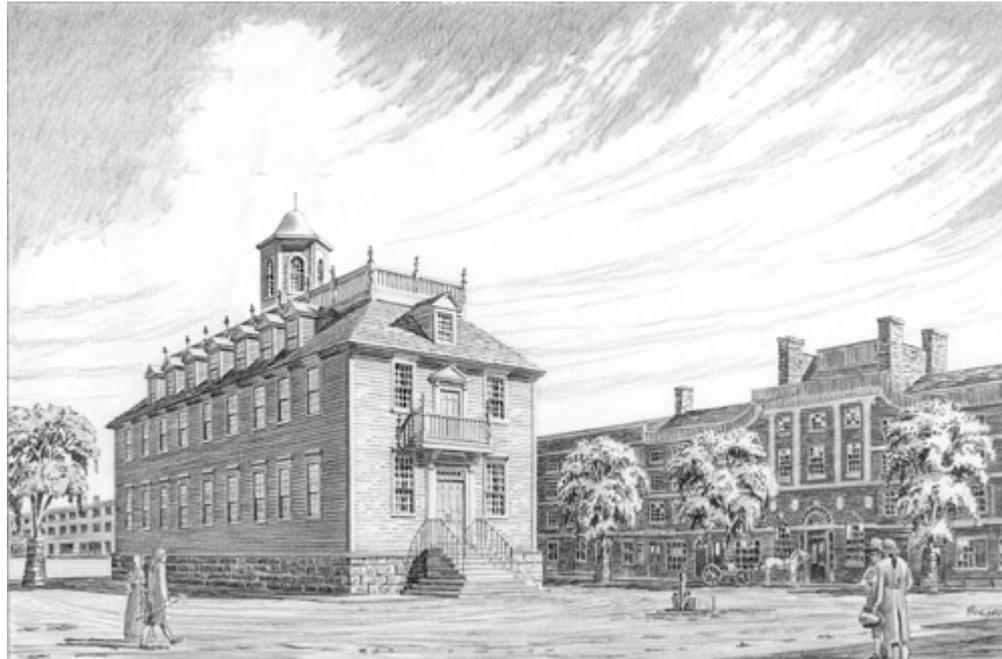


Economic Assessment of New Hampshire's First State House



Presented by:

James Stevens, ConsultEcon

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ConsultEcon

- Founded in 1991
- Based in Cambridge, MA
- Specializes in market and economic feasibility studies, business and operating plans, and economic impact analyses for cultural institutions, such as museums, historic sites, and heritage parks
- Implementation strategies for heritage tourism
- Downtown revitalization including Main Street model

Study Goals

- Two different and related goals
 1. Provide a realistic evaluation of the economic viability of alternative interpretive concepts for the First State House
 2. Provide a qualitative assessment of how the state as a whole can increase the positive economic impacts of historic preservation and heritage tourism-related activities

Outline

- Summary of five scenarios
- Resident market context
- Tourist market context
- Review of regional cultural heritage attractions
- Review of comparable projects
- Economic evaluation of scenarios
- How to increase the economic impacts of historic preservation and heritage tourism activities

