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Playhouse Square Center: Economic Impact and Contribution to Northeast Ohio

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**PLAYHOUSE SQUARE CENTER:
ECONOMIC IMPACT AND CONTRIBUTION TO NORTHEAST OHIO**

Prepared for
Playhouse Square Foundation

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EXECUTIVE SUMMARY

Playhouse Square is the second-largest performing arts center in the nation. With an extensive array of programming, it attracts a large and diverse audience to downtown Cleveland. The mission of Playhouse Square emphasizes the organization's commitment to bringing the performing arts to Cleveland, and to providing educational programs and contributing to the economy of Northeast Ohio.

This study reports on the contribution made by Playhouse Square Center to Northeast Ohio. The contribution comes in various forms, which are reflected in the report's different sections. The first uses a traditional economic model to estimate the economic impact of Playhouse Square Center. It calculates how each dollar spent by, or due to the presence of, Playhouse Square generates additional spending and jobs in the local economy. The second type of contribution is through the various educational programs and events aimed at increasing interest and involvement in the arts. Although the value of these activities is difficult to quantify, they are an important part of what Playhouse Square offers to the community. The third contribution illustrates Playhouse Square's role as an anchor for downtown Cleveland and its ability to attract people and investment to the urban core. Playhouse Square is a key part of the amenity package that Cleveland offers to current and potential residents and employers. More importantly, it underscores the value of an urban center for Cleveland's fiscal stability.

ECONOMIC IMPACT

The economic impact of Playhouse Square on the Cleveland metropolitan area is determined by analyzing the spending patterns of Playhouse Square Center, performers and stage crew from outside the region, and visitors from outside the region who purchase tickets to Playhouse Square events.

- Total revenues for Playhouse Square Center were \$41.9 million in FY 2003. Ticket sales account for 70 percent of all revenues. Of all tickets sold, 73 percent were bought by patrons in the Cleveland metropolitan area. Ninety-three percent of ticket revenues came from an 18-county area of Northeast Ohio.
- Economic activity generated by Playhouse Square Center and by performers and visitors from outside the region produced the following economic impacts in the Cleveland metropolitan area:¹
 - Total Output Impact \$43.0 million
 - Total Employment Impact 422 jobs
 - Total Earnings Impact \$10.5 million
- Due to of Playhouse Square Center's activities, \$43 million of additional goods and services were produced in the Cleveland metropolitan area in 2003. Of these, \$22.8 million were due to Playhouse Square Center's spending patterns; \$5.6 million were due to spending by out-of-town performers; and \$14.5 from out-of-region visitors.

¹ Impact values presented are in 2000 dollars.

- Because of Playhouse Square's activities, 422 jobs were created in the Cleveland metropolitan area in 2003. Of these, 201 jobs were created due to Playhouse Square spending, and 155 jobs were created because of spending by out-of-town visitors. The remaining jobs (66) were created as a result of spending by out-of-region performers.
- Household earnings in the Cleveland metropolitan area increased by \$10.5 million in 2003 because of Playhouse Square activities. Of this amount, \$6 million occurred due to Playhouse Square spending, \$1.3 million was due to out-of-town performers, and \$3.3 million was generated from spending by out-of-town patrons.

PLAYHOUSE SQUARE EDUCATIONAL PROGRAMS

Playhouse Square Center sees arts education as a very important element of its work. Through its educational programming, it introduces new audiences to the arts and integrates the arts with learning. Educational programs expanded substantially in the last few years. An Arts Education Center is currently being developed in the One Playhouse Square Building to provide space for existing programs and to allow for expansion in the future. The education department's annual budget is approximately \$1 million; about half of the budget is contributed income. Playhouse Square raises funds to support its educational programs and make them free or affordable to anyone who wishes to participate. It is estimated that Playhouse Square Center reaches close to 85,000 children and families through the educational programs.

