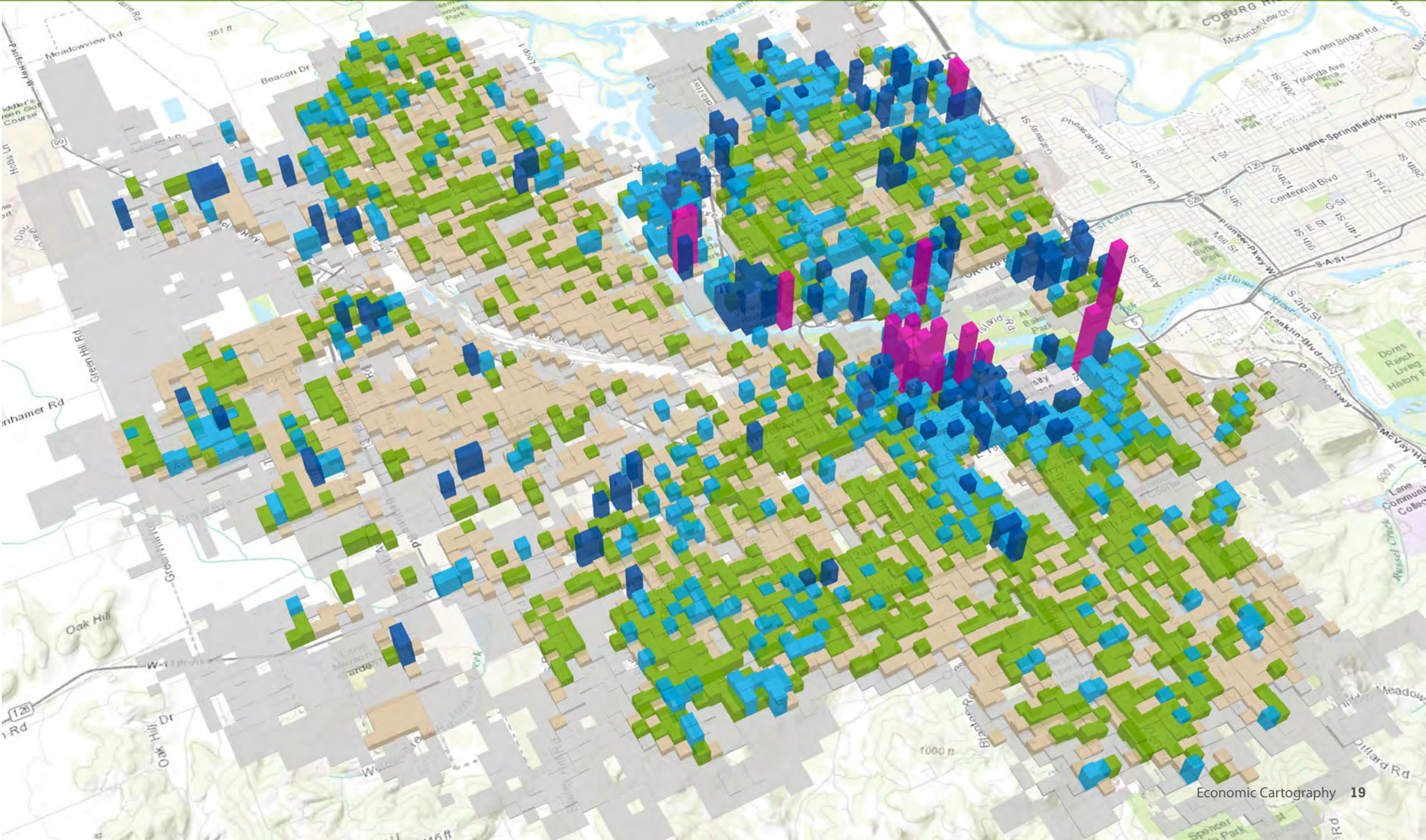


Part 4: Mapping Value in Eugene

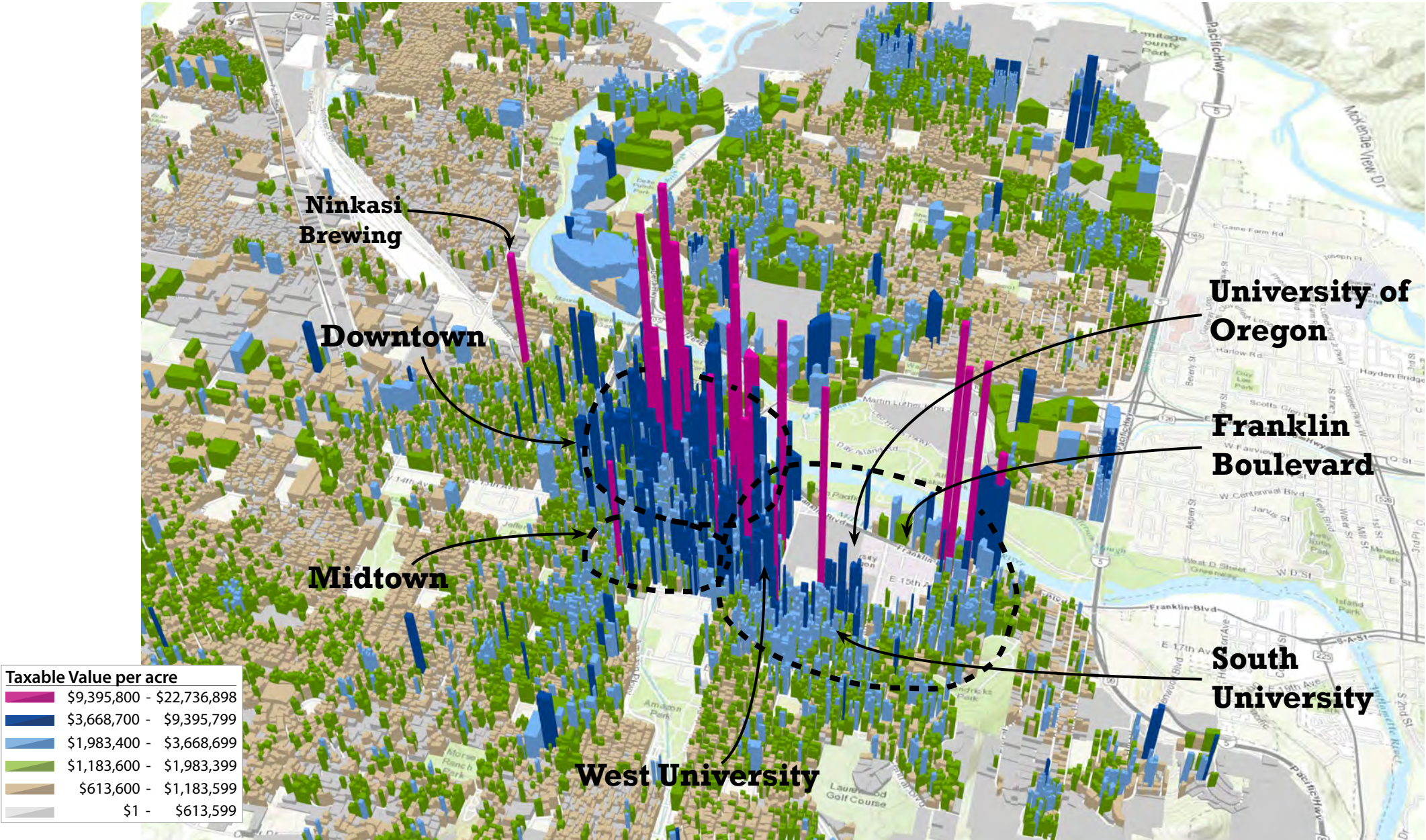
The grid: seeing the whole picture

This map shows the same data—taxable value per acre—but instead of building by building, it consolidates the individual properties into a grid. The map shows the average value of all the property in each square, so that the parts of the community that have no taxable value—such as streets, parks, libraries, public parking garages—are blended with the surrounding properties with Taxable Value.

This grid map is not quite as eye-catching as the previous one, because the high spikes aren't quite as high. The high spikes are primarily made by tall buildings with a relatively small footprint. Many of these buildings are in the downtown, where there are also a large number of public buildings that have no Taxable Value.



Part 4: Mapping Value in Eugene



What does it all mean?

At the beginning, we talked about the role that city tax revenue has in maintaining the high quality of life that we love here in Eugene. And then we showed how different property development types create tax revenue. When you look at the map of Taxable Value from around the city, you see that—although everyone is contributing something—there are certain parts of the city that are providing financial support for city services at a much higher rate than other parts.

- The highest value is in the city's urban core: downtown, midtown (between 13th and 19th Avenues) and the area around the University of Oregon.
- The value extends in the Whiteaker neighborhood, most notably at key industrial sites.
- Outside of these areas, there are smaller spikes at a variety of residential, commercial or industrial locations.