Interpretation Scenarios Summary

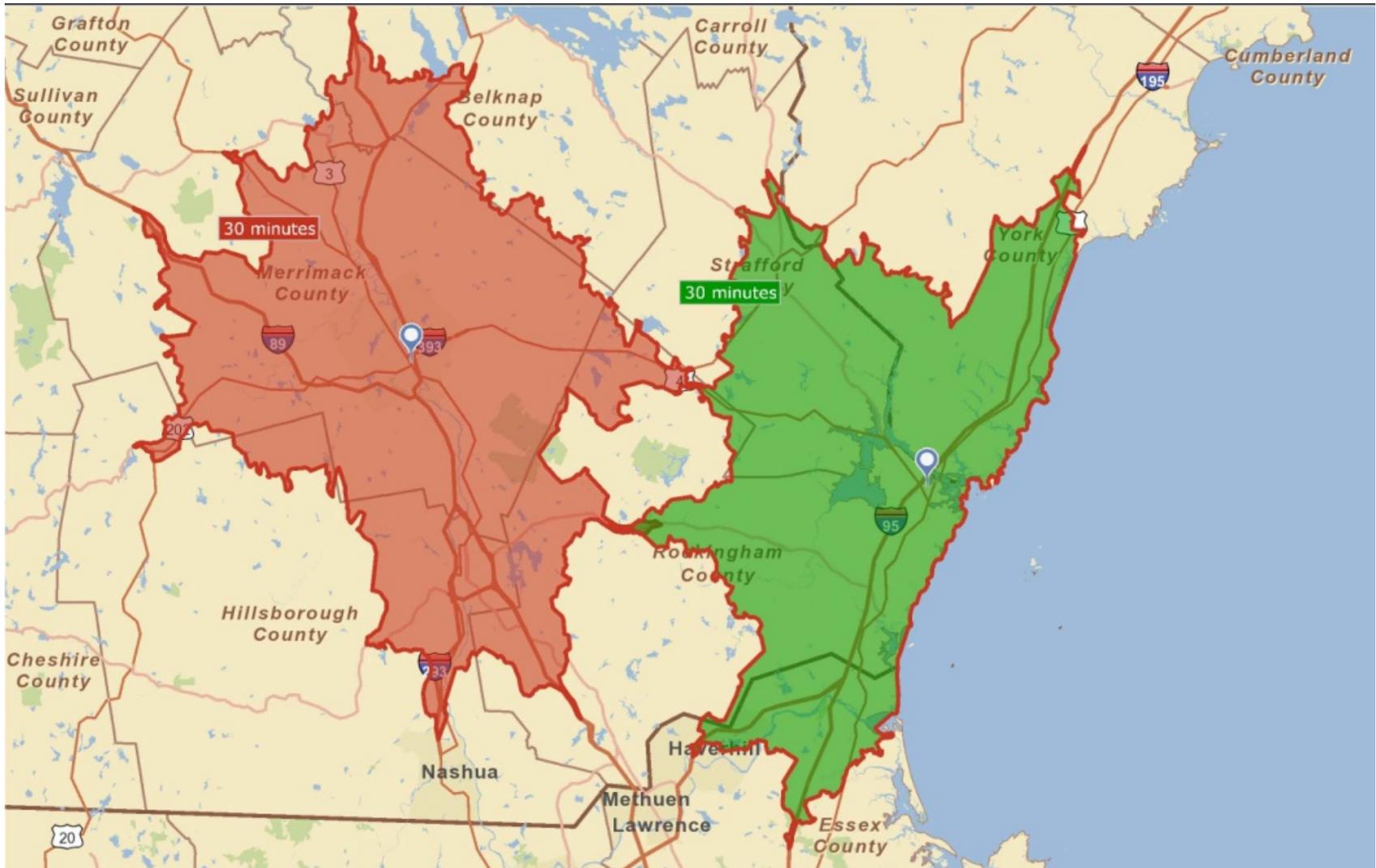
| Scenario | Low-Range Capital and Start up Costs | High-Range Capital and Start up Costs | Mid-Range Capital and Start up Costs |
|---|---|--|---|
| 1. New Hampshire First State House Historic Site Museum | \$2.1 million | \$3.1 million | \$2.6 million |
| 2. New Hampshire First State House Partial Reconstruction | \$1.2 million | \$1.9 million | \$1.5 million |
| 3. New Hampshire First State House Exhibit | \$540,000 | \$820,000 | \$680,000 |
| 4. Virtual First State House Museum | \$300,000 | \$460,000 | \$380,000 |
| 5. First State House History Center for Civic Engagement | \$440,000 | \$660,000 | \$550,000 |

Source: Cherry Valley Group and ConsultEcon, Inc.

