Sarasota Performing Arts Center

An Analysis of Economic, Fiscal, and Community Impacts – Executive Summary

2024

SARASOTA PERFORMING ARTS CENTER VISION

The Sarasota Performing Arts Center will be a **modern, technologically advanced home for arts and culture**, celebrating the legacy of the Van Wezel while meeting the needs of contemporary audiences and performers.

Since 1970, Sarasota's **cultural economy** has been **anchored by the Van Wezel Hall**, which has attracted **thousands of visitors** and **millions of dollars of spending** each year.

The current facility is constrained by its relatively **small size**, required **capital improvements**, and growing **flood risk.**

In 2018, the City adopted a master plan for a **vibrant and resilient bayfront**, with acres of parking replaced by a new waterfront park **anchored by a new performing arts center**.

The new performing arts center will be **flood resilient and sustainable**, more **regionally competitive**, and designed to be inclusive (**ADA accessible**; focus on **breaking down barriers to arts access**).

IMPACT STUDY METHODOLOGY

This study projects the **economic, fiscal, and community impact** of the planned performing arts center.

1. **Identify and quantify economic impact drivers,** including:
   - Temporary spending on performing arts center **construction**
   - Ongoing spending associated with performing arts center **operations and programming**, performing arts center **visitors**, and **cultural tourism**
   - **New development** adjacent to the performing arts center and Bay

2. **Analyze economic impacts generated by temporary and ongoing spending**:
   - Create input-output model for Sarasota County and State of Florida that associates spending within economic sectors cited above with new **jobs, wages, and overall economic activity**
   - Project both **direct and spin-off economic impacts**

3. **Analyze fiscal (tax revenue) impacts generated by temporary and ongoing impacts**:
   - Apply **local and State tax projection** formulas to taxable economic activity projected by input-output model
   - Project **incremental (new) property taxes** associated with adjacent development

**See Appendix for additional detail*

CONCLUSION

A new Sarasota Performing Arts Center will inject over **$194M in economic activity** into Sarasota's economy each year, 68% greater than the current economic impact of the Van Wezel, plus **substantial one-time construction-related and ongoing neighborhood impacts**.

Annual Sarasota Performing Arts Center Impacts

Over $194M in annual economic activity from operations, programming, visitation, and cultural tourism, (68% greater than current Van Wezel-related impacts). Impacts include:

- **495,000** annual visitors
- **Over 1,550** permanent jobs
- **$68M** in annual wages
- **$231M** in taxes over 30 years*

$194M in annual economic activity is substantially larger than the City's annual general fund spending ($97M in FY 23-24).

Sarasota Performing Arts Center Construction Impacts

$669M in temporary spending added to Sarasota's economy during construction. Impacts include

- Nearly **3,700 temporary jobs****
- **$192M in temporary wages**
- Nearly **$19M in one-time tax revenues**

Building the Sarasota Performing Arts Center would boost total citywide construction employment by **50%** during a 2-year construction period.

Neighborhood Impacts

At least $1.7B in new development on nearby parcels catalyzed by the Sarasota Performing Arts Center and the surrounding Bay Park. Impacts from new development include:

