

The Economic Impact of Great Parks of Hamilton County on Hamilton County



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EconomicsCenter

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EXECUTIVE SUMMARY

Great Parks of Hamilton County includes seventeen parks and four conservation areas covering 17,000 acres of land, and represents a major outdoor attraction, both to residents of Hamilton County and those who live elsewhere. As such, Great Parks of Hamilton County (GPHC) also drives significant economic activity within the County. This report estimates economic impacts related to the operations and activities of GPHC in fiscal year 2015 (FY2015).

Total Economic Impact

- GPHC's total economic impact in FY2015 was \$91.9 million, with household earnings impact of \$43.3 million, and employment impact of 2,065 jobs.
- All told, these economic activities generated \$815,570 in sales, earnings, and property taxes. The largest portion came from \$497,241 in county sales tax revenue from purchases by residents and out-of-county visitors.
- Comparing the \$91.9 million in FY2015 economic activity with the \$17.6 million received in tax levy funding that year, it is evident that every dollar of tax funding returned \$4.22 in increased economic activity.

Sources of Economic Impact

- The largest source of economic impact stems from GPHC's operations expenditures, which resulted in \$53.1 million of total impact, generated earnings of \$35.7 million, and 1,848 full- and part-time jobs.
- GPHC's construction and capital expenditures drove \$10.5 million in total economic impact, \$2.13 million in earnings, and 46 full- and part-time jobs.
- The third source of economic impact occurred from spending by out-of-county visitors at local businesses outside of the GPHC system. That spending had a total impact of \$28.2 million, increased earnings of \$5.5 million, and resulted in 171 full- and part-time jobs.

New Money

- Spending by out-of-county visitors related to trips to GPHC parks drew \$16.8 million of "new" money into Hamilton County's economy.

- Other new money was the \$3.7 million that those same visitors spent within GPHC. Another \$3.7 million from the State of Ohio in the form of grant funding was provided to GPHC, and \$6,500 came from out-of-county business sponsorships.

Additional Economic Activity

- GPHC also contributed to the local economy in FY2015 by retaining \$42.3 million in recreation-related spending and resulting economic activity that would have left the county were GPHC not available.
- Retained resident and out-of-county visitor spending, both in-and-outside of GPHC totaled \$56.6 million in FY2015, which represents an additional \$2.13 for every tax dollar that went to GPHC in FY2015.

INTRODUCTION

Created in 1930, Great Parks of Hamilton County (formerly the Hamilton County Park District) operates public parks throughout the county, with the aim of protecting natural resources for the enjoyment of current and future generations. Great Parks of Hamilton County (GPHC) manages seventeen parks and four conservation areas, and provides a variety of educational and recreational services for visitors. Though the aesthetic, educational, and recreational value of GPHC are more obvious, the Organization's economic value is not as readily apparent. Great Parks of Hamilton County's additional benefits – such as improved quality of life, increased property values, and environmental improvement – are not reflected in the following analysis.

Through its operations, GPHC impacts the local economy in a number of ways, as delineated below. Additionally, GPHC's recreational offerings bring visitors from both within and outside of Hamilton County.¹ In turn, those visitors purchase local goods and services, bringing new dollars to local businesses and tax revenues to local governments.

¹ 2015 estimated attendance was 6,731,438.

To evaluate these economic impacts, the Economics Center analyzed three major categories: operations, construction expenditures, and visitor-related spending. Operating GPHC employs local residents and increases business for local goods and services producers, creating positive spill-over effects throughout the economy. Significant sums are spent on employee salaries and benefits, program promotion and planning, and overall administrative costs. Additionally, GPHC continually adds to and renovates existing facilities to enhance visitor experience. Those construction-related expenditures reflect employment of local contractors and purchases of building materials from local businesses. Beyond what was spent in FY2015 to run and update GPHC, the activities of GPHC drew both residents of Hamilton County and out-of-county visitors. The out-of-county visitors purchased other goods and services to supplement their time at GPHC, which stimulated further spending throughout the county's economy.

