



PREPARED FOR  
**City of Charlottesville**



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# Economic Impact

## Ting Pavilion in the City of Charlottesville

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## 1. Background

Ting Pavilion (the Pavilion or the Venue) is a covered amphitheater located in downtown Charlottesville. Each year, the Pavilion hosts many renowned performers. This venue also accommodates community events, including Fridays after Five (FAF) free concerts, high school graduations, and more. Ting Pavilion draws both regional residents, residents in other parts of Virginia, and visitors from out of state.

The Office of Economic Development (OED) of the City of Charlottesville needs to understand the economic and fiscal impact of Ting Pavilion in the city, based on 2022 data. To that end, Chmura Economics & Analytics (Chmura) was contracted to conduct this study.<sup>1</sup>

The economic impact of the Pavilion in the city comes from the following two sources:

- **Ongoing operations.** The ongoing operations of Ting Pavilion benefits the local economy, as the facility employs local workers to organize and manage events, as well as for maintenance.
- **Visitor spending.** Events hosted by Ting Pavilion attract visitors to the city. Many individuals stay in area hotels and patronize other local businesses such as restaurants and retail shops. The associated visitor spending also benefits local economies.

The two components identified above (operations and visitor spending) constitute the direct economic impact of the Pavilion. The total economic impact also includes the economic ripple effects from the direct impact. For example, from visitor spending, indirect effects are benefits to industries that supply regional hotels or restaurants patronized by Pavilion visitors. Induced effects occur when workers hired by visitor-serving businesses spend their income in the city. Ripple effects of ongoing operations and visitor spending were estimated using Chmura’s JobsEQ® economic impact model.

This study also provides the estimated fiscal benefit to the city from the Pavilion’s ongoing operations and visitor spending. City revenue includes sales, meals, and lodging taxes as well as business, professional and occupational license (BPOL) tax.

<sup>1</sup> Chmura provides economic software, consulting, and data to our clients that help them make informed decisions to benefit their communities. Chmura’s PhD economists, data scientists, and strategic planners guide clients through their local labor market. Over the past 24 years, Chmura has served hundreds of clients nationwide with thoroughness, accuracy, and objectivity.

## 2. Economic Impact in the City of Charlottesville

### 2.1. Impact of Pavilion Operations

Ting Pavilion is an outdoor covered amphitheater that hosts a range of events, especially during warm weather months. Concerts are the leading attraction, but the venue also hosts community events such as alumni reunions, high school graduations, and non-profit group meetings. There are also private events sponsored by local businesses. The Fridays After Five (FAF) summer concert series is a popular weekly event attracting people to the downtown area.

Data from the venue operator and City of Charlottesville indicate that from April to early December 2022, Ting Pavilion hosted 63 events, with an attendance of 135,909 (Table 2.1). While community, FAF, and private events attracted mostly local individuals, sales data show that 31.4% of concert tickets were purchased from individuals living outside the Charlottesville region.<sup>2</sup> Further, 27.8% of ticket purchases were made by individuals living outside the state of Virginia.

Table 2.1: Ting Pavilion Hosted 63 Events in 2022

Event Type	Number of Events	Attendance
Community	13	16,890
Concert	21	49,552
FAF	22	57,197
Private	9	12,270
<b>Total</b>	<b>63</b>	<b>135,909</b>

Source: Venue Operator and City of Charlottesville

The operations of Ting Pavilion generate economic impact in the city. To organize various concerts and events, the Pavilion hires local contractors in the areas of security, facility maintenance, and marketing. In addition, the Pavilion's concession facilities utilize local food and drink suppliers.

The direct impact of Pavilion operations is measured by total revenue. In 2022, total revenue was \$3.9 million, mostly from ticket sales, concession sales, merchandise sales, and sponsorships. The Pavilion also employed full-time staff members and hourly event workers for event management and facility maintenance.<sup>3</sup>

Table 2.2 presents the estimated economic impact of Ting Pavilion operations in 2022 in the city. Operations generated an annual economic impact (including direct, indirect, and induced) of \$5.1 million (in 2022 dollars) in the City of Charlottesville, which supported 33 jobs in the city. Of this total, \$3.9 million is the estimated direct impact in the city, which is equivalent to the total revenue of Ting Pavilion operations in 2022. This includes an employment impact of 25, which are individuals employed by the Pavilion.<sup>4</sup> Those jobs include management, professional staff, and hourly concession and security workers for concerts and other events. The indirect impact in the city was estimated at \$0.7 million in 2022, supporting four jobs. Beneficiaries include city businesses such as advertising, marketing, foodservice, and facility management industries. The induced impact in the region was estimated at \$0.5 million in 2022, supporting five jobs in the city. The beneficiaries of the induced impact are mostly consumer service businesses such as retail shops, restaurants, and healthcare facilities.