Interpretation Scenarios Summary

| Scenario | Public Location | Public Physical Presence | Internet Presence |
|---|--|--|--|
| 1. New Hampshire First State House Historic Site Museum | Portsmouth / Seacoast | Yes – open to general public as a new attraction | Yes – supportive of physical presence |
| 2. New Hampshire First State House Partial Reconstruction | Portsmouth / Seacoast | Yes – open to general public as a new attraction or as part of existing attraction | Yes – supportive of physical presence |
| 3. New Hampshire First State House Exhibit | Statewide | Yes – open to general public as part of existing attraction | Yes – supportive of physical presence |
| 4. Virtual First State House Museum | None | No –only open to limited research audience | Yes – primary means of public outreach |
| 5. First State House History Center for Civic Engagement | Concord or Manchester / Merrimack Valley | Yes – traveling exhibit for public outreach | Yes– primary means of public outreach |

Resident Market Definition: 30-Minute Drive Time Areas



Resident Market Context: Population

- Portsmouth and Concord have similarly sized populations within a 30-minute drive of city centers
- Portsmouth's drive time area includes residents of Maine and Massachusetts – approx. 37% of total population
- Population in areas growing slower than state and nation

Population Trend, 2011 to 2016

| Area | 2011 Population | 2016 Population | Percent Change, 2011 to 2016 |
|------------------------|--------------------|--------------------|---------------------------------|
| Portsmouth | 346,100 | 351,500 | 1.6% |
| Concord | 356,000 | 361,100 | 1.4% |
| State of New Hampshire | 1,316,500 | 1,343,800 | 1.9% |
| United States | | | 3.4% |

Source: ESRI and ConsultEcon, Inc.

Resident Market Context:

Other Characteristics

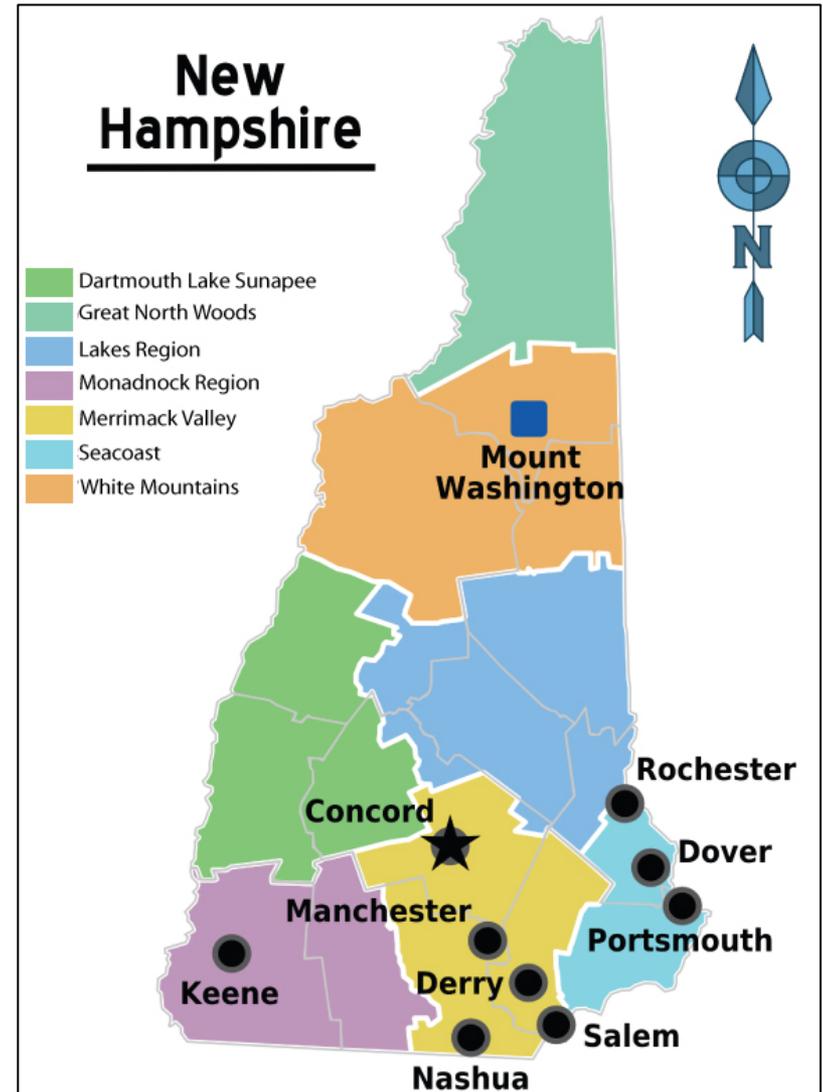
- In general, the state's population and the population in Concord and Portsmouth is older than the U.S. population
- Estimated school-age children in 2011
 - Concord: 54,400
 - Portsmouth: 50,500 – again many out of state (37%)
- Concord households are slightly larger on average than the households in Portsmouth, which is reflective of slightly larger young population in the Concord area
 - Average household size is smaller in NH than in U.S.
- Median household income is higher in Portsmouth (\$60,600) than in Concord (\$57,200)
 - New Hampshire households (\$58,400) have higher median income than U.S. households (\$50,200)

