

Executive Summary

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Measuring the Economic Impact of Park and Recreation Services

JOHN L. CROMPTON



National Recreation
Association

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Tourism depends on attractions. Rarely do people travel because they enjoy the car or airplane ride or because they want to stay in a particular hotel or dine at a restaurant in a different city. The desire to go to another place is stimulated by attractions. In most communities, primary attractions are sports tournaments, festivals, parks, and major recreation facilities operated by park and recreation departments. However, most stakeholders remain unaware of park and recreation departments' role in tourism.

Park and recreation departments frequently are viewed as relatively high-cost centers in cities' annual budgets because operational costs exceed revenues. However, this narrow perspective is incomplete because it fails to recognize that money invested in park and recreation department services does not belong to the city council, rather it belongs to the city's residents. The purpose of economic impact studies is to measure the economic return that residents (rather than the city council) receive on their investments. For example, a representative illustration in this monograph shows that residents in a city who invested \$24 million in a new sports facility will get their money back on this investment in approximately 13 years from income they receive as a consequence of spending by visitors attracted to the community by that facility.

This monograph provides a hands-on guide for professionals so they can do economic impact studies that measure the economic return residents receive on park and recreation department investments. These studies are relatively simple to do, and they do not require hiring external consultants. Park and recreation department personnel can do these studies in house at nominal cost in time and resources. A one-page questionnaire used to collect the data is provided. Examples of how to effectively present the information to stakeholders are given.

The economic impact of visitor spending is estimated by the formula: number of visitors x average spending per visitor x multiplier. This formula indicates there are four steps involved: (1) define who qualifies as a visitor; (2) estimate the number of visitors attracted to the community by the park and recreation event or facility; (3) estimate the average level of spending of visitors in the local area; and (4) determine the ripple effects of this new money through the community by applying appropriate multipliers.

The monograph guides professionals through these stages. Economic impact studies are used widely in contexts such as economic development, tourism, housing development, and professional sports stadia. Unfortunately, there has been a growing tendency to adopt inappropriate procedures and assumptions in many of these studies to generate high economic impact numbers that "legitimize" a particular advocacy position. These failings are discussed in the monograph and direction on how to avoid them is presented.

The numbers emerging from an economic impact study represent only the gross economic impact. However, community stakeholders are likely to be more concerned with net economic benefit, meaning that costs associated with the facility and event must be identified and deducted. The four types of costs and the nature and implications of each are described: event costs, infrastructure costs, displacement costs, and opportunity costs.

Finally, the monograph reports the results of more than 100 economic impact analyses undertaken by the author's research team in the past decade at sports tournaments, special events, recreation facilities, and park facilities. Patterns in these results that illustrate generalizable principles are described. The economic impact of events and facilities will differ widely because of differences in local contexts. Nevertheless, in communities where managers have no empirical data but are required by stakeholders to give estimates of visitors' expenditures and economic impact, the results of these case studies suggest parameters for providing "intelligent guesses."

Measuring the Economic Impact of Park and Recreation Services

BIOGRAPHICAL PROFILE

John L. Crompton

Distinguished Professor of
Recreation, Park and Tourism
Sciences

Regents Professor

Texas A&M University

John L. Crompton holds the rank of Distinguished Professor of Recreation, Park and Tourism Sciences and is a Regents Professor at Texas A&M University. He received his basic training in England. His undergraduate work was in physical education and geography at Loughborough College. After teaching high school for a year, he attended the University of Illinois where he completed a M.S. degree in Recreation and Park Administration in 1968. In 1970, he was awarded another M.S. degree from Loughborough University of Technology majoring in Business Administration.

In 1970, he joined Loughborough Recreation Planning Consultants as their first full-time employee. When he left as managing director in 1974, LRPC had developed into the largest consulting firm in the United Kingdom specializing in recreation and tourism, with a full-time staff of twenty-five which was supplemented by a number of part-time associate consultants.

In 1974, Dr. Crompton came to Texas A&M University. He received his doctorate in Recreation Resources Development in 1977. For some years he taught graduate and undergraduate courses in both the Department of Recreation and Parks and the Department of Marketing at Texas A&M University, but he now teaches exclusively in the Department of Recreation, Park and Tourism Sciences.

Dr. Crompton's primary interests are in the areas of marketing and financing public leisure and tourism services. He is author or co-author of 16 books and a substantial number of articles which have been published in the recreation, tourism, sport and marketing fields. He is the most published scholar in the history of both the parks and recreation, and the tourism fields.

Dr. Crompton has conducted many hundreds workshops on Marketing and/or Financing Leisure Services. He has lectured or conducted workshops in a number of foreign countries and has delivered keynote addresses at the World Leisure Congress and at Annual National Park and Recreation Conferences in

Australia, Canada, Great Britain, Japan, New Zealand, South Africa, and the United States.

He is a past recipient of the National Park Foundation's Cornelius Amory Pugsley award for outstanding national contributions to parks and conservation; the National Recreation and Park Association's (NRPA) Distinguished Professional Award; the NRPA National Literary Award; the NRPA Roosevelt Award for outstanding research; the Distinguished Colleague and the Distinguished Teaching Awards of the Society of Park and Recreation Educators; and the Travel and Tourism Research Association's Travel Research Award.

At Texas A&M, he is Cintron University Professor for Excellence in Undergraduate Teaching. He has received the Bush Excellence Award for Public Service (presented personally by President H. W. Bush); the Vice-Chancellor's Award for Excellence in Graduate Teaching; the Texas Agricultural Experiment Station's Faculty Fellow and Senior Faculty Fellow Awards for exceptional research contributions; the University Distinguished Achievement Award for Research and the University Distinguished Achievement Award for Teaching.

He was a member of the NRPA's Board of Trustees for nine years; and is a past president of four professional bodies: The Texas Recreation and Parks Society; the American Academy of Park and Recreation Administration; the Society of Park and Recreation Educators and the Academy of Leisure Sciences. He is a Board member of the National Recreation Foundation.

In 2006, the city of College Station named a new 16 acre neighborhood park, John Crompton Park. In 2007 he was elected to a 1-year term on the College Station City Council. In 2008 he was re-elected to a 3 year term and in 2010/11 was the city's Mayor Pro Tem. The city's population is 95,000, the annual budget is \$262 million; and there are approximately 900 full-time employees. The council members and mayor are all elected city wide.



**National Recreation
and Park Association**

22377 Belmont Ridge Road
Ashburn, VA 20148-4501

800.626.NRPA (6772) • www.NRPA.org