

**Interim Research Brief:
Economic Impact Analysis of
Union County Fair & MusicFest**

**Submitted to:
Union County
William Inglefield**

January, 2012

RUTGERS

Edward J. Bloustein School
of Planning and Public Policy

Introduction

This interim brief outlines estimates of the total economic contribution to North New Jersey of expenditures associated with the MusicFest/Union County Fair held in September 2011. These economic impact findings will form the basis of a final report to include a brief review of economic impact literature on similar fairs and recommendations for improving future data gathering and analysis efforts. The impact estimates are based on records of county expenditures for the event provided by Union County, and a survey of visitors to the event (see Appendix). An economic input-output model is used to measure the economic impact of these estimated expenditures for the North New Jersey region.¹

Preliminary Expenditure Estimates

Because no estimates of total event attendance were available at the time of this analysis, an estimate was generated on the basis of recorded festival revenues and information collected during the survey. Based on recorded parking revenues of \$59,000 and parking fees reported in the survey of \$2,943, it is estimated that the survey accounted for approximately 4.8% of total attendance. Thus, based on a total survey visitor count of 2,774 people, total attendance is estimated at approximately 57,568 people. Based on the survey estimate of 2.64 visitors per party, this gives an estimate of 21,806 total parties.

Table 1
Calculation of Total Attendance Estimate

A	Parking Revenue	\$59,000
B	Parking (Survey)	\$2,843
C	$A/B = \text{Attendance Multiplier}$	20.8
D	Survey Visitor Count	2,774
E	$D * C = \text{Total Estimated Visitors} =$	57,568
F	Survey Visitors per Party	2.64
G	$E/F = \text{Estimated Total Parties} =$	21,806

Based on the Attendance Multiplier (C) calculated in Table 1, the expenditure data collected in the survey was adjusted to reflect total expenditures by the total estimated visitors. These estimated visitor expenditures are presented in Table 2.

¹ The North New Jersey region comprises Union, Essex, Hudson, Bergen, Passaic, Morris, Sussex, Warren, Hunterdon, Somerset, Middlesex, Monmouth, Ocean, and Mercer Counties.

Table 2
Estimated Visitor Expenditures

Food*	\$295,809
Amusement	\$203,999
Festival Vendors	\$147,158
Parking	\$59,000
Hotels	\$16,395
Gas	\$19,632
Festival Transportation	\$4,358
Total	\$746,351

Due to the adjustments made to reflect the total visitor count, some direct spending estimates may differ from those recorded by the county thus far.

In addition to visitor expenditures during the fair, the county also makes a variety of outlays for planning and organization of the event. Estimates of these outlays, based on data provided by Union County, are provided in Table 3.

Table 3
Estimated County Outlays

Local Overtime (police)	\$24,000
County Overtime (county staff)	\$89,000
Event Transportation	\$14,000
Insurance	\$23,000
Port-a-Johns	\$2,600
Production Company	\$411,000
Union Cty Perf. Arts Ctr. (Bands)	\$322,000
Total	\$885,600

The R/ECON™ Input-Output Model

The expenditures associated with the Union County Fair & MusicFest have both direct economic effects, as those expenditures become incomes and revenues for workers and businesses, and subsequent indirect “ripple” or “multiplier” effects, as those workers and businesses, in turn, spend those dollars on other consumer goods and business operations and investment expenditures, which, in turn, become income for other workers and businesses. This income gets further spent, and so on.

Economic input-output modeling focuses on the interrelationships of sales and purchases among sectors of the economy. This analytical method measures the effect of changes in expenditures in one industry on economic activity in all other industries, thus capturing both the direct and indirect impacts of any set of initial expenditures in the economy. Input-output models also embody the degree to which supply of locally produced goods and services meets local demand. These measures, known as regional purchase coefficients (RPCs), capture the economic “leakage,” as some portion of any investment or expenditure flows out of the region.

The R/ECON™ Input-Output Model developed and maintained at Rutgers’ Center for Urban Policy Research is designed to measure these direct and indirect impacts for New Jersey. The R/ECON™ model consists of 517 individual sectors of the New Jersey economy, and can measure the impacts of investments and expenditures in terms of employment, income, gross domestic product for the state, and indirect state and local tax revenues. It has been used to estimate the economic impacts of a wide array of projects and activities, such as:

- Construction of office buildings
- Manufacture of military technologies
- Upgrading of electric utility infrastructure
- Water utilities’ expenditures on infrastructure
- Construction and operation of liquid natural gas terminals
- Operations of physicians’ practices in the state
- Government tax incentives

Results

Based on the expenditures by fair attendees and Union County enumerated above, the R/ECON™ Input-Output Model was used to estimate the economic impacts of the event for the North New Jersey region. These estimates are provided in Table 4, and a brief explanation of the impacts follows the table.