Resident Market Context Summary

- Concord and Portsmouth residents have similar demographic and household profiles, with comparable numbers of school age children
- Portsmouth's market area includes out of state populations (37%), which may not be as interested in New Hampshire topics as New Hampshire audiences
- When compared to U.S. population, the resident populations are older and slower growing
- When compared to U.S. households, the resident households are smaller and have higher incomes
- Overall resident market characteristics are supportive of attendance to heritage attractions, due to age and income profiles

Tourist Market Context: Visitor Spending

- Tourism is important component of state's economy, with over \$3.9 billion in visitor spending in FY 2010
- Second most important export industry in terms of employment
- Two top regions for visitor spending are:
 - Merrimack Valley, with \$1.3 billion (33% of state's total)
 - Seacoast, with \$775 million (20% of state's total)



Tourist Market Context: Visitor Volume

- Over 40% of spending occurs during peak summer season
- Overnight visitor volume
 - Merrimack Valley, with 2.1 million
 - Seacoast, with 1.4 million
- Day visitor volume
 - Merrimack Valley, with 11.5 million
 - Seacoast, with 7.0 million
- Average length of stay for overnight visitors
 - Merrimack Valley: 3.25 days
 - Seacoast: 3.35 days

Tourist Market Context: Visitor Profile

- Trip Purpose of Overnight Visitors to New Hampshire, by origin, FY 2010

| Purpose | New England Visitors | Mid- Atlantic Visitors |
|----------------------------|-------------------------------------|---------------------------------------|
| Pleasure (vacation) | 46.4% | 32.8% |
| Visit friends/relatives | 26.9% | 33.2% |
| Outdoor recreation | 9.6% | 5.1% |
| Business | 5.7% | 16.6% |
| Event | 3.9% | 3.0% |
| Personal | 3.7% | 7.0% |
| Other (primarily shopping) | 3.8% | 2.4% |
| Total | 100.0% | 100.0% |

Source: State of New Hampshire, Division of Travel and Tourism Development and ConsultEcon, Inc.

Tourist Market Context: Visitor Profile

- Trip Activities of Overnight Visitors to New Hampshire, FY 2010
- About 13% of New England travelers visit historic sites, museums and galleries
- About 30% of Mid-Atlantic travelers visit historic sites, museums and galleries

| Purpose | New England Visitors | Mid-Atlantic Visitors |
|--|----------------------|-----------------------|
| Shopping | 73.9% | 65.0% |
| Sightseeing | 53.8% | 64.1% |
| Scenic Drives | 47.0% | 50.8% |
| State Park/National Forest | 24.9% | 35.2% |
| Beaches (lake, ocean) | 18.8% | 26.0% |
| Camping/Hiking | 16.4% | 21.6% |
| <i>Historic Sites/Museums/Galleries</i> | <i>12.6%</i> | <i>30.2%</i> |
| Skiing/Snowboarding | 10.6% | 11.0% |
| Wildlife Watching | 10.4% | 18.7% |
| Theme/Amusement Parks | 10.2% | 13.2% |
| Concerts/Fairs/Festivals | 9.7% | 16.3% |
| Other Outdoor Recreation | 9.2% | 10.5% |
| Other | 8.1% | 9.1% |
| Boating | 6.9% | 14.1% |
| Business/Convention/Seminar | 5.6% | 15.5% |
| Sporting Event | 5.0% | 8.5% |
| Golfing | 4.9% | 9.2% |
| Hunting/Fishing | 4.3% | 9.2% |

Note: Total exceeds 100% due to multiple responses.

