

The 2016 Economic Impact of Glensheen Historic Mansion in Duluth, MN

Key Metrics and Evaluation



GLENSHEEN



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Glensheen's 2016 Economic Impact: By the Numbers

90,000

Out-of-Area Visitors

143

Jobs (Full Time
Equivalents)

\$2.5

Million

Federal, State & Local Tax
Collections

\$139

Average Local
Spend per Out-
of-Area Visitor

\$5.0

Million

Wages & Salaries

\$7.5

Million

Total Economic Impact
(Value Added)

Source: Rockport Analytics, IMPLAN, Glensheen, Various Tax Sources



GLENSHEEN

Glensheen Historic Estate Economic Impact in Perspective

How Does Glensheen Benefit the Local Economy?

By Helping to Support a Healthy Job Market

Glensheen activity supports 165 total jobs in the Duluth (143 full time equivalents), only 26 of which are a direct employee of Glensheen. The others are employed by local hotels, restaurants, and retail businesses, as well as high-paid jobs in real estate, health & social services, and finance & insurance.

By Contributing to the Health of Public Education

State & local tax revenue initiated by Glensheen is sufficient to support 112 Minnesota public school students or pay the salary of 23 new school teachers.

By Providing Critical Tax Revenue to State & Local Government

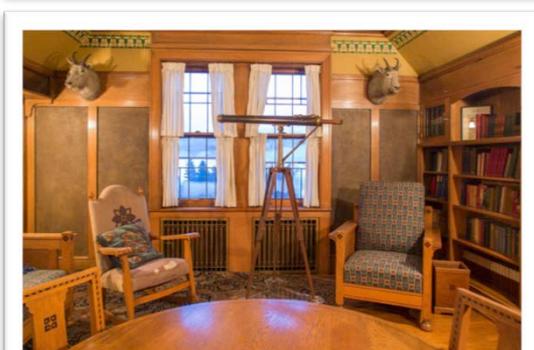
Each main purpose Glensheen visitor pays about \$25 in state and local taxes. In addition to hotel occupancy levies (\$84.2k in FY2016), Glensheen generated \$435k in Minnesota sales taxes, \$143k in Minnesota personal income tax, and \$355k in local property taxes.

By Helping to Relieve the Tax Burden of Duluth Households

If Glensheen did not exist, each of Duluth's 35,000 households would have to pay an additional \$37 per year in taxes to maintain current state & local tax levels.

By Capturing and Retaining the Expenditures Made By Visitors

Of every dollar spent by main purpose visitors to a Glensheen, 92¢ in economic impact is returned to the local economy.



About Glensheen

Glensheen, the Historic Congdon Estate is a 27,000 square foot mansion in Duluth, Minnesota, United States, operated by the University of Minnesota Duluth as a historic house museum. Glensheen sits on 12 acres of waterfront property on Lake Superior, has 39 rooms and is built in the Jacobean architectural tradition, inspired by the Beaux-Arts styles of the era. The mansion was constructed as the family home of Chester Adgate Congdon. The building was designed by Minnesota architect Clarence H. Johnston Sr., with interiors designed by William A. French Co. and the formal terraced garden and English style landscape designed by the Charles Wellford Leavitt firm out of New York. Construction began in 1905 and completed in 1908. The home is a crowning example of design and craftsmanship of the Midwest in the early 20th century. Glensheen offers a variety of tours throughout the year. Classic and Full-Mansion Tours are offered year-round while tours such as the Nooks & Crannies, Grounds, and Flashlight are available seasonally. Glensheen also offers festive and family-oriented Christmas Tours for those looking for things to do in Duluth, Minnesota, during the holiday season.

Study Overview

The Economic Impact Study of Glensheen was commissioned by the University of Minnesota Foundation Real Estate Advisors to better understand the value of Glensheen to all major constituencies. The research was conducted by Rockport Analytics, an independent market research & consulting company. The goal of the study was to understand the full economic contribution made by the Glensheen attraction on the U.S., state & local economies.

Methodology

The total economic impact of travelers is separated into three distinct effects: direct, indirect, and induced.

Methodology Cont.

The direct impacts represent the value added of those sectors that interact directly, or touch, the visitor. The indirect impact represents the benefit to local suppliers to those direct sectors. This would include, for example, Duluth-based food suppliers to restaurants. The induced impact adds the impact of tourism-generated wages as they are spent throughout the local economy.