- At least **$150M** in new property tax revenues over 30 years.*

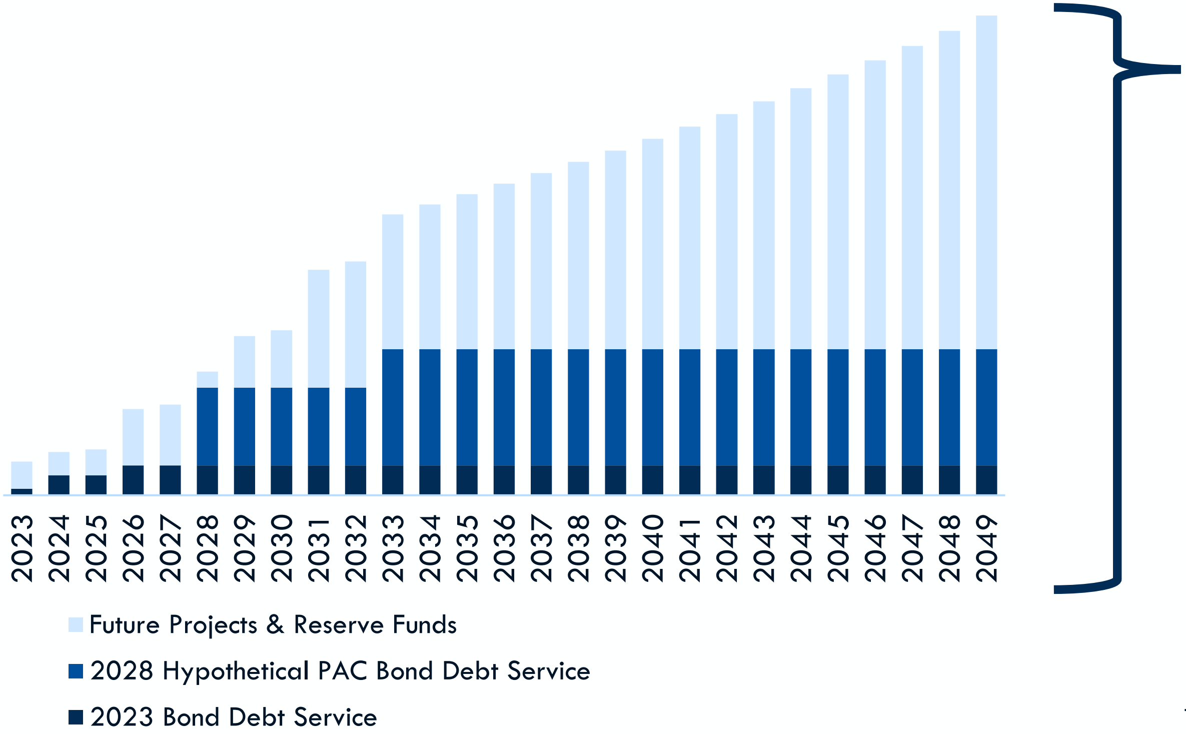
Development adjacent to the Sarasota Performing Arts Center and surrounding Bay Park will **increase the value** of the City of Sarasota's **taxable real estate by at least 11%.**

*Notes: *Reflects net present value (NPV), a measure that discounts future revenues by a discount rate of 5% per year. This metric approximates the upfront funding capacity for capital projects associated with an ongoing stream of tax revenues. Based on County-projected incremental taxes, which are more conservative than more granular projections based on anticipated development; **Reflects job-years, or one year of employment for one person. A two-year construction project with 100 job years would employ 50 people over the two-year construction period, for example.*