ECONOMIC IMPACT OF GREAT PARKS OF HAMILTON COUNTY

Great Parks of Hamilton County Operations

As a large organization, GPHC spends significant funds every year maintaining its parks and putting on various recreational and educational programs. Accordingly, the Organization's greatest impact on the county economy results from these expenditures which are funded through fishing and camping fees, facilities rentals, and merchandise and food sales. However, the greatest revenue streams stem from GPHC'S golf courses and from a tax levy.

In FY2015, GPHC operations expenditures totaled \$29.7 million, as shown in Table 1, excluding capital outlays, with the largest portion going to salaries and benefits (discussed in "Household Income and Employment" below). The second largest category included spending on facilities management, maintenance, visitor services, and recreational offerings. Those dollars spent within Hamilton County, in turn, circulate throughout the rest of the economy, stimulating spending in other industries. That \$29.7 million in operations spending, thus, resulted in a further \$23.4 million in local economic activity. Therefore, operating the GPHC System in FY2015 contributed a total of \$53.1 million to the Hamilton County's economy.

TABLE 1: ECONOMIC IMPACT OF GPHC OPERATIONS, FY2015

Direct Impact	\$29,714,656
Indirect Impact	\$23,425,865
Total Economic Impact	\$53,140,521

Construction and Capital Expenditures

In FY2015, GPHC also spent \$6.6 million on construction and capital improvements, representing the third largest expenditure category. This category includes capital maintenance and upkeep of GPHC's facilities, and any related planning and land purchases. Though this spending stimulated less indirect impact than operations expenditures, the \$6.6 million spent on construction and capital improvements still drove a further \$3.9 million in activity, for a total of \$10.5 million in total economic impact in FY2015, as Table 2 indicates.

TABLE 2: ECONOMIC IMPACT OF GPHC CONSTRUCTION AND CAPITAL IMPROVEMENTS, FY2015

Direct Impact	\$6,609,100
Indirect Impact	\$3,929,639
Total Economic Impact	\$10,538,739

Visitor Spending

The 1.7 million visitors from outside Hamilton County are particularly important because any spending from these visitors represents money that was not already present in the county's economy; this is so-called "new" money. These visitors include those who come for day-long activities like golfing and boating, and those who stay overnight, either camping or staying in cabins. Further, when these visitors come into the county, they also buy other local goods and services, such as groceries or restaurant dining.²

² This off-site spending from GPHC's visitors was estimated using spending patterns from a 2012 economic impact study of Pennsylvania state parks, under the assumption that the overall patterns would be similar. Local factors were then considered, and the report's findings were revised down to account for the fact that a county parks system will have a more limited draw than a state park system. That report is titled, "The

It is important to note that all visitor spending occurring within GPHC has already been counted in Great Parks' operations expenditures, and so the reference to visitor spending in this report refers to the spending occurring outside of GPHC. Additionally, only expenditures from those visiting from outside the county are used in quantifying the economic impact of visitor spending, because the spending of Hamilton County residents in and around GPHC is not "new;" i.e. those dollars are already present in the local economy and, hence, do not add to the overall impact.

Table 3 shows that, in FY2015, visitors from outside Hamilton County spent \$16.8 million outside of GPHC. That spending in turn generated additional impacts at local businesses, for a further \$11.4 million in indirect impact. Therefore, in total, out-of-county visitors to GPHC were responsible for \$28.2 million in additional economic activity in Hamilton County's economy.

TABLE 3: ECONOMIC IMPACT OF OFF-SITE SPENDING BY OUT-OF-COUNTY VISITORS, FY2015

Off-Site Visitor Spending	\$16,768,726
Indirect Impact	\$11,408,603
Total Economic Impact	\$28,177,329

Total Economic Impact

Table 4 displays the total economic impacts in FY2015 from the categories discussed above: operations, construction, and non-local visitor spending. Taken together, those various impacts total \$91.9 million in economic activity that is driven by GPHC'S operations and activities. Given the \$17.6 million in tax revenue GPHC received in FY2015 through a county-wide levy, this indicates that every tax dollar stimulated a further \$4.24 in new economic activity.³

Economic Significance and Impact of Pennsylvania State Parks" and was performed by Pennsylvania State University on behalf of that state's Department of Conservation and Natural Resources.