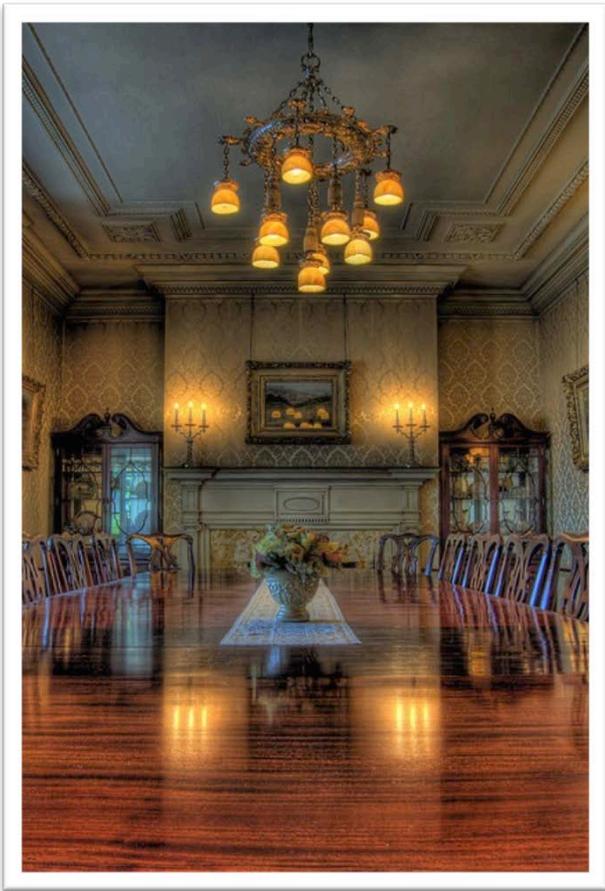
An economic model of the region is also critical to estimating how this traveler spending resounds through the local economy. Rockport Analytics has chosen the IMPLAN model for St Louis, County, MN (www.implan.com). IMPLAN is a non-proprietary economic model that has fast become the defacto standard for most economic impact assessments in the US. This model is critical to measuring the direct, indirect, and induced impacts of Glensheen on the local economy. The economic impacts reported in this study are based on estimates of Glensheen visitor, operational and capital expenditures. Key data sources including Duluth visitor statistics from Longwoods International (www.longwoods-intl.com), DK Shifflet & Associates (www.dkshifflet.com) and the National Travel & Tourism Office of the Bureau of Commerce (<http://tinet.ita.doc.gov>). This traveler data is further reconciled with Glensheen financial statements, Bureau of Labor Statistics (BLS) reported employment data, reported tax receipts from the Minnesota Department of Revenue, and other secondary sources such as Smith Travel Research. IMPLAN also helps us to measure how much of each tourism dollar remains in the local economy. Total traveler spending generally exceeds the direct impact of tourism. This is because not all goods and services purchased by travelers are supplied by firms located in the district. The IMPLAN model accounts for these import “leakages” to suppliers located outside of the region. Generally, the more diversified a local economy, the lower the import leakages and the higher the retention of the original visitor spending.

Economic Impact Studies (EIS) seek to estimate the incremental benefits to the state and local economies of an attraction, event, public investment, or change in policy. The resulting net increase/decrease in jobs, wages, taxes and GDP can help to determine the optimal level of public investment in an activity.

- The key is the level of ***net incremental spending*** directly attributable to the Duluth metro area.
- Direct and ancillary **resident spending surrounding Glensheen must not be included** - the assumption is that those monies would be spent elsewhere in the local economy if the Glensheen did not exist.
- **Local residents do benefit from the Glensheen.** The benefits are about subjective choices among education/attraction alternatives rather than the creation of net new economic activity.
- **Main Purpose Visitor** - direct and ancillary spending by visitors whose primary purpose is to visit Glensheen is clearly net new and attributable.
- **Glensheen's operational spending is net new and attributable as defined by** labor and material purchases that are direct injections into the state and local economy.
- **Glensheen's capital spending is, likewise, a direct injection**, one with potentially longer-lasting benefits. This type of spending typically involves construction (one-time benefits) and expansion/improvements to Glensheen's facilities and offerings (continuing benefits).

Glensheen Historic Estate Economic Impact Headlines

In June of 2017, Rockport Analytics was retained by University of Minnesota Foundation Real Estate Advisors to conservatively measure the economic contribution made by Glensheen to Duluth, MN. The following report summarizes our findings.



- In FY2016, there were an estimated 106,792 visitors to Glensheen Historic Estate, including 82,000 general admissions, 4,000 in group tours, 9,000 in private events and 9,000 in signature events. Total visitation was up 29% over FY 2015 levels.
- Of those visitors to Glensheen, 17,000 (16%) could be classified as resident visitors while nearly 90,000 (84%) were true main purpose visitors, traveling from over 50 miles away. Of those out-of area visitors, 64% traveled from between 50 – 200 miles, 16% from between 200 – 350 miles and the remaining 20% traveled from over 350 miles. Roughly 46% of visitors to Glensheen came from the Minneapolis-St. Paul metropolitan area.
- We estimate that 49,254¹ of these visitors were “main purpose visitors” – those whose primary reason for visiting the Duluth area was Glensheen Historic Estate.
- Net economic impact is driven by these “main purpose visitors.” All of the economic stimulus that is created by these visitors can be attributed to Glensheen and is considered new to the Duluth economy. Resident activity is not included in our estimates of economic impact as this activity would likely be replaced by other activity in the Duluth economy if Glensheen did not exist.

¹Estimates came from an analysis of survey data from DK Shifflet measuring the responses from all U.S. visitors of a museum or historic place.

- A total of \$6.8 million was spent by main purpose visitors to Glensheen in FY 2016. This includes \$1.8 million spent on lodging, \$1.7 million in Duluth area restaurants, \$1.3 million on local transportation, \$837k in recreation and entertainment and \$1.1 million on shopping and other goods and services.
- Total Glensheen net-new expenditures were \$8.2 million in 2016. This includes visitor expenditures, as well the operating and capital expenditures of Glensheen, which totaled \$1.1 million and \$172k, respectively.
- Not all of that spending stays in Duluth of course. Of that amount, we estimate that about \$7.5 million remained in St. Louis County as a contribution to the local economy. This total includes both supply chain and income multipliers as well as supply leakages to surrounding counties and other areas outside of Minnesota.
- Glensheen was a key contributor to Duluth area employment, responsible for the support of 165 full and part time jobs (143 full time equivalents) in FY 2016. This includes 26 employed at Glensheen, 103 others employed by the businesses that directly serve visitors, 13 employed by the supply chain and 23 employed by businesses that benefit from Direct and indirect employees spending their wages in the local economy. Ancillary jobs are supported in a diverse set of industries including construction, real estate, business services, finance and insurance and Health and Social Services.
- The fiscal contribution of Glensheen was significant in FY 2016, generating \$1.2 million in federal tax collections, \$697k in state tax collections and \$587 in local tax collections. For every dollar spent by a Glensheen visitor, 29 cents was collected in total tax receipts.