- Educational programs can be divided into two broad categories: programs targeted at students and teachers and programs offered to the broader community. There are several programs in each category.
- The four most popular programs offered by Playhouse Square are Fair on the Square, CenterFest, Master Classes and Artist Residencies, and Student Matinees.
 - Fair on the Square provides an opportunity for teachers to meet with the region's top cultural organizations. Teachers become familiar with resources to incorporate the arts into their curriculum. Nearly 1,000 people attended the Fair in 2003.
 - CenterFest is Playhouse Square's signature annual event for the community. It is an arts open house with free programs and activities for people of all ages. The event provides the public with access to Playhouse Square theaters and generates further interest in the arts. Over 60 art groups host exhibits or performances. People can attend shows, enter talent contests, take dancing lessons, create handcrafts, or watch street performers. CenterFest also provides local artists with an opportunity to showcase their work.
 - Master classes and artist residencies are taught by visiting artists. Artists may focus on dance, voice training, improvisation techniques, or creating special effects on stage. Master classes may also focus on broader topics such as pursuing a career in the performing arts. Artist residencies are a more intense form of training.
 - Student Matinees foster the interest and involvement of young people in theater arts. Playhouse Square offers two series; one targets students in preschool

through third grade and the second is aimed at students in grades four through eight. During the 2002-03 school year, nearly 40,000 students and teachers attended school matinee performances and 16,500 children and family members attended public performances.

PLAYHOUSE SQUARE AND THE REBUILDING OF DOWNTOWN CLEVELAND

Arts and entertainment venues are part of the amenity package that cities offer to residents and visitors. A strong arts and cultural scene helps retain existing levels of visitation, population, and employment. Moreover, it helps to attract new employees, residents, and visitors. As the leading performing arts center in Northeast Ohio, Playhouse Square is an important anchor for the city of Cleveland and the downtown area.

The emphasis on arts and culture as tools for economic development has enjoyed renewed interest, as quality of life has become a prime factor in the location choices made by individuals and businesses. The place where recreational spending occurs is critical for at least three reasons: recreational spending generates local tax revenues; the placement of recreational facilities affects land use and commuting patterns and encourages the reuse of existing infrastructure; and it can have a catalytic effect on the development and reuse of surrounding land.

Economic trends (in terms of employment, population, residential markets, private sector investment, and tax revenues) are examined in downtown Cleveland, the city of Cleveland, suburban Cuyahoga County, and the five-county metropolitan area. While causality cannot be assumed, it must be underscored that during the period of development in downtown Cleveland, the city's population was declining and suburbanization trends in the regional and national economy continued to accelerate. Hence, any deflection of economic activity into Cleveland's taxing boundaries would be a substantial benefit. The data reveals that Cleveland is struggling to remain competitive with suburban communities and other regions. This underscores the importance of capitalizing on Cleveland's cultural infrastructure to create a vital city center.

DEVELOPING OPTIONS FOR CLEVELAND'S THEATER DISTRICT

Playhouse Square is a unique asset in the greater Cleveland area. With more than a million tickets sold each year and shows that attract a diverse audience, Playhouse Square provides a continuous draw to the area and constitutes a solid anchor for Cleveland. Despite the fact that the northeast Ohio region has not grown, the number of Playhouse Square patrons increased by 22 percent since 1995. The share of the regional population who come downtown because of Playhouse Square has increased over time.

Playhouse Square, credited with reviving a portion of downtown Cleveland, has served as a national model for capitalizing on cultural assets to transform inner cities. The Playhouse Square Foundation has revitalized an area that had many boarded-up buildings and a reputation for crime. It has evolved into an entertainment district with a vibrant nightlife. Playhouse Square took the lead in redeveloping the district when others were hesitant.

The Playhouse Square Foundation recognizes the potential that exists in the theater district and, through its holding companies, has invested in several properties in the immediate area. Although development of the theater district cannot change the physical separation of

Cleveland's major attractions, it can tie together three important downtown districts: Playhouse Square, Gateway, and East 4th Street. We believe that development efforts will be most successful if they include multi-use projects and connect the theater district with other redevelopment districts.

CONCLUDING OBSERVATIONS

The real economic value of Playhouse Square lies in the resurgence that was initiated in the theatre district. Had Playhouse Square not been preserved and enhanced, it is possible that even more economic activity would have been drained from the city and its fiscal position (and the finances of the schools) weakened to an extent that would have made recovery or stabilization far more difficult to achieve.

Playhouse Square, as one of Cleveland's most important assets for the reinvention of downtown, needs to carefully consider options that will help restore property values. To this end, the lessons and experience of entertainment districts in Fort Worth and Denver provide some options. Could Playhouse Square replicate such districts in partnership with Cleveland State University or others? What would such a development look like?