³ This way of formulating the return on public expenditure assumes that the \$17.6 million would not have gone to any other recipient. Also, when reporting these figures, the initial tax dollar is not included; i.e. the total economic impact accounts for an added \$74.3 million to the Hamilton County economy, or \$91.9 million

TABLE 4: TOTAL ECONOMIC IMPACT OF GPHC, FY2015

Impact of Operations	\$53,140,521
Impact of Construction and Capital Improvements	\$10,538,739
Off-site Out-of-County Visitor Spending Impact	\$28,177,329
Total Economic Impact	\$91,856,589

Retained Local Spending

While the total economic impact of \$91.9 million does not include spending by Hamilton County residents, that spending is still significant. Though these dollars are already present in the local economy, if GPHC were not a recreational or entertainment option, some of those dollars would leave the local economy as residents sought outdoor activities outside the county. Those dollars that stayed in the county due to the presence of GPHC were thus "retained." Therefore, an estimated half of the off-site spending by residents that was related to activities at GPHC parks would have left the county's economy in FY2015. As Table 5 displays, the Economics Center calculated that county residents spent \$50.3 million off-site spending at local businesses in conjunction with a trip to a GPHC location.⁴ Thus, if one assumes that half of that spending was "retained," \$25.2 million stayed in Hamilton County that would have left, but for the presence of GPHC. Those retained dollars spurred another \$17.1 million in indirect impact, for a total impact of \$42.3 million.

less the \$17.6 million in tax revenue already present in the County. Thus, through this lens, every one tax dollar invested in GPHC can be said to account for \$4.24 in increased economic impact.

⁴ The assumption that half of all parks-related, resident spending would be retained reflects an attempt to account for "the substitution effect," or the likelihood that this spending would leave Hamilton County, but for the presence of Great Parks. Based on a study of the Flying Pig Marathon, about half of local participants in outdoor activities would seek similar activities elsewhere if a local option were not available. See Cobb, Steven, and Douglas J. Olberding. 2007. "The Importance of Import Substitution in Marathon Economic Impact Analysis." *International Journal Of Sport Finance* 2, no. 2: 108-118. OmniFile Full Text Mega (H.W. Wilson), EBSCOhost (accessed March 10, 2016).

TABLE 5: ECONOMIC ACTIVITY DUE TO RETAINED COUNTY-RESIDENT SPENDING, FY2015

	Total	Retained
Direct Expenditures	\$50,306,179	\$25,153,090
Indirect Impact	\$34,225,809	\$17,112,904
Total Economic Impact	\$84,531,988	\$42,265,994

Spending Stimulated by Great Parks

To help round out the picture of spending stimulated by GPHC's parks, it is useful to look at patron spending within GPHC themselves, in addition to retained off-site resident spending and out-of-county visitor off-site spending, all of which are shown in Table 6. All parks patrons, local and non-local, spent a total of \$14.7 million in GPHC on food, merchandise, and various rentals and activities. When combined with \$25.2 million in retained resident spending and \$16.8 million off-site visitor spending, GPHC parks are responsible for a total of \$56.6 million in spending within Hamilton County.

TABLE 6: TOTAL PATRON SPENDING STIMULATED BY GPHC, FY2015

Off-site Retained Resident Spending	\$25,153,090
Off-site Non-Resident Visitor Spending	\$16,768,726
Patron Spending within GPHC	\$14,672,126
Total Patron Spending	\$56,593,942

All told, the \$56.6 million in spending directly related to GPHC are enabled by the \$17.6 million in tax levy funding GPHC received in FY2015. Therefore, each tax levy dollar going to GPHC enabled a further \$2.22 in local spending.