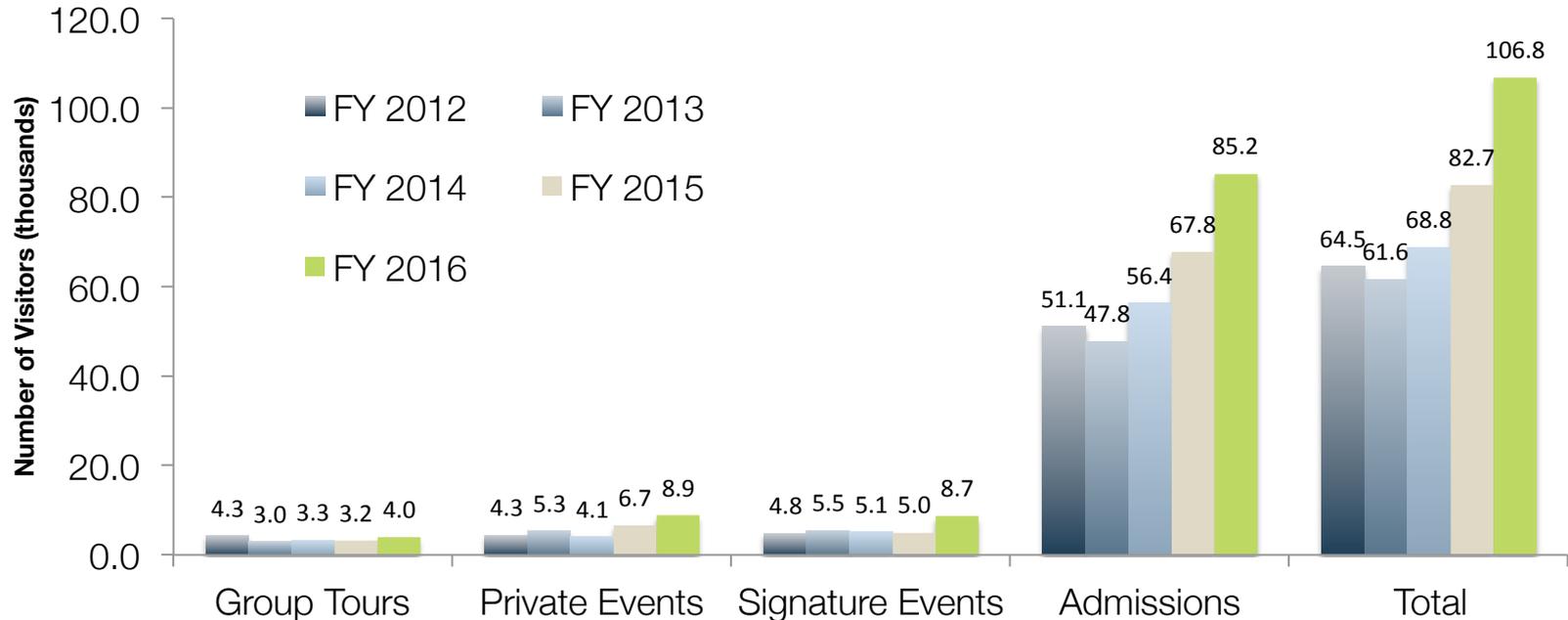
2016 Economic Impact of Glensheen Historic Estate