Source: State of New Hampshire, Division of Travel and Tourism Development and ConsultEcon, Inc.

Tourist Market Context: Visitor Profile

| Purpose | New England Visitors | Mid-Atlantic Visitors |
|---|-----------------------------|------------------------------|
| Percent on First Visit | 2.6% | 24.9% |
| Average Number of Trips to New Hampshire | 2.9 | 2.1 |
| <i>Party Size (Average Number)</i> | | |
| Number of Adults | 2.2 | 2.3 |
| Number of Children | 0.6 | 0.6 |
| Total Party Size | 2.9 | 2.9 |
| Average Length of Stay in New Hampshire | 3.9 | 4.3 |
| Average Per Person Per Day Spending | \$56.13 | \$70.90 |

- Selected Trip Characteristics of Overnight Visitors to New Hampshire, FY 2010
- Mid-Atlantic visitors much more likely to be first time visitors
- Fair amount of repeat visits
- Mid-Atlantic visitors tend to stay longer and spend more per day

Source: State of New Hampshire, Division of Travel and Tourism Development and ConsultEcon, Inc.

Tourist Market Context Summary

- Tourism is a \$3.9 billion industry in New Hampshire
- Merrimack Valley and the Seacoast are key tourism regions, with largest shares of spending and visitors in state
- Visitor volume is dominated by day visitors, indicative of geographic proximity to large metro areas to south
- Overnight visitors, especially those from New England, are very familiar with what the state has to offer
 - Few first time visitors and high repeat visitation patterns
- Mid-Atlantic visitors report participating in more activities than New England visitors, which reflects longer trips and higher spending

Review of Regional Attractions

- Portsmouth and the Seacoast
 - Portsmouth has a few larger attractions, and a number of smaller, largely history-oriented attractions
 - Open seasonally, Strawberry Banke Museum has highest attendance and ticket price, with 66,000 visitors and \$15.00 for an adult
 - Attendance at visitor attractions in Portsmouth mostly below 10,000 visitors, except for Strawberry Banke Museum and Albacore Park Submarine Museum (25,000)
 - Other attractions with higher attendance in the region include the Children's Museum of New Hampshire (120,000) and the Seacoast Science Center (60,000)
 - Most adult ticket prices in Portsmouth and the Seacoast range from \$5.00 to \$7.00

Review of Regional Attractions

- Concord and the Merrimack Valley
 - Concord has fewer attractions than Portsmouth
 - However, the Merrimack Valley has more attractions than the Seacoast region
 - In Concord, the attraction with the highest attraction is the Audubon McLane Center, with 100,000 visitors – it is free of charge
 - The Museum of New Hampshire History has 28,000 visitors annually and a \$5.50 adult ticket price
 - For attractions that charge, paid adult admission charges range from about \$5.00 to \$10.00
 - The highest priced attraction is the Frank Lloyd Wright-designed Zimmerman House at \$20.00

Review of Regional Attractions

- Science, history, and art museums are well represented in both the Merrimack Valley and the Seacoast
- In addition, there are numerous historic homes, and other heritage oriented attractions
- In general, these attractions have low attendance and charge modest fees for admission
- A number of these attractions are open only seasonally, especially in the Seacoast region
- The most-visited attractions tend to be year-round attractions with wide-reaching appeal, such as children's museums, science centers, and nature centers

Comparable Projects

- Four types of comparable projects, that reflect the five interpretation scenarios were reviewed, including:
 - Colonial State Houses
 - Structures as Exhibits
 - Virtual Museums and Exhibitions
 - Traveling Exhibitions
- The experience of comparable projects informs the evaluation economic viability

Comparable Projects: Colonial State Houses

- A number of existing colonial state houses
- Wide range of governance and operations
- Higher attendance at those in heritage destination or complex

Selected Colonial State Houses

| State House | Location | Attendance | Adult Ticket Price |
|-------------------------|------------------|-----------------|--------------------|
| Independence Hall | Philadelphia, PA | 694,000 | Free |
| Old State House | Boston, MA | 100,000 | \$7.50 |
| Colony House | Newport, RI | 5,000 | \$5.00 (tour) |
| Capitol at Williamsburg | Williamsburg, VA | 780,000 (total) | \$22.95 (total) |
| Maryland State House | Annapolis, MD | | Free |

Source: Facilities listed and ConsultEcon, Inc.