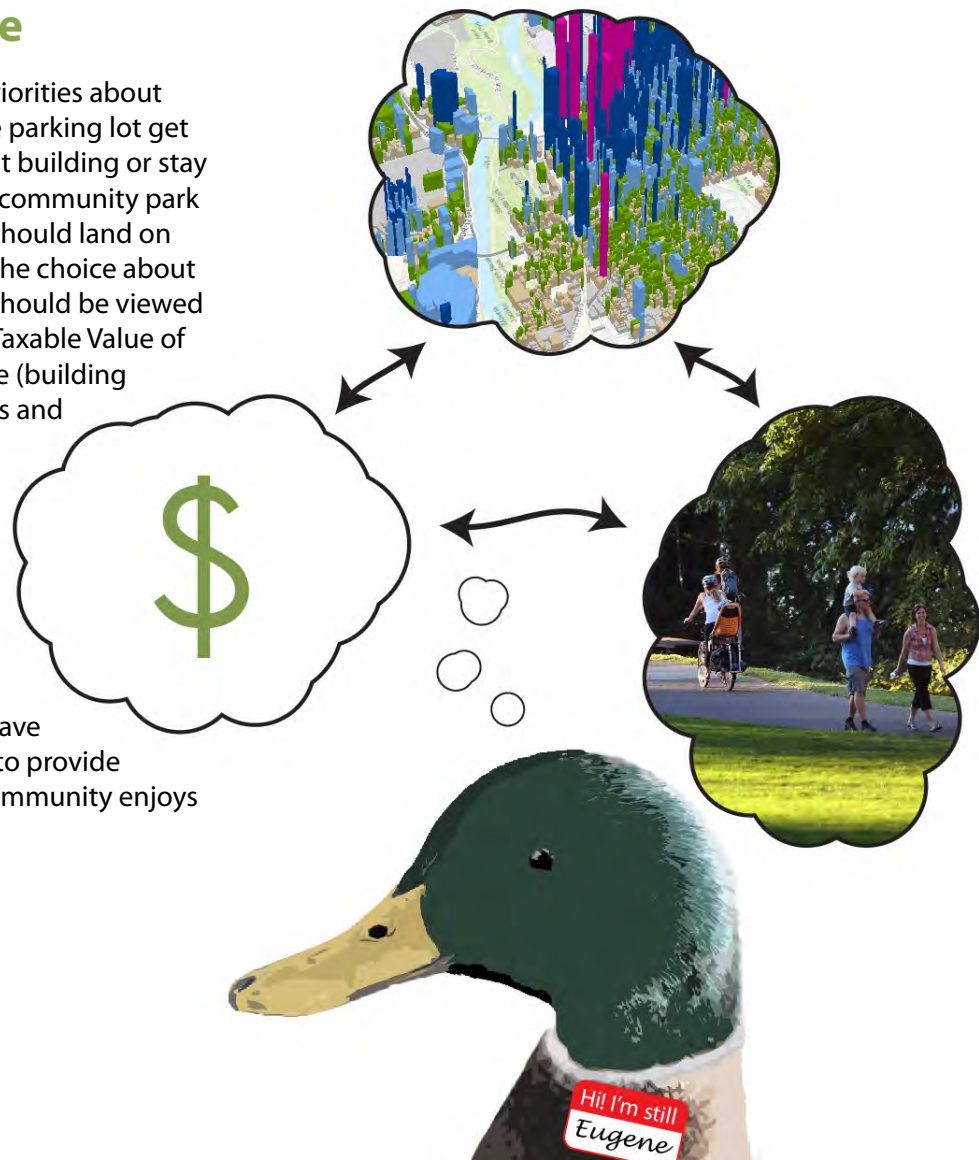
These compact development types require the same roads, water lines, and sewer lines as other parts of the city, yet have substantially higher Taxable Value per acre. Downtown Eugene, with its combination of shops, offices and apartments, has a much higher per-acre Taxable Value than other parts of town. Yet it consumes less land, pavement, and pipes.

Part 4: Mapping Value in Eugene

A look to the future

Every community has to have priorities about how land is used: Does a surface parking lot get redeveloped as a new apartment building or stay as is? Should a parcel become a community park or be turned into new houses? Should land on the edge of town be annexed? The choice about developing and annexing land should be viewed from both its revenue side (the Taxable Value of the new houses) and its cost side (building and maintaining roads and pipes and providing emergency services).

The choices our community makes about the types and location of new development, and maintaining existing development, will determine if our community's future is financially sustainable. Will we have adequate revenue in the future to provide at least the same services our community enjoys today?



It should go without saying that **there's a lot more to life—and to our community—than money.**

However, as a community, we have a charge to provide for our future, to ensure that our children and their children can continue to live in a city with libraries and parks, police protection and emergency services, paved streets and street lights that turn on at night. All of those things cost money. Thanks to the planning and hard work of past and current generations our city is financially stable today.

What the future holds will be, in large part, dependent on the decisions we make.

Mapping Value in Eugene , Oregon has been inspired by work done by Joe Minicozzi at Urban3. For more information, visit them at urban-three.com

Tax and property value data are from Lane County Assessment and Taxation, using tax year 2016.



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