There is clearly risk in undertaking additional development in the theater district, as there was when redevelopment of downtown Cleveland began in the 1980s. The risk of not taking such action is even greater and more disconcerting given existing trends in downtown Cleveland. Playhouse Square should develop a prudent but definite investment strategy that builds on the success achieved in years past and insures a more successful future.

INTRODUCTION

The purpose of this study is to assess the economic impact of Playhouse Square on Greater Cleveland. The research was conducted by the Center for Economic Development at Cleveland State University's Maxine Goodman Levin College of Urban Affairs at the request of the Playhouse Square Foundation (PSF).

The contribution of Playhouse Square to Northeast Ohio comes in various forms. The five sections of this report reflect these types of contributions. The first section provides an overview of Playhouse Square and Cleveland's theater district. The second section estimates the economic impact of Playhouse Square Center on the region based on its spending for goods and services. This estimate is produced using a traditional economic impact model that estimates how each dollar spent by Playhouse Square generates additional spending and jobs in the local economy. The third section describes various educational programs and events aimed at increasing interest and involvement in the arts. Although the value of these activities is difficult to quantify, they are an important part of what Playhouse Square offers to the community. The fourth section of the report discusses the significance of Playhouse Square as an anchor for downtown Cleveland. Whereas the traditional economic impact model presented in the second section examines PSF's impact on the Northeast Ohio region, this section discusses Playhouse Square in terms of its value in attracting people and investment to the urban core. It is argued that Playhouse Square is a key part of the amenity package that Cleveland offers to current and potential residents and employers. In recognition of the importance of Playhouse Square to the city and the region, the fifth and final section looks at development patterns around other theater districts.

METHODOLOGY

A different methodology was required for each portion of the study. The impact of Playhouse Square's spending on goods and services purchased locally was estimated using IMPLAN Professional, an input-output model that calculates an economic multiplier that measures the ripple effect that an initial expenditure has on the local economy. A more detailed explanation of input-output models is provided in that section of the report. The section describing educational programs and events offered by Playhouse Square is based on information provided by PSF as well as interviews with program participants. The discussion of

the significance of Playhouse Square as an anchor for downtown Cleveland includes a literature review on the importance of amenities in attracting firms and workers to a region at a time when both are increasingly mobile. It then draws upon secondary data sources to document changes in downtown Cleveland and the Greater Cleveland region to assess the impact of large-scale investments in the downtown area. The final section of the report, which explores development options in theater districts in two comparable cities, relies on web research and telephone interviews.

AN OVERVIEW OF PLAYHOUSE SQUARE

Playhouse Square is the second-largest performing arts center in the nation. With an extensive array of programming, it attracts a large and diverse audience to downtown Cleveland. The theater complex, referred to as Playhouse Square Center, is managed by the Playhouse Square Foundation. The Foundation was created in 1973 to carry out the restoration, operation, and management of the theaters. It relies on approximately 100 full-time and 200 part-time employees and 2,000 volunteers. The mission of PSF clearly states that the organization emphasizes bringing the performing arts to Cleveland, providing educational programs, and contributing to the economy of Northeast Ohio.

- To operate and sustain a financially viable performing arts and entertainment center that presents and produces works of excellence for the benefit of all citizens;
- Support its on-stage product with exemplary education programs for people of all ages;
- Support Playhouse Square Center's resident performing arts companies by maintaining superior facilities and by serving as a resource for marketing and administrative assistance; and
- Strengthen the economic development of the region by making the Playhouse Square district a superior location for the arts, learning, business, and living.

Playhouse Square offers various forms of live entertainment. Patrons can attend musicals, operas, ballets, plays, and concerts. The McDonald Financial Group Broadway Series provides the opportunity for Clevelanders to see touring productions of Broadway musicals. The Rainbow Babies and Children's Hospital Ballet Series features the world's most respected classical ballet companies. Playhouse Square also attracts many large and small

touring productions and hosts concerts performed by popular recording artists from a range of musical genres.

Playhouse Square is home to several resident companies as well. The Great Lakes Theatre Festival performs plays written by some of the world's most accomplished playwrights. The Cleveland Opera and Ohio Ballet also perform at Playhouse Square. Cuyahoga Community College's Tri-C Cultural Arts Series presents an assortment of dance concerts and an annual Jazz Fest. The Town Hall Speaker Series and DANCECleveland are also among the resident companies at Playhouse Square.