Glensheen Visitation & Expenditures



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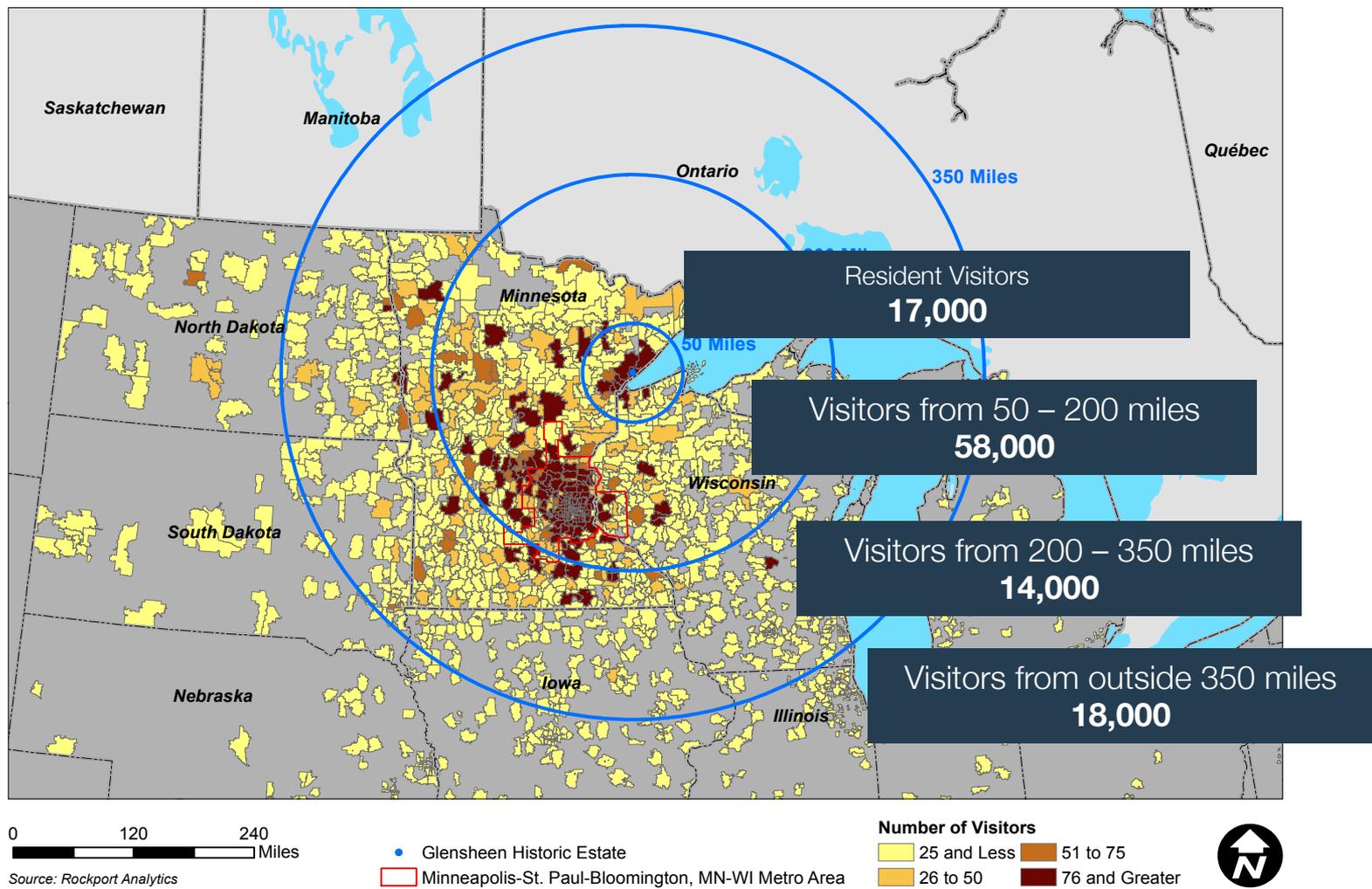
Total Number of Glensheen Visitors: 2012 - 2016



- ✓ Glensheen visitation was up sharply (29%) in FY 2016 with tremendous growth across all key visitor segments. Nearly 107,000 people visited Glensheen over the period, including 82,000 general admissions, 4,000 in group tours, 9,000 in private events and 9,000 in signature events. This represents the third consecutive year-over-year gain in admissions.

A Total of 90k People Visited Glensheen from Outside the Duluth Area in 2016

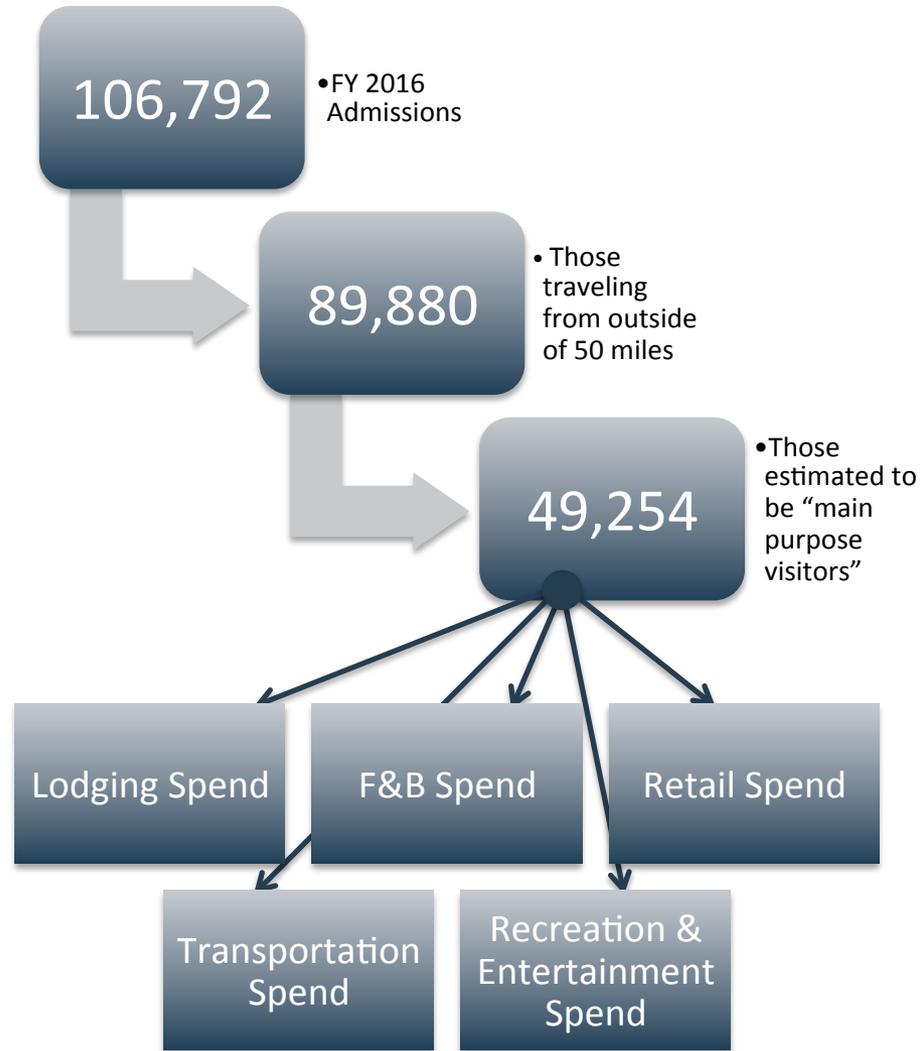
Number of Visitors to Glensheen by Zip Code (FY 2016)



“Main Purpose Visitors”: The Key to Generating Net Economic Impact

In analyzing economic impact, it is critical to isolate the economic activity that is net-new to the study area. In the case of attractions like Glensheen, it is important to eliminate any resident spending from the totals. Residents would likely substitute the spending induced by Glensheen on other goods and services in the local economy, so this activity cannot be considered net-new. Visitor spending, on the other hand, creates a new injection into the Duluth economy.