Comparable Projects: Colonial State Houses



Comparable Projects: Structures as Exhibits

- Structures as exhibits provide immersive experiences that help visitors to answer the question, “What was it like?”
- Examples include:
 - Fire Tower at Museum of New Hampshire State History
 - Yin Yu Tang House at the Peabody Essex Museum in Salem, MA
 - Slave Pen at the National Underground Railroad Freedom Center in Cincinnati, OH
- Visitation and the operating profile of these exhibits, like other exhibits, are a function of the host institution
- Separate admission fee only for substantial experience that is unique and highly differentiated

Comparable Projects: Structures as Exhibits



Comparable Projects:

Virtual Museums and Exhibitions

- Hierarchy of virtual museums and exhibitions
 - Brochure museum – information about museum
 - Content museum – object-oriented reflection of museum collection
 - Learning museum – engaging users based on background and interest
 - Virtual museum – extension of learning museum that draws on multiple collections for presentation with no real world counterpart
- Examples include:
 - Laura Jernegan: Girl on a Whale Ship
 - Raid on Deerfield: The Many Stories of 1704
 - International Museum of Women
- Supported mostly by grant funds, with a limited lifespan
- Opportunity to expand museum audiences around the world

Comparable Projects: Traveling Exhibitions

- Traveling exhibitions are important for museums to sustain attendance
- Range from simple panel exhibits to “blockbuster” shows
- Examples include:
 - Gilder Lehrman Institute of American History
 - Museum of New Hampshire State History
- Often fees charged to cover the cost of shipping
- Exhibits need to be sized according to available spaces of host institutions
- Traveling exhibitions at historical societies, schools and libraries expand historical audiences and contribute to quality presentation of host institution

Economic Viability Framework

- Location
- Market support
- Staffing requirements
- Operating costs
 - Driven by staff requirements and occupancy
- Revenue opportunities
 - Focus on earned revenues, though all require contributed revenue
- Organizational requirements
- Support for historic preservation and heritage tourism
- Potential for economic, fiscal and community benefits

Economic Viability: Scenario #1

NHFSH Historic Site Museum

- A new museum would contribute to the mix of attractions in Portsmouth and the region
- Market support includes in place historically-oriented residents, school groups, and visitors
- Estimated range of visitation: 2,000 to 8,000
- Estimated FTE employees: 6
- Estimated range of operating expenses: \$310,000 to \$460,000
- Modest earned revenue due to admissions and retail, about 5% to 10% of expenses
- Re-construction not preferred for historic preservation according to professional standards
- Authenticity questionable given re-construction in context of numerous existing intact historical structures

Economic Viability: Scenario #2

NHFSH Partial Reconstruction

- A new museum would contribute to the mix of attractions in Portsmouth and the region
- Market support includes in place historically-oriented residents, school groups, and visitors
- Estimated range of visitation: 1,000 to 5,000
- Estimated FTE employees: 3.5
- Estimated range of operating expenses: \$180,000 to \$270,000
- Modest earned revenue due to admissions, less potential than #1, due to lower admission fees and no retail
- Re-construction not preferred for historic preservation according to professional standards
- Authenticity questionable given re-construction in context of numerous intact existing historical structures

Economic Viability: Scenario #3

NHFSH Exhibit

- A new permanent exhibit would support sustaining audiences at host institution
- Scenario #3 economic attributes would reflect host institution's characteristics
- Estimated visitation impact: surge of 5% to 10% in host museum's attendance in early years
- Estimated FTE employees: 0.25
- Estimated range of operating expenses: \$10,000 to \$20,000
- Potential to become unique exhibit at an existing museum