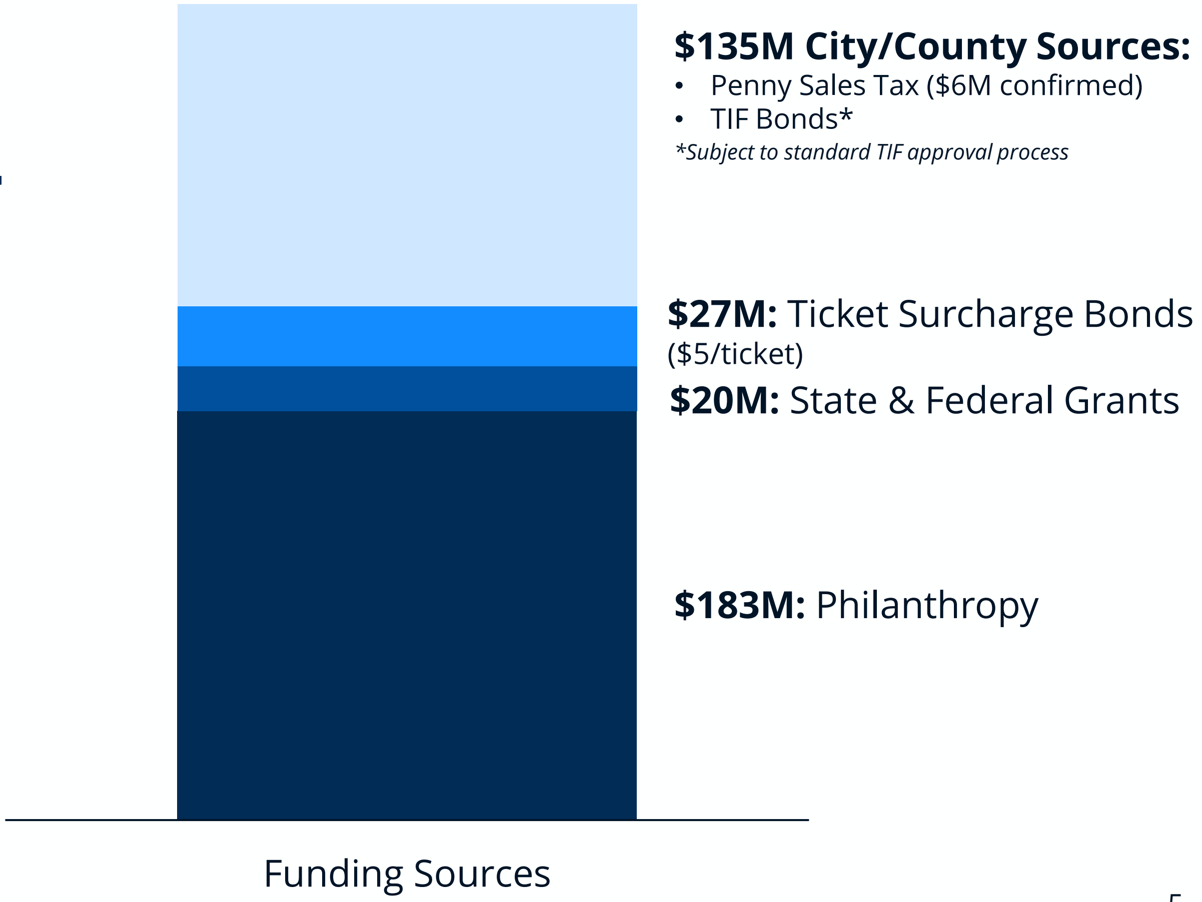
FUNDING STRATEGY

New property taxes **from the $1.7B in new development** adjacent to the bayfront cultural district will generate **substantial new property tax revenues**, a portion of which can fund the public sector's share of performing arts center capital costs**.**

New Annual Property Taxes from Bayfront-Adjacent Development



$365M Capital Cost



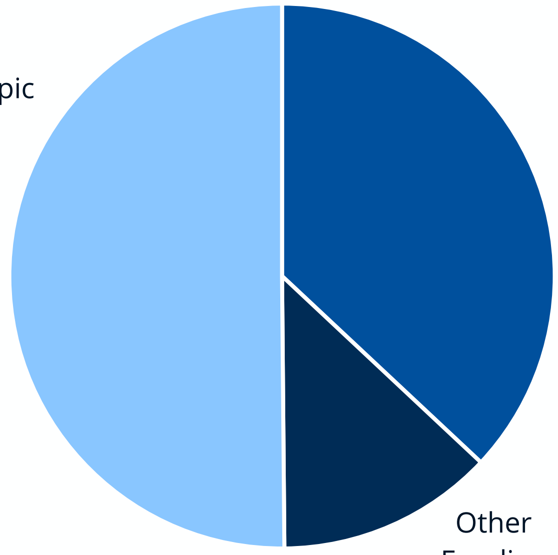
**Tax Increment Financing, a common tool to fund capital costs for community improvements using new revenues associated with growth in neighborhood property values*

CONCLUSION

The Sarasota Performing Arts Center will help catalyze over **$400M in tax revenues** over 30 years, a **substantially greater impact** than the **$135M in local public sector funding support**.