Table 4
Economic Impacts of Union County Fair & MusicFest in North New Jersey

Impacts	Direct	Indirect	Total
Employment (job-years)	24	4	29
GDP (\$ 000s)	954.2	311.1	1,265.3
Compensation (\$ 000s)	548.7	190.0	738.7
State Tax Revenues (\$ 000s)	-	-	93.8
Local Tax Revenues (\$ 000s)	-	-	177.8*

* Includes \$59,000 from event parking revenue.

- Employment

Employment impacts are measured in job-years (i.e., one job lasting one year). The visitor and County expenditures associated with the event in 2011 are estimated to generate 29 job-years in North New Jersey. These include 24 direct job-years associated with organization of the event, and an additional 4 *indirect* job-years generated via the multiplier effect. This indirect employment represents additional economic activity generated across a variety of retail and service sectors by the spending and re-spending of the initial visitor and county expenditures.

- Gross Domestic Product (GDP)

Total GDP, a measure of the value of the economic output generated in the region based on the expenditures associated with the event, is initially estimated at \$1.3 million.

- Compensation

Compensation (or income) represents the total wages, salaries and wage supplements (i.e., employer contributions to government and private pension funds) paid for the direct *and* indirect employment generated as a result of the expenditures associated with the event.² The expenditures are estimated to generate \$738,700 in compensation in North New Jersey.

² In more familiar terms, compensation as used in this and similar economic impact analyses is equivalent to income.

- State Tax Revenues

State tax revenues include the indirect income and sales taxes associated with the salaries paid to the workers in the direct *and* indirect jobs generated by the event expenditures, and the indirect business taxes associated with the economic output generated by the initial expenditures as the ripple through the economy. These state taxes are estimated to total \$93,800.

- Local Revenues

The estimated increase of \$177,800 in local revenues is for the entire state. It includes the \$59,000 in parking fees collected at the event, and a *long-run estimate* of additional property tax revenues resulting from increased property values associated with improvements to existing, or construction of new, property due to the new and/or increased personal and business incomes generated directly and indirectly by the event-related expenditures. These tax revenues are estimated to total \$118,800 annually. Following is a more detailed description of how the estimated *indirect* local tax revenues are generated.

Indirect local tax revenues increase because the additional economic activity resulting from the expenditures generates income for workers and revenues for business.³ The increases in personal incomes and in business revenues are, in part, used to pay property taxes and to improve properties. Thus, households benefitting from the additional jobs and resulting incomes acquire and/or improve residential properties, and are able to pay rents and mortgages and the associated property taxes. Similarly, business income also increases as a result of higher sales caused by the project. Businesses subsequently acquire and/or improve their properties. It is important to note that this additional tax revenue occurs over a period of time. The economic sequence is as follows. The additions/improvements to property financed by the higher household incomes and higher business revenues are, in time, captured by higher property assessments, which, in turn, generate higher local tax revenues. There are time lags between the increase in incomes and revenues, the improvements to property, and the increase in assessed values. Thus, the local tax revenue impacts estimated in this analysis are the outcome of a long-run adjustment process. This process occurs over the entire state based on the geographical dispersal within New Jersey of the households and businesses that benefit from the expenditures on the water infrastructure.

³ For businesses, the revenue increase is measured in terms of value-added, and it is the change in value added in the business sector that is the basis for the estimated change in property tax revenues.

The Union County Fair

VISITOR SURVEY

1. What is the zip code of the municipality where you reside?

Zip Code _____

2. Including yourself, how many adults and children are attending the UC Fair with you?

_____ Adults _____ Children (Enter number of people)

**The following questions pertain to the money you might spend during your visit
– please answer for your party as a whole?**

*A party should consist of people arriving and spending money together (i.e., from the same "purse.")
Individuals attending together but spending their own money should each complete a survey.*

3. Which days of the Union County Fair/Musicfest will you be attending? (Check all that apply)

Wednesday Thursday Friday Saturday Sunday

4. Are you staying overnight as part of your Union County visit?

No/Staying at home

Yes

if yes, are you...