Table 2.2: Annual Impact from Operations was \$5.1 Million in 2022

	Direct	Indirect	Induced	Total Impact
<b>Spending (Million)</b>	\$3.9	\$0.7	\$0.5	\$5.1
<b>Employment</b>	25	4	5	33

Note: Numbers may not sum due to rounding.

Source: JobsEQ by Chmura

<sup>2</sup> The study region is defined as within a two-hour-drive from downtown Charlottesville.

<sup>3</sup> Source: City of Charlottesville.

<sup>4</sup> These are full-time equivalent (FTE) jobs. Data from the city indicates that there are over 100 workers hired for each concert. Chmura converted this figure to FTE jobs.

## 2.2. Economic Impact of Visitor Spending

Ting Pavilion attracted over 100,000 visitors in 2022. In addition to attending events at the Pavilion, these visitors patronized other Charlottesville businesses. Their spending generated sizeable economic impact in the city.

According to data from the city, 135,909 individuals attended events at the Pavilion in 2022. Chmura assumed that community, private, and FAF attendees were residents of the Charlottesville region. Concert ticket sales data included zip codes of concert goers, which allowed Chmura to estimate the percentages of both local and out-of-town visitors. For concert attendants, Chmura estimated that 31.4% of visitors were from outside the region. Overall, of all Ting Pavilion visitors, 11% were overnight visitors, while the remainder were day trippers to Charlottesville.<sup>5</sup>

Average visitor spending was estimated based on visitor profile data collected by the Virginia Tourism Corporation (VTC) and the data from the City of Charlottesville.<sup>6</sup> It was estimated that, for day trippers, average spending was \$77.40 per person, while the average spending was \$80.50 per person per day for overnight visitors. When considering inflation, Chmura estimated that average visitors to the Ting Pavilion spent an average of \$94.30 per visit in 2022. As a result, total visitor spending by Pavilion visitors was estimated at \$12.8 million in 2022. This amount excludes spending on tickets and concessions, which is part of the operational impact of the Pavilion.

**Table 2.3: Annual Impact from Visitor Spending was \$7.5 Million in 2022**

	Direct	Indirect	Induced	Total Impact
<b>Spending (Million)</b>	\$5.7	\$1.0	\$0.8	\$7.5
<b>Employment</b>	65	3	6	75

*Note: Numbers may not sum due to rounding.*

*Source: JobsEQ by Chmura*

According to the VTC study, visitor spending is allocated to different sectors such as gasoline and parking; food and drink; lodging; and shopping. Charlottesville is a fairly compact city, with many food and lodging establishments also found in the surrounding area of Albemarle County. It is likely that not all visitor spending occurred within the city limit, so Chmura assumed that spending on items such as food, lodging, and retail occurred within the Charlottesville metro area.<sup>7</sup> Based on existing available tourism businesses in the Charlottesville metro area, Chmura calculated that 45.0% of total visitor spending occurred in the City of Charlottesville. Specifically, it was estimated that 65% of visitor spending in lodging, and 55% spending on food occurred with the city limit.<sup>8</sup> In addition, Chmura estimated that average parking spending was \$1.5 per event attendant<sup>9</sup>. As a result, of the total \$12.8 million direct spending by Ting Pavilion visitor in the Charlottesville metro area, \$5.7 million was estimated to have occurred in the city in 2022.

Direct visitor spending by Ting Pavilion visitors can also generate ripple economic impacts in the city. The total annual economic impact (direct, indirect, and induced) of visitor spending was an estimated \$7.5 million in the city, which supported 75 jobs in 2022 (Table 2.3).

<sup>5</sup> Overnight visitors were assumed to be from outside a two-hour drive of the city. This percentage is conservative as some may have chosen to stay overnight in the Charlottesville region.

<sup>6</sup> Virginia Tourism Corporation, "Travel Data and Profiles", accessed December 12, 2022, <https://www.vatc.org/research/travel-data-and-profiles/>.

<sup>7</sup> The Charlottesville metropolitan statistical area includes the City of Charlottesville, and counties of Albemarle, Fluvanna, Greene, and Nelson.

<sup>8</sup> Lodging percentage is from the city of Charlottesville, and food percentage was estimated by Chmura based on data from JobsEQ.

<sup>9</sup> Data from the City of Charlottesville indicate that on average, one in four event attendants will utilize city parking garages, with average parking cost of \$6.0. That translates into \$1.5 parking spending per event attendant.

### 2.3. Economic Impact Summary

Combining operations and visitor spending, Table 2.4 presents the overall economic impact of Ting Pavilion in the City of Charlottesville in 2022. The annual total economic impact (including direct, indirect, and induced) was an estimated \$12.5 million (in 2022 dollars) that supported 108 jobs in the city.