Household Income and Employment

Caring for GPHC's 17,000 acres and the various activities the organization supports requires a large workforce. Accordingly, GPHC directly employs 1,164 people, both full- and part-time. Table 7 shows these direct jobs and the additional jobs created by GPHC'S operations and activities. GPHC'S employment impacts also extend beyond those direct employees: operations spending supported another 684 jobs throughout the county, while construction spending and out-of-county visitor spending enabled another 46 and 171 jobs, respectively, to be created in the county.⁵ In total, 2,065 jobs were directly or indirectly related to operating GPHC and to the spending of out-of-county visitors who accessed the GPHC parks.

TABLE 7: GPHC'S IMPACT ON EMPLOYMENT IN HAMILTON COUNTY, FY2015

Direct Employment: Operations	1,164
Indirect Employment: Operations	684
Total Employment: Construction & Development	46
Total Employment: Non-Resident Visitor Spending	171
Total Impact on Employment	2,065

GPHC's 1,164 employees received \$19.2 million in wages and benefits in FY2015. The jobs that were indirectly created by the operations spending earned another \$16.5 million, as seen in Table 8. Construction-enabled jobs paid \$2.1 million and non-resident visitor spending drove \$5.5 million in earnings. In sum, then, GPHC was responsible, directly and indirectly, for \$43.3 million in earnings paid to workers in Hamilton County in FY2015. Every dollar of public funding, therefore, put \$1.46 back into the pockets of local workers.

TABLE 8: GPHC'S IMPACT ON HOUSEHOLD INCOME IN HAMILTON COUNTY, FY2015

Direct Earnings: Operations	\$19,189,554
Indirect Earnings: Operations	\$16,474,209
Total Earnings: Construction	\$2,133,087
Total Earnings: Non-Resident Visitor Spending	\$5,484,212

⁵ It is important to note that the method used to calculate these employment impacts cannot distinguish between full- and part-time jobs.

Total Impact on Household Income	\$43,281,062
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LOCAL FISCAL IMPACTS

Great Parks of Hamilton County's economic impact also drives tax revenue to various jurisdictions throughout Hamilton County. The 1,164 employees of GPHC work at the seventeen parks and four conservation areas spread throughout the county, in municipalities with varying levels of income tax. These employees paid a total of \$177,839 in local earnings taxes to seven different municipalities within Hamilton County in FY2015. On the portion of the 17,000 acres subject to property taxes, GPHC paid \$134,752. Spending by residents and out-of-county visitors netted \$497,241 in sales tax revenues, for lodging, food, and merchandise both inside and outside of GPHC. As Table 9 shows, in FY2015 local governments collected \$815,568 in tax revenue.⁶

TABLE 9: GPHC'S FISCAL IMPACTS ON HAMILTON COUNTY, FY2015

Local Earnings Taxes	\$177,839
Local Property Taxes	\$134,752
County Lodging Tax	\$5,736
County Sales Tax	\$497,241
Total Fiscal Impact	\$815,568

IMPACT OF "NEW" DOLLARS

⁶ One should note that the actual fiscal impact was much higher than what is discussed here because the taxes on indirect spending and earnings are not included. While it is possible to calculate how much additional economic activity is driven by GPHC, it is not possible to determine where in the county it will take place, nor in which industry. Thus, one cannot calculate the earnings or sales taxes that would most certainly result.

As noted above, “new” dollars are particularly important to enumerate because they represent economic activity that was not already present in Hamilton County. Table 10 indicates that \$24.1 million of this “new” money can be directly associated with Great Parks of Hamilton County. The greatest portion came from purchases made outside the park by out-of-county visitors, at \$16.8 million. Those same visitors spent \$3.7 million within GPHC. Another \$3.7 million came in the form of grants from the State of Ohio for capital improvements in the GPHC system. The remaining \$6,500 came from sponsorships by Kings Subaru, which is in Warren County. In turn, this “new” money had an indirect impact of \$20.6 million on the county’s economy, for a total economic impact of “new” money of approximately \$44.7 million.⁷

TABLE 10: GPHC’S IMPACT OF “NEW” DOLLARS ON HAMILTON COUNTY, FY2015

Park Revenue from Out-of-County Visitors	\$3,668,031
State Grants	\$3,681,852
Sponsorships	\$6,500
Off-Site Out-of-County Visitor Spending	\$16,768,726
Total “New” Money	\$24,125,109
Indirect “New” Money Impact	\$20,553,087
Total “New” Money Impact	\$44,678,196