To give Glensheen credit for the economic impact of spending on ancillary goods and services (i.e., lodging) it is also important to only count those whose primary reason for visiting the area was to visit Glensheen. Spending by visitors that are already in Duluth and later decide to visit Glensheen would not be counted in Glensheen’s net economic impact. While we do not have primary data on these types of visitors to Glensheen, there have been many national studies conducted for historic sites like Glensheen and Rockport has used those analyses to create a conservative estimate of main purpose visitors. Follow-on phases of research could aim to get a better measure of the proportion of main purpose visitors unique to Glensheen. The table to the right highlights how total visits to Glensheen translates into main purpose visitors.



Glensheen-Initiated Spending *by Source*

<i>by Source</i>	<i>FY2016</i>
Visitor Ancillary Spending*	\$6.8M
Glensheen Operations Spending	\$1.1M
Glensheen Capital Spending**	\$172k
Total	\$8.2M

* Only the spending of visitors whose principal trip purpose was to visit Glensheen
Source: Rockport Analytics, D.K. Shifflet & Associates, Glensheen Operating Statements

Visitor Ancillary Spending

For visitors to Glensheen whose principal motivation to visit was the site. Includes hotel, transportation, shopping, food & beverage, and other entertainment spending.

Glensheen Operations Spending

Local labor, supplies, and service expenditures that contributed to ongoing Glensheen operations during FY2016.

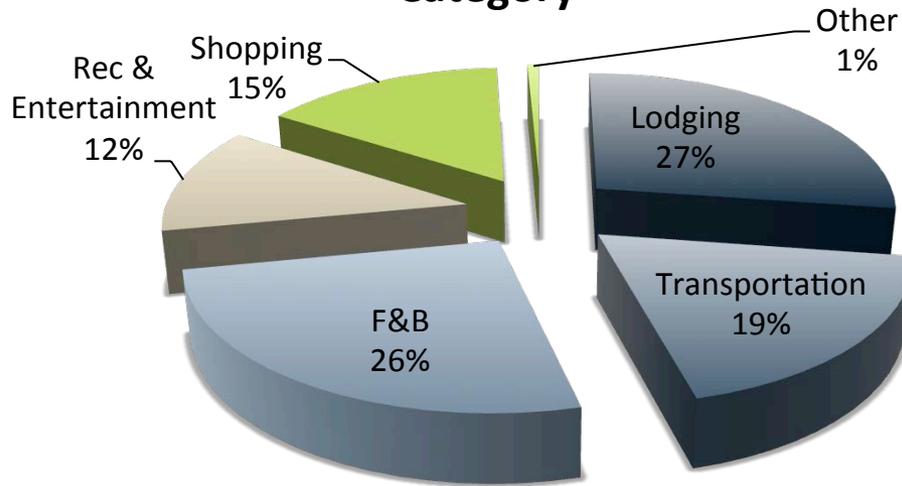
Glensheen Capital Spending

Identified non-routine spending on site upgrades, exhibit enhancement, and new facilities.

**Capital expenditures can vary greatly from one year to the next. Total Glensheen capital for FY 2016 were lower than the long run average. Glensheen's 5-year annual average (2012 – 2017) capital expenditure amount was \$1.1 million.



2016 Glensheen Visitor Spending by Category



Source: Longwoods International, OTTI, Reach Market Planning, Smith Travel Research, Rockport Analytics



Spending by visitors to Glensheen spans across a large range of categories

Visitors to Glensheen spent \$139 on average in FY 2016, significantly more than the \$113 spent by the average Duluth leisure visitor. This, of course, includes not only spending at Glensheen but elsewhere in the Duluth economy as visitors that are driven to the Glensheen attraction tend to stay in the local area, dine in local area restaurants and purchase goods in local area shops.