Economic Viability: Scenario #4

Virtual NHFSH Museum

- Online exhibitions and archeology lab
- Scenario #4 economic attributes would reflect host institution's characteristics
- Estimated range of online audience: 50,000 to 100,000
- Estimated FTE employees: 4.0
- Estimated range of operating expenses: \$150,000 to \$230,000
- Expand reach of relevant interpretation to global audiences
- Provide educational opportunities for students in higher education programs

Economic Viability: Scenario #5

NH Center for Civics and Political Engagement

- Online exhibitions and traveling exhibitions
- Scenario #5 economic attributes would reflect host institution's characteristics
- Estimated range of online audience: 50,000 to 100,000
- Visitation to traveling exhibitions dependent upon venues
- Estimated FTE employees: 4.0
- Estimated range of operating expenses: \$220,000 to \$330,000
- Expand reach of relevant interpretation to global audiences
- Provide educational opportunities for students in higher education programs

Summary of Economic Viability

| Scenario | Mid-Range Capital and Start-Up Costs | Employees (FTE) | Annual Operating Expenses |
|---|--------------------------------------|-----------------|---------------------------|
| 1. New Hampshire First State House Historic Site Museum | \$2.6 million | 6.0 | \$310,000 to \$460,000 |
| 2. New Hampshire First State House Partial Reconstruction | \$1.5 million | 3.5 | \$180,000 to \$270,000 |
| 3. New Hampshire First State House Exhibit | \$680,000 | 0.25 | \$10,000 to \$20,000 |
| 4. Virtual First State House Museum | \$380,000 | 4.0 | \$150,000 to \$230,000 |
| 5. First State House History Center for Civic Engagement | \$550,000 | 4.0 | \$220,000 to \$330,000 |

Summary of Economic Viability

- There will be wide variability in staffing and operating expenses depending on host institution
- All scenarios have limited earned revenue potential
- Sources of contributed revenue for capital operations will be challenging in today's economic climate and experience of historical attractions in New Hampshire
 - All scenarios require significant contributed revenues for capital and start up, especially Scenarios #1 and #2
 - All scenarios require significant contributed revenues for ongoing operations, except for Scenario #3
- Online exhibitions (Scenarios #4 and #5) have the potential to draw on federal grant funds for their development
- Scenarios #3, #4 and #5 are the most economically viable

Benefits of Historic Preservation

- Depends on the definition of Historic Preservation
 - Design and construction related to historic buildings and resources
 - Operating expenditures of historic sites, museums, etc.
 - Spending by heritage tourists
 - New businesses, spending and employment in historic downtowns
- Quantified Economic Impacts in New Hampshire
 - For every dollar in state funds from the Land and Community Heritage Investment Program (LCHIP), an estimated \$6.26 in other (private and local government) funds are leveraged
 - In FY 2009 and FY 2010, there were estimated total historic rehabilitation expenditures of \$20.7 million, resulting in national impacts of 318 jobs, \$14.4 million in income, \$38.3 million in output, and \$20.1 million in GDP

Qualitative Benefits of Historic Preservation

- Qualitative benefits, while not readily quantified, are certainly important because they contribute to overall economic activity and benefit citizens of the state
- Qualitative economic benefits include:
 - Contribution to tourism diversification
 - Enhanced property values
 - Attractive environment for businesses and employees
- Community benefits include:
 - Preservation of irreplaceable objects, buildings and places
 - Resident quality of life
 - Sense of place
 - Formal and informal education
 - State pride

Recommendations to Increase Positive Economic Impacts

- Expand public funding for historic preservation and heritage tourism activities, through existing programs
- Establish statewide tax credits for historical rehabilitations
- Establish new state-level program for technical assistance and financing for Main Street communities
- Establish new state level program for technical assistance and financing for state-designated cultural districts
- Establish photographic oriented geographic database and digital collection of statewide historical and cultural resources
- Survey how important cultural heritage tourists are to the state's overall tourism economy
- Establish new digital collection of archeology, architecture, and architectural fragments