CONCLUSION

In conclusion, Great Parks of Hamilton County’s annual operations and activities represented significant impacts on Hamilton County’s economy in FY2015. GPHC maintained 17,000 acres of parkland and conservation areas with 1,164 employees, and attracted 1.7 million visitors from outside the county who spent \$16.8 million at businesses outside of GPHC. As a result, GPHC was

⁷ This indirect impact calculation differs from that in Table 4 because these “new” money impacts only take into account the off-site visitor spending since the park revenue, grants, and sponsorships impacts are included in the impacts resulting from operations expenditures. Table 4 represents the total overall impact, and this figure is a subset of that impact calculation highlighting only those impacts stemming directly from “new” money in its various forms.

directly and indirectly responsible for total impacts of \$91.9 million, increased household earnings of \$43.3 million, and 2,065 jobs. Those impacts generated \$815,570 in sales, earnings, and property tax revenue to county and local governments. Great Parks of Hamilton County brings significant economic value to Hamilton County in addition to the aesthetic, educational, and recreational value that mark its mission.

METHODOLOGY

In the discussion of spending related to resident trips to GPHC parks, the Economics Center calculated the “retained spending” of county residents. This figure represents the “substitution effect” of GPHC in regards to local residents. In other words, a certain percentage of county residents who use GPHC – for camping, boating, hiking, etc. – would go outside the county to participate in those activities, if the GPHC parks were not present. The remaining residents would substitute different activities for what would otherwise be available in GPHC. Therefore, when we speak of “retained” spending, that refers to the spending that county residents would take outside the county to engage in activities that are offered at GPHC, but would be unavailable if GPHC were not present.

Economic impact figures represent the effects that a given development project and its associated economic activities have upon a surrounding community. The dollars spent by an organization and its employees circulate within a local economy by being spent on goods and services provided by local businesses, which are in turn spent at other establishments and by local households.

The Economics Center calculated the impact of the project’s construction and operations using estimates of these costs provided by the client. These data were used in an input-output model, which measures goods and services produced in each industry and the use of those goods and services by other industries and households.

Input-output models give a picture of the direct and indirect impacts of a given business or organization. The direct impacts of the project are measured in terms of the total costs of operating Great Parks of Hamilton County and providing various related activities, and in terms of the wages paid to employees hired with those monies, combined with the new tourist dollars. In

turn, operating GPHC and the tourism they foster supports jobs and spending in other industries, which are the indirect impacts of the GPHC's activities. Finally, the direct and indirect impacts of inter-industry spending create induced impacts due to the spending of private households.

Multipliers are figures that represent all the inter-industry and household economic relationships measured in the input-output model. For every dollar spent by a given organization in a particular industry, multipliers reflect how many more dollars will be spent in a local economy by other businesses and households, thereby determining the total economic impact of a project or investment. The multipliers reflect two sets of economic impacts: first, the direct number of jobs and wages; and second, the final effects, which add the indirect and induced impacts to the direct ones.

For this project, multipliers were derived from an input-output model created by the Bureau of Economic Analysis (BEA), a part of U.S. Department of Commerce. This model, its constituent tables, and resulting multipliers are part of the BEA's RIMS II project (Regional Industrial Multiplier System), which covers both the state and County levels throughout the United States.

Each industry in a given locale has its own multiplier, reflecting its relationship to the rest of the local economy. Operating GPHC and out-of-town visitors its events will bring, represent activity in a number of different industries. Applying the relevant multipliers for each industry allowed the Economics Center to give a realistic picture of the economic impact of what GPHC adds to the local economy.

For instance, the construction industry has an industry code of 23, and has a final-demand spending multiplier of 1.55, which means that for every \$1 million spent by that industry in Hamilton County, another \$550,000 of economic activity results. Additionally, this industry has an employment multiplier of 6.9 so, for every \$1 million spent in the construction industry, approximately 7 jobs are supported annually in the rest of the economy.