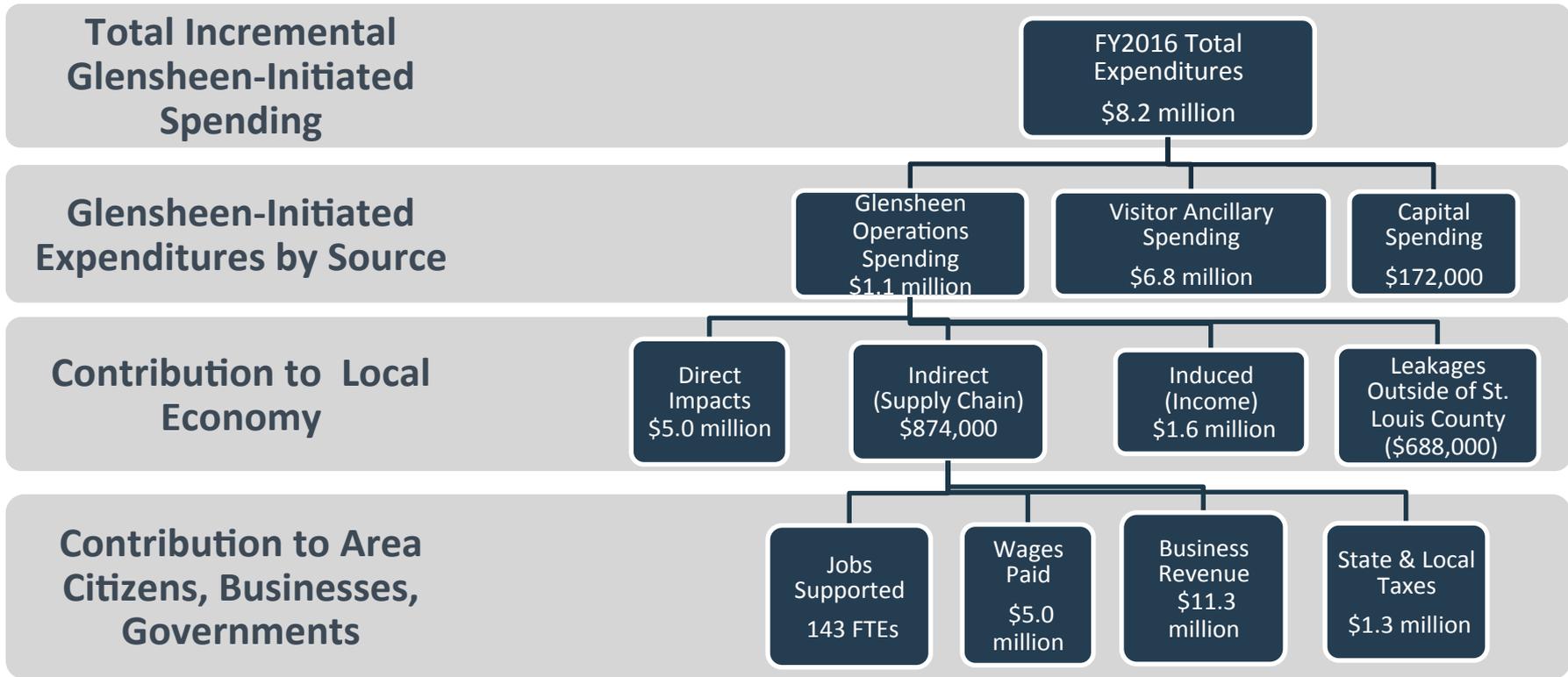
Expenditure Category	2016	Share of Total
Lodging	\$1,871,654	27.3%
Transportation	\$1,280,605	18.7%
F&B	\$1,773,146	25.9%
Rec & Entertainment	\$837,319	12.2%
Shopping	\$1,034,335	15.1%
Other	\$49,254	0.7%
Total	\$6,846,313	100.0%

2016 Economic Impact of Glensheen Historic Estate

Benefits to the Duluth Region, Minnesota and U.S. Economies



Glensheen Total Economic Impact Reached \$7.5 million in FY2016



The total FY2016 operating budget for the Glensheen was about \$1.1 million. Adding that to the ancillary spending of only those visitors whose main trip purpose was to visit Glensheen and the Capital Expenditures of Glensheen, the total incremental economic impact of Glensheen reached \$8.2 million in FY2016. Even though residents also benefit from Glensheen, no resident spending was included in this analysis. Admission fees paid by visitors were also eliminated to avoid double-counting.

Glensheen Historic Estate Net Economic Impact Summary (FY 2016)

Economic Impact Metric	Direct	Indirect (Supply Chain)	Induced (Income)	Total
Total Incremental Spending (in thou \$)	-	-	-	\$8,167.21
Value-Added (GDP) (in thou \$)	\$5,018.42	\$874.44	\$1,585.94	\$7,478.81
Paid Wages (in thou \$)	\$3,495.92	\$587.21	\$922.35	\$5,005.48
Jobs Supported (Full Time and Part Time)	129	13	23	165
Tax Receipts (in thou \$)				\$2,464
Federal Taxes				\$1,180
State Taxes				\$697
Local Taxes				\$587

* Includes all gross incremental and non-resident spending associated with Glensheen.

Source: Rockport Analytics, IMPLAN, Glensheen operating expenses, Minnesota Department of Revenue



- **Direct Impact** –accrues to those Duluth businesses that directly serve Glensheen visitors.
- **Indirect Impact** –benefit to the many local upstream firms that populate the supply chain of Glensheen direct businesses.
- **Induced Impact** –both direct and supply chain businesses pay wages to their workers. Much of these local wages will be spent in the Duluth area at business that provide a broad range of consumer goods and services.