In the summer months when the resident and touring companies are on hiatus, Playhouse Square shows classic movies on a 25-foot screen. It also hosts numerous events to increase community awareness and participation in the arts. The Foundation has placed a strong emphasis on educational programming and offers numerous programs and activities to teachers and students as well as the wider community.

Playhouse Square sells more than a million tickets each year, providing nearly \$30 million in revenue. Although the majority of patrons live in Northeast Ohio, people come from around the country to attend shows. Playhouse Square Center is comprised of five theaters and two smaller performance venues. The State, Palace, Allen, Ohio, and Hanna Theatres are the main theaters and were built in the 1920s. The State is the largest of the five, seating approximately 3,200. The Palace and the Allen seat 2,700 and 2,500, respectively. The Ohio Theatre is considerably smaller, seating 1,000. With just the main level of the Hanna Theatre currently in use, it seats approximately 300. The 14th Street Theatre also seats 300; it has primarily served as a site for improvisational comedy shows. Kennedy's Down Under, located beneath the Ohio Theatre, is the smallest venue with 100 seats.

Cleveland's theater district, as defined by PSF, is bordered by Chester Avenue to the north, Prospect Avenue to the south, East 18th Street to the east, and East 12th Street to the west. In addition to the theaters that comprise Playhouse Square Center, the district includes several office buildings, an outdoor plaza, a hotel, and a few apartment buildings. The western edge of the Cleveland State University campus is also included in the district. The Playhouse Square Foundation has played a key role in revitalizing the area. PSF acquired several properties, led the development of Star Plaza, and helped to organize a business improvement district. Playhouse Square is not only an important part of Cleveland's cultural fabric but also contributes to its economic vitality.

ECONOMIC IMPACT OF PLAYHOUSE SQUARE ON GREATER CLEVELAND

The economic impact of Playhouse Square on the Cleveland metropolitan area is determined by analyzing the spending patterns of Playhouse Square Center (PSC), performers and stage crew from outside the region, and visitors from outside the region who purchase tickets to Playhouse Square events.² To measure the impact of the Center's spending, the analysis focuses on how the purchasing of goods and services by PSC in the metro area generates additional economic activity. To measure the impact by out-of-region performers and visitors, the analysis focuses on their spending primarily in the hospitality industry, with a particular emphasis on hotels and restaurants.

ECONOMIC IMPACT OF PLAYHOUSE SQUARE CENTER SPENDING PATTERNS

This section discusses the economic impact of Playhouse Square Center on the Cleveland metropolitan area during fiscal year 2003.³ Impact is measured in terms of output (gross receipts or sales), employment, and household earnings. For each of these categories, total economic impact is estimated. Total economic impact is the sum of four components: the change in final demand, direct impact, indirect impact, and induced impact.

Change in final demand is defined as the purchase of goods and services for final consumption by the studied organization – in this case, Playhouse Square Center. If we imagine that Playhouse Square suddenly materialized one day, we can assume that the money it brings into the regional economy would change economic activity by creating a demand for goods and services. The value placed on this change in activity must be included in any estimate of PSC's economic impact. The effects of a change in final demand can then be traced throughout the regional economy using an input-output model that provides links among all industrial sectors.

In order to produce the goods and services required by PSC, other goods and services are needed as intermediate inputs. This leads to the other components of economic impact: direct, indirect, and induced. Direct impact refers to the initial value of goods and services, including labor, purchased by Playhouse Square within the metropolitan area. Indirect impact

² The Cleveland metropolitan area is defined as Ashtabula, Cuyahoga, Geauga, Lake, Lorain, and Medina Counties.

³ The impact analysis presented here is limited to theater-related activities. The analysis does not include any impact generated by Playhouse Square Foundation's real estate ventures, which are discussed elsewhere in this study.

measures the value of labor, capital, and other inputs of production needed to produce the goods and services required by PSC. Induced impact measures the change in spending by local households due to increased earnings by employees in local industries who produce goods and services for PSC.