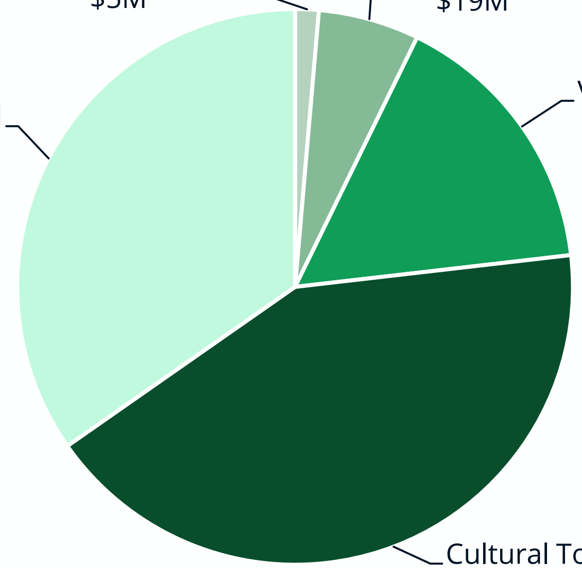
$135M Local Public Funding

in local government support for Sarasota Performing Arts Center construction, out of total construction budget of $365M.*



$400M+ Fiscal Impact

including at least $151M in new neighborhood property taxes and $250M in other impacts. Operations, visitation and cultural tourism fiscal impacts are **nearly double what Van Wezel impacts would be** if the Van Wezel maintained its current activity for another 30 years.**



*Notes: *"Local government funding" includes Projected funding from TIF, Penny Sales Tax, Impact Fee and/or Tourist Tax Revenues; "other funding" includes federal grant funding and ticket surcharge revenue bonds.; **30-Year NPV of Sales, Hotel, Business, and Property Taxes. Property taxes reflect revenues generated within The Bay's Tax increment Financing district and catalyzed in part by the Bay Park and its cultural anchor, the Sarasota Performing Arts Center. Property tax projections sourced from County analysis and are more conservative than more granular projections based on anticipated development. Net present value (NPV) is a measure that discounts future revenues by a discount rate of 5% per year and approximates the upfront funding capacity for capital projects associated with an ongoing stream of tax revenues.*

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HR&A is a mission-driven, employee-owned economic development, public policy, and real estate consulting firm working at the intersection of the public and private sectors. Our work improves economic opportunity, quality of life, and the built environment for urban communities through rigorous analysis, strategy development, and implementation planning.

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Van Wezel Performing Arts Hall
Visit Sarasota County
State of Florida's Cultural and Museum Grant Program

Data Sources:

Construction Spending: Paratus Group; Economic Impact Multipliers: IMPLAN; Operating Spending: City of Sarasota, AEA; TIF Revenues: Sarasota County and HR&A; Visitation: City of Sarasota, AEA; Visitor Spending: Visit Sarasota County and Americans for the Arts (see "Data Sources" in Appendix for further detail)

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Appendix

PROJECT OVERVIEW

The Sarasota Performing Arts Center will be **Sarasota's newest and largest cultural destination**, anchoring the city's new Bay Park.

Project Context: In April 2022, the City of Sarasota agreed to partner with the Sarasota Performing Arts Center Foundation to oversee the design and construction of a new Sarasota Performing Arts Center, expected to open in 2029.

- **Location:** The Sarasota Performing Arts Center will become the centerpiece of the Bay Park, a 53-acre signature park currently under development by the Bay Park Conservancy and whose first phase opened to the public in 2022.
- **Building:** The performing arts facility will have a size of 240,000 square feet, subject to change based on the design process. It will be the third largest venue of its kind within a 60-mile radius, with 2,500-2,700 seats. The facility will be designed for long-term climate resilience and will consist of digitally connected spaces designed to be universally accessible, flexible spaces for rehearsals, and classrooms.
- **Programming:** In addition to serving as the home to a robust center for arts education, school time performances, summer camps, and lifelong learning arts programs, the Sarasota Performing Arts Center will present Broadway tours, national and internationally renowned artists, dancers, ensembles, comedians, and musicians. It will also host local and regional arts and culture organizations and festivals and be a venue rental of choice for meetings, events, and celebrations.
- **Accessibility:** The Sarasota Performing Arts Center's location at the heart of the Bay Park will allow the simulcasting of programming from within the Sarasota Performing Arts Center and from theaters around the world to audiences in the park, bringing full access to the highest caliber of artists to the Sarasota community.

STUDY OVERVIEW

This study projects the **economic, fiscal, and community impact** of the planned performing arts center.