A Variety of Jobs are Supported Across Many Sectors in the Duluth Economy

How Duluth Businesses and Workers Benefited From Glensheen in FY 2016

Duluth Industry Sector (NAICS Code)	Direct Visitor & Operations		Indirect (Supply Chain)		Induced (Income)		Total	
	# Jobs*	Paid Wages (x \$1,000)	# Jobs*	Paid Wages (x \$1,000)	# Jobs*	Paid Wages (x \$1,000)	# Jobs*	Paid Wages (x \$1,000)
Ag, Forestry, Fish & Hunting	0	\$-	0	\$1.3	0	\$0.4	0	\$1.7
Mining	0	\$-	0	\$9.6	0	\$1.9	0	\$11.5
Utilities	0	\$28.1	0	\$16.4	0	\$9.2	0	\$53.6
Construction	4	\$228.3	0	\$26.9	0	\$15.3	5	\$270.5
Manufacturing	0	\$10.3	0	\$5.5	0	\$1.4	0	\$17.2
Wholesale Trade	1	\$65.0	0	\$33.4	0	\$31.5	2	\$129.9
Retail trade	20	\$508.0	1	\$43.5	4	\$138.2	26	\$689.7
Transportation & Warehousing	13	\$301.5	1	\$70.7	1	\$33.1	15	\$405.3
Information	0	\$1.3	1	\$56.6	0	\$19.5	1	\$77.4
Finance & insurance	0	\$-	1	\$54.3	1	\$67.8	2	\$122.1
Real estate & rental	3	\$81.2	1	\$18.9	1	\$14.4	5	\$114.5
Professional Services	1	\$47.9	1	\$70.0	1	\$35.1	3	\$153.0
Management of companies	0	\$-	1	\$49.1	0	\$8.5	1	\$57.6
Administrative services	0	\$4.8	2	\$46.3	1	\$19.5	2	\$70.5
Educational services	0	\$-	0	\$0.8	1	\$30.2	1	\$31.0
Health & social services	0	\$-	0	\$0.0	5	\$329.7	5	\$329.7
Arts- entertainment & recreation	30	\$988.3	1	\$7.8	1	\$11.4	32	\$1,007.5
Accommodation & food services	57	\$1,231.2	1	\$25.9	3	\$64.2	61	\$1,321.3
Other services	0	\$-	1	\$40.0	2	\$79.4	3	\$119.4
Government	0	\$-	0	\$10.2	0	\$11.7	0	\$21.8
Non NAICs	0	\$-	0	\$-	0	\$-	0	\$-
Total	129	\$3,495.9	13	\$587.0	23	\$922.3	165	\$5,005.2

* Includes full and part time workers

Source: Rockport Analytics, IMPLAN, Expo 2023 Budget, Minnesota Department of Labor, U.S. Department of Commerce

Glensheen is Responsible for a Total of \$7.5 Million in Local Economic Impact

How Duluth Businesses and Workers Benefit From Glensheen

Duluth Industry Sector (NAICS Code)	Direct Visitor & Operations	Indirect (Supply Chain)	Induced (Income)	Total
Ag, Forestry, Fish & Hunting	\$-	\$2.0	\$0.8	\$2.7
Mining	\$-	\$11.2	\$2.3	\$13.6
Utilities	\$30.6	\$47.5	\$26.4	\$104.4
Construction	\$317.1	\$37.4	\$21.0	\$375.5
Manufacturing	\$13.6	\$7.6	\$2.0	\$23.1
Wholesale Trade	\$114.6	\$58.9	\$55.5	\$229.0
Retail trade	\$758.8	\$61.7	\$215.3	\$1,035.8
Transportation & Warehousing	\$396.1	\$81.1	\$40.8	\$517.9
Information	\$3.7	\$63.4	\$30.9	\$98.0
Finance & insurance	\$-	\$94.6	\$129.2	\$223.8
Real estate & rental	\$247.1	\$88.7	\$342.1	\$678.0
Professional- scientific & tech svcs	\$59.6	\$86.9	\$42.6	\$189.1
Management of companies	\$-	\$58.8	\$10.2	\$69.0
Administrative & waste services	\$7.3	\$59.3	\$24.1	\$90.6
Educational svcs	\$-	\$0.8	\$34.1	\$34.9
Health & social services	\$-	\$0.0	\$374.6	\$374.7
Arts- entertainment & recreation	\$1,019.5	\$12.3	\$21.6	\$1,053.3
Accommodation & food services	\$2,050.4	\$32.1	\$100.5	\$2,183.0
Other services	\$-	\$51.2	\$90.7	\$141.9
Government	\$-	\$18.4	\$21.1	\$39.6
Non NAICs	\$-	\$-	\$-	\$-
Total	\$5,018.4	\$873.9	\$1,585.7	\$7,478.0

- Glensheen-initiated spending generated income for many Duluth sectors & businesses.
- The sectors that supported visitors saw a significant economic impact including the Accommodation & Food Services sector (\$2.2M), Entertainment & Recreation (\$1.1M), and Retail Trade (\$1M).
- It is not just about the sectors directly supporting visitors, however. Real Estate, Finance & Insurance, Construction and Health and Social Services (among others) also witnessed significant impacts.

* Includes full and part time workers

Source: Rockport Analytics, IMPLAN, Glensheen financial statements, Minnesota Department of Labor, U.S. Department of Commerce