**Table 2.4: Annual Impact from Ting Pavilion was \$12.5 Million in 2022**

	Direct	Indirect	Induced	Total Impact
<b>Spending (Million)</b>	\$9.6	\$1.7	\$1.2	\$12.5
<b>Employment</b>	90	7	11	108

*Note: Numbers may not sum due to rounding.*

*Source: JobsEQ by Chmura*

### 3. Fiscal Impact in the City of Charlottesville

The operations of Ting Pavilion, as well as associated visitor spending, generate tax revenue for the City of Charlottesville. Major revenue streams are local sales; meals; lodging; and business, professional and occupational license (BPOL) taxes, when applicable. To be conservative, only tax revenue from the direct impact was estimated.<sup>10</sup>

#### 3.1. Fiscal Impact from Operations

Virginia charges 5.3% sales tax on retail items; 1% of retail sales is returned to the city. Sales tax applies to Pavilion operations such as food and merchandise sales. In 2022, operations generated an estimated \$11,400 in sales tax revenue for the city (Table 3.1).

Concessions and food vendor sales inside the Pavilion is subject to the city’s meals tax, which is 6.5% of total food sales.<sup>11</sup> As a result, the city’s meals tax revenue was an estimated \$52,023 in 2022.

In addition, retail and concession sales inside Ting Pavilion generate BPOL tax for the city, which was an estimated \$13,011 in 2022. The city does not have an admissions tax.

In summary, operations of Ting Pavilion generated an estimated \$76,434 in annual tax revenue for the City of Charlottesville in 2022.

**Table 3.1: City Tax Revenue from Operations was \$76,434 in 2022**

Tax Category	Amount
Sales	\$11,400
Meals	\$52,023
BPOL	\$13,011
<b>Total</b>	<b>\$76,434</b>

*Note: Numbers may not sum due to rounding.*

*Source: Chmura*

#### 3.2. Fiscal Impact from Visitor Spending

Visitor spending outside Ting Pavilion also generates tax revenue. Sales tax is applied to retail, food, and lodging transactions. Sales tax revenue was an estimated \$46,185 in 2022 for the City of Charlottesville (Table 3.2).

Visitor spending in restaurants is subject to the city’s meals tax. As a result, the city meals tax revenue was an estimated \$122,894 in 2022.

Visitor spending on accommodations is subject to the city’s lodging tax, which is 8.0%.<sup>12</sup> The lodging tax was an estimated \$113,737 for the city in 2022.

Finally, visitor spending in the city generated an estimated \$13,170 in BPOL tax for the City of Charlottesville in 2022.

In summary, visitor spending generated an estimated \$295,986 in tax revenue for the city in 2022.

**Table 3.2: City Tax Revenue from Visitor Spending was \$295,986 in 2022**

Tax Category	Amount
Sales	\$46,185
Meals	\$122,894
Lodging	\$113,737
BPOL	\$13,170
<b>Total</b>	<b>\$295,986</b>

*Note: Numbers may not sum due to rounding.*

*Source: Chmura*

<sup>10</sup> This approach is recommended by Burchell and Listokin in *The Fiscal Impact Handbook*. Source: Burchell, R.W. and Listokin, D. 1978. *The Fiscal Impact Handbook: Estimating Local Costs and Revenues of Land Development*. Center for Urban Policy Research, New Brunswick, NJ; Rutgers, The State University of New Jersey.

<sup>11</sup> City of Charlottesville, “Meals Taxes”, accessed December 12, 2022, <https://www.charlottesville.gov/189/Meals-Taxes>.

<sup>12</sup> City of Charlottesville, “Lodging Taxes”, accessed December 12, 2022, <https://www.charlottesville.gov/1589/Lodging-Taxes>.

### 3.3. Fiscal Impact Summary

Combining local tax revenue from operations and visitor spending, the Ting Pavilion contributed an estimated \$372,420 in tax revenue for the City of Charlottesville in 2022.

## Appendix 1: Impact Analysis Glossary

*Input-Output Analysis*—an examination of business-business and business-consumer economic relationships capturing all monetary transactions in a given period, allowing one to calculate the effects of a change in an economic activity on the entire economy (impact analysis).

*Direct Impact*—economic activity generated by a project or operation. For construction, this represents activity of the contractor; for operations, this represents activity by tenants of the property.

*Overhead*—construction inputs not provided by the contractor.

*Indirect Impact*—secondary economic activity that is generated by a project or operation. An example might be a new office building generating demand for parking garages.

*Induced (Household) Impact*—economic activity generated by household income resulting from direct and indirect impacts.

*Ripple Effect*—the sum of induced and indirect impacts. In some projects, it is more appropriate to report ripple effects than indirect and induced impacts separately.

*Multiplier*—the cumulative impacts of a unit change in economic activity on the entire economy.