Study Context: This study evaluates the economic, fiscal, and community impacts of the Sarasota Performing Arts Center, focusing on the following drivers of impact:

Annual Sarasota Performing Arts Center Impacts:

- **Operations and Programming:** Impacts associated with activity inside the building, including performances, events, administration, and building maintenance.
- **Visitation:** Impacts associated with same-day spending at restaurants, hotels, and stores by local, regional, and out-of-town visitors when they travel to the Sarasota Performing Arts Center to attend a performance or event.
- **Cultural Tourism:** Contribution of Sarasota Performing Arts Center to Sarasota's cultural brand, i.e., to the economic impact of local cultural offerings.

Temporary Construction Impacts: Temporary jobs, wages, economic growth and tax revenues associated with the construction of the Sarasota Performing Arts Center itself, which will be one of the most significant construction projects in Sarasota’s history.

Adjacent Development Impacts: Impacts associated with the new residential and commercial buildings built by developers seeking adjacency to the Bay Park and its centerpiece, the Sarasota Performing Arts Center.

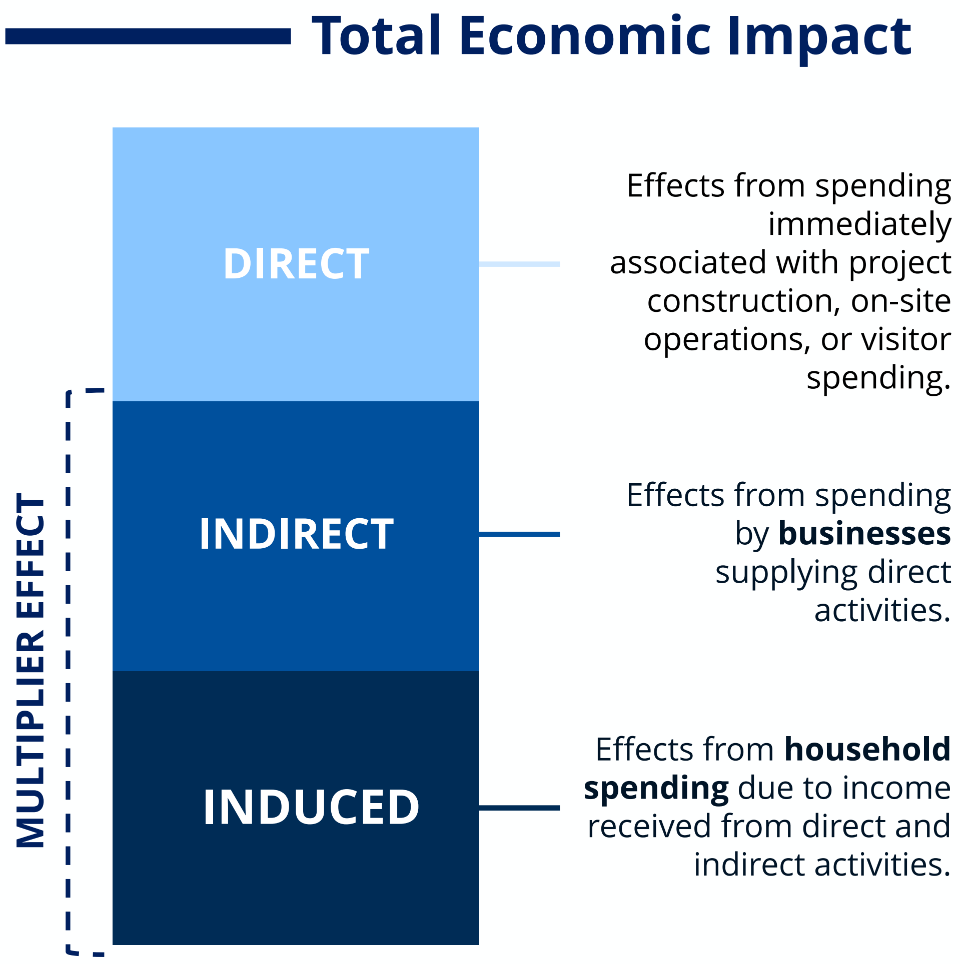
ECONOMIC IMPACT CATEGORIES

Economic impacts are considered across three distinct lenses.