The Fiscal Contribution of Glensheen was Nearly \$2.5 Million in FY 2016

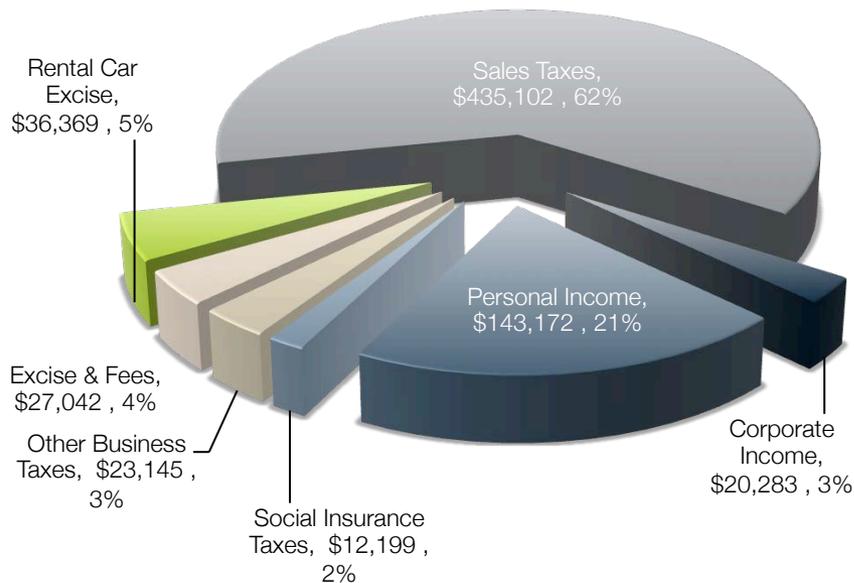
	Glensheen FY 2016	Share of Total
Federal: US		
Corporate Income	\$106.8	9.1%
Personal Income	\$375.0	31.8%
Excise & Fees	\$136.7	11.6%
Social Security & Other Taxes	\$561.8	47.6%
Federal Total	\$1,180.3	100%
State - Minnesota		
Corporate Income	\$20.3	2.9%
Personal Income	\$143.2	20.5%
Social Insurance Taxes	\$12.2	1.7%
Other Business Taxes	\$23.1	3.3%
Excises & Fees	\$27.0	3.9%
Rental Car Excise	\$36.4	5.2%
Sales Taxes	\$435.1	62.4%
Minnesota Total	\$697.3	100%
Local - Duluth		
Hotel Tax (City of Duluth)	\$84.2	14.4%
Property Taxes (St. Louis County)	\$191.9	32.7%
Property Taxes (Duluth City)	\$75.4	12.9%
Property Taxes (Local School District)	\$88.2	15.0%
Sales Tax (St. Louis County)	\$34.9	5.9%
Sales Tax (City of Duluth)	\$69.8	11.9%
Food, Beverage & Liquor (City of Duluth)	\$39.9	6.8%
Other Licenses, Fines & Fees	\$2.3	0.4%
Duluth Total	\$586.7	100%
Total Glensheen-Initiated Taxes	\$2,464.3	

Glensheen-initiated taxes include income, sales, excise, property, and other taxes and fees. Income and property taxes are estimated by the IMPLAN economic model of St. Louis County, MN, while other levies are based upon estimated Glensheen-initiated direct visitor spending.

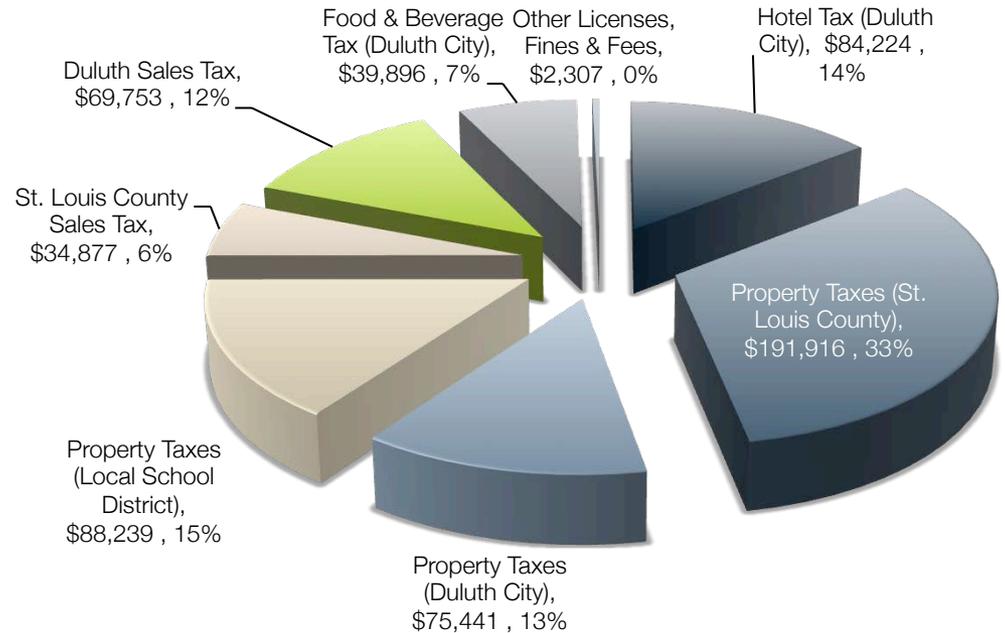
- Glensheen generated nearly \$2.5 million in total taxes in 2016, including federal taxes of \$1.18 million, state taxes collections of \$697.3k and local taxes of \$586.7k.
- State collections were dominated by sales taxes which comprised 62% of total state collections. Personal income taxes were also significant at \$143k.
- Local tax collections included property taxes, sales taxes and tourism taxes on hotel rooms and food and beverage purchases. Of the \$586.7k on local collections approximately 39% went to St. Louis County, 46% went to the City of Duluth and 15% went to local school districts.

State & Local Taxes Collections Will Come From a Variety of Sources

Glensheen (FY 2016) Minnesota
State Tax Receipts
Total = \$697.3k



Glensheen (FY 2016)
Local Tax Receipts by Source
Total = \$586.7k



Source: Rockport Analytics, IMPLAN, Minnesota Department of Revenue,

Source: Rockport Analytics, IMPLAN, Minnesota Department of Revenue

Rockport Analytics is a research and analytical consulting firm providing high quality quantitative and qualitative research solutions to business, government, and non-profit organization clients across the globe. We provide fast, nimble service in a completely transparent environment.

Capabilities include:

- Market Analysis and Forecasting
- Economic Impact Assessment, Tourism Satellite Accounting, and Economic Development
- Market Modeling and Decision Support Tools
- Project Feasibility Assessment
- Primary and Secondary Research Synthesis
- Stakeholder Surveys – internal & external

Recent client examples include: U.S. Travel Association, Global Business Travel Association, MPI, Delaware Tourism Office, Indiana Office of Tourism Development, Boeing, Visa, American Express, Carson Wagonlit, IHG Houston Super Bowl Host Committee, the Orange Bowl Committee,, Indianapolis Super Bowl Host Committee, Annapolis CVB...



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