Staying at a hotel, motel, or B&B. Please specify which/where: _____

Other. Specify _____

5. Please estimate how much your party plans to spend on the following categories as part of your entire UC Fair visit (please indicate "0" if no spending and make your best estimate)

Hotel/Lodging \$ _____

Gasoline \$ _____

Parking \$ _____

Public Transportation (rail, bus, etc) \$ _____

Amusements (rides, games, etc.) \$ _____

Food/drink from festival vendors \$ _____

Food/drink from outside festival:

- Restaurants \$ _____

- Other (e.g., supermarket, convenience store) \$ _____

Festival souvenirs and other gifts/merchandise from festival vendors \$ _____

6. What is your gender? (please check one as it pertains to the interviewee)

Male Female

7. In which age group are you? (please check one as it pertains to the interviewee)

Under 21 years of age 21-29 30-39 40-49 50-59 60-69 70 or over

8. Which category best represents your annual household income? (please check one)

less than \$15,000 \$15,000-24,999 \$25,000-50,000 \$50,000-75,000 \$75,000-100,000 \$100,000 +

9. How did you hear about the Union County Fair/MusicFest?

UC Directions Newspaper Television/Cable Internet Other _____



COUNTY OF UNION

Part C - GOVERNMENT RECORDS REQUEST RESPONSE

Requestor: Tina Renna - UCWA

Request Date: 2/14/12

Document(s) provided: all e-file pages, at a total cost of: _____

Report corresponding to CK# 253641.
cost: _____

Special Service Charge imposed - Reason: _____

Document(s) have been inspected by the requestor on the date shown below: _____ documents, _____ total pages

Document(s) not provided (see below)

The document(s) you have requested that are checked below are NOT being provided because the document(s) are considered privileged or are otherwise exempt from public access, as provided by applicable law:

Privileged or Protected Category

- Advisory, Consultative or Deliberative material
- Autopsy Photos / Video
- Attorney-Client Privilege Information
- Computer Security Information
- Criminal Investigatory Records
- Credit Card Numbers
- Domestic Security (Sabotage or Terrorism)
- Grievance Information with public employer
- Drivers' License Numbers
- Electronic Surveillance Materials
- Emergency or Security Information or Procedures
- Employee Sexual Harassment Complaints
- Fingerprint Cards
- Individual's Medical, Financial, or Tax records
- Insurance Communications
- Investigation in Progress
- Labor Negotiation Information (strategy or positions)
- Personnel or Pension Records
- Photographs of Crime Scene
- Proprietary Information
- Reasonable Expectation of Privacy
- Resumes of unsuccessful applicants
- Safety of persons or the public
- Security Measures and Surveillance Techniques
- Social Security Numbers
- Test Questions, Scoring Keys, or other Exam Data
- Victim records
- Record has been destroyed/not retained pursuant to:
- Other

Authority for Denial or Redaction

- N.J.S.A. 47:1A-1.1, et seq.
- Executive Order 21 (McGreevey)
- N.J.S.A. 47:1A-1.1, et seq.
- N.J.S.A. 47:1A-1.1, et seq.
- N.J.S.A. 2A:156A-19
- N.J.S.A. 47:1A-1.1, et seq.
- N.J.S.A. 47:1A-1.1, et seq.
- Executive Order 9 (Hughes)
- Executive Order 26 (McGreevey)
- N.J.S.A. 47:1A-1.1, et seq.
- N.J.S.A. 47:1A-3.a
- N.J.S.A. 47:1A-1.1, et seq.
- N.J.S.A. 47:1A-10
- Executive Order 9 (Hughes)
- N.J.S.A. 47:1A-1.1, et seq.
- N.J.S.A. 47:1A-1.1, et seq.
- Executive Order 26 (McGreevey)
- Executive Order 69 (Whitman)
- N.J.S.A. 47:1A-1.1, et seq.
- N.J.S.A. 47:1A-1.1, et seq.
- Executive Order 26 (McGreevey)
- N.J.S.A. 47:1A-1.1; N.J.S.A. 2A:82-46b
- Records Retention and Disposition Schedule

You have a right to appeal this decision that the documents requested are not accessible. You may take your appeal to the Government Records Council (GRC) or to the New Jersey Superior Court as provided by N.J.S.A. 47:1A-6 and 7. Please see the attached "Part D - Procedures to Challenge Denial of Access to Government Records" and GRC information.

Date: 2/27/12

(Signature)
County Official

ACKNOWLEDGMENT

I hereby acknowledge that I have received copies of, or have been permitted to view/inspect, the documents requested except for any documents specifically listed above on which a determination has been made that the documents could not be provided in accordance with applicable law. If any documents have not been provided, I have received information as to the procedures for an appeal of the determination.

Date: _____

Requestor's Signature