The first, direct impacts, includes the economic activities directly related to future facility construction, Sarasota Performing Arts Center operations and programming, and Sarasota Performing Arts Center visitation. For this study, Sarasota Performing Arts Center's direct impacts were estimated as (1) on-site construction spending, (2) operations- and programming-related expenses and (3) the additional offsite spending by Sarasota Performing Arts Center visitors and cultural tourists. Indirect and induced impacts are broadly generated by the purchases made by suppliers of direct employers (indirect) and household spending of direct employees (induced).

The relationship between spending and direct impact varies according to the economic impact multipliers. For example, only a subset of retail spending defined as "margin" counts toward direct output. Only what is spent on restaurants, hotels, etc. is equal in value to direct output, while retail sales are greater in value than associated direct output, hence the slight difference in our visitor spending vs. visitor-related direct output metrics in this report.

Indirect and induced impacts are estimated using the IMPLAN input-output model, a widely accepted model that many public agencies use to estimate the consequences of new investments or changes in the economy. IMPLAN industry data for the State of Florida and Sarasota County as of 2020 were used to estimate impacts by industry. The resulting indirect and induced impacts (i.e., the multiplier effect) are summed with direct expenditures to arrive at a project's total impact.



GLOSSARY

Direct Impact: The initial change in spending or employment in the study area attributable to new investment (e.g., construction of a new retail center).

Economic Impact (also "Economic Activity" or "Economic Output"): The total value of production and economic activity including the value of all good services sold in association with a one-time or ongoing event. For most categories, direct economic impact is equal to spending associated with a construction budget, revenues spent at restaurants or hotels, etc. As described under "Margin Factor below," this is not the case for retailers.

Employment: Number of full-time equivalent (FTE) employees supported by the Project. An FTE employee is assumed to work 2,080 hours in one year based on a 40-hour work week and 52 weeks per year.

Indirect Impact: The change in spending or employment in the study area by businesses that supply the directly affected industry (e.g., suppliers of construction materials).

Induced Impact: The change in household spending of employees who are compensated for working in the directly and indirectly affected industries (e.g., food and beverage spending by construction workers).

Job-Year: Amount of work completed by one full-time equivalent (FTE) employee in one year. An FTE employee is assumed to work 2,080 hours in one year based on a 40-hour work week and 52 weeks per year. Job-years are particularly applicable to calculations of impacts from temporary activity such as construction.

Labor Income: Total income received by labor, includes wages received by employees (excluding benefits) and income received by independent proprietors.

Margin Factor: Share of spending at retailers that is counted as an economic impact within the study area, defined as sales receipts less the cost of goods sold. Margin factors shown in this report are a weighted average for all visitor spending categories, only some of which are subject to a margin factor. For example, spending and economic impact are equal for direct construction, hotel, and restaurant spending, but only a portion of money spent at retailers counts as local economic impact.

Multiplier Impact: Combination of indirect and induced impacts.

Net Present Value (NPV): Measure that discounts future revenues by a discount rate of 5% per year. This metric approximates the upfront funding capacity for capital projects associated with an ongoing stream of tax revenues.

Tax Increment Financing (TIF) District: Common tool to fund capital costs for community improvements using incremental property tax revenues associated with growth in neighborhood property values.

DATA SOURCES

Construction Spending: Paratus Group (2024)

Economic Impact Multipliers: IMPLAN economic impact multipliers for State of Florida and Sarasota County

Operating Spending: "Sarasota Performing Arts Center Business Plan" (AEA Consulting, 2024), City of Sarasota information on current Van Wezel operating budget.

TIF Revenues: "TIF Financial Projections – TIF Revenues," Sarasota County (2024)

Visitation: "Sarasota Performing Arts Center Business Plan" (AEA Consulting, 2024); current visitation and visitor break-out by geography based on Van Wezel Hall data (2019)

Visitor Spending: "Analysis of Visitors Who Came to Sarasota County to Participate or Watch Sports, Culture, and Nature in CY 2015 & CY 2017" by Visit Sarasota County; "Economic Impact of Tourism" by Visit Sarasota County; "Sarasota County Loves Tourists" by Visit Sarasota County; "Arts and Economic Prosperity 6: The Economic Impact of Nonprofit Arts & Cultural Organizations & Their Audiences in Sarasota County, FL" by Americans for the Arts.