As stated earlier, economic impact analysis takes into account inter-industry relationships within the region—that is, the buy-sell relationships among companies. These relationships largely determine how the regional economy responds to changes in economic activity. Input-output (I-O) models estimate inter-industry relationships in a region, state, or country by measuring the industrial distribution of inputs purchased and outputs sold by each industry. Thus, by using I-O models, it is possible to calculate how the impact of one dollar or one job ripples through the local economy, creating additional expenditures and jobs. The economic multiplier measures the ripple effect that an initial expenditure has on the local economy.⁴ This study utilizes regional I-O multipliers from IMPLAN Professional.⁵

Three factors are taken into account when calculating PSC economic impact: purchases from regional companies versus purchases from out-of-region companies, share of PSC revenues received from within the region, and estimated share of ticket buyers who would travel outside the region for live theater in the absence of Playhouse Square. Since economic impact is created only from purchases from companies located within the metro area, goods and services purchased from businesses outside Greater Cleveland are not included in the model.

In addition, before entering local expenditures into IMPLAN, the amounts must be discounted by the percentage of revenues that are derived from local sources. If expenditures were not discounted by the percentage of revenues coming from local sources, then the economic impact values would reflect the redistribution of local funds. The objective of impact analysis is to measure wealth that is being created within an economy rather than the redistribution of monies already existing in the economy. Table 1, presenting PSC revenues by source, suggests that only 27 percent of local expenditures should be accounted for in the impact analysis, since 73 percent of revenues are generated locally.

⁴ For example, suppose that company XYZ sells \$1 million worth of product. From the revenues, the company pays its suppliers and workers, covers production costs, and takes a profit. Once the suppliers and employees receive their payments, they will spend a portion of their money in the local economy purchasing goods and services, while another portion of the monies will be spent outside the local economy (leakage). By evaluating the chain of local purchases that result from the initial infusion of \$1 million, it is possible to estimate a regional economic multiplier.

⁵ IMPLAN was originally developed by two federal agencies, the Department of Agriculture and Department of Interior, to assist in land and resource management planning. The model was later commercialized by the Minnesota IMPLAN Group, Inc.

Finally, it is estimated that 15 percent of PSC ticket purchases were made by patrons whose median household incomes are at or above a level (\$65,600) that would allow them to consider traveling outside the region for live theater in the absence of Playhouse Square Center. As a result, an additional 15 percent of local expenditures can be accounted for in the analysis, for a total of 42 percent (27% + 15%) of regional expenditures. To summarize, 42 percent of PSC regional purchases are entered into the I-O model, divided into very specific industry categories.⁶

Table 1. Playhouse Square Center Revenues

Revenue Source	Total	Local	Local Share	OOR	OOR Share
Tickets	\$29,163,649	\$21,289,464	73.0%	\$7,874,185	27.0%
Underwriting	\$486,093	\$339,343	69.8%	\$146,750	30.2%
Food & Beverage	\$1,148,763	\$838,597	73.0%	\$310,166	27.0%
Box Office	\$409,920	\$299,242	73.0%	\$110,678	27.0%
Special Events	\$293,847	\$205,693	70.0%	\$88,154	30.0%
Ovations (Gift Shop)	\$262,287	\$191,470	73.0%	\$70,817	27.0%
Rental	\$112,797	\$28,199	25.0%	\$84,598	75.0%
Novelties	\$109,065	\$79,617	73.0%	\$29,448	27.0%
Garage - Day	\$776,403	\$776,403	100.0%	\$0	0.0%
Garage - Evening	\$600,014	\$438,010	73.0%	\$162,004	27.0%
Gifts	\$7,578,642	\$5,234,874	69.1%	\$2,343,768	30.9%
Box holder	\$959,015	\$854,320	89.1%	\$104,695	10.9%
TOTAL	\$41,900,495	\$30,575,232	73.0%	\$11,325,263	27.0%

OOR: Out-of-region, i.e., outside the six-county Greater Cleveland area.

Table 1 reveals that ticket sales are the largest revenue source for PSC, accounting for almost 70 percent of total revenues in FY 2003.⁷ Of all tickets sold, almost three-fourths are bought by patrons in the six-county Cleveland metropolitan area. Moreover, 93 percent of total ticket revenue came from an 18-county area of Northeast Ohio. Gifts are the second largest revenue source for PSC, accounting for an additional 18 percent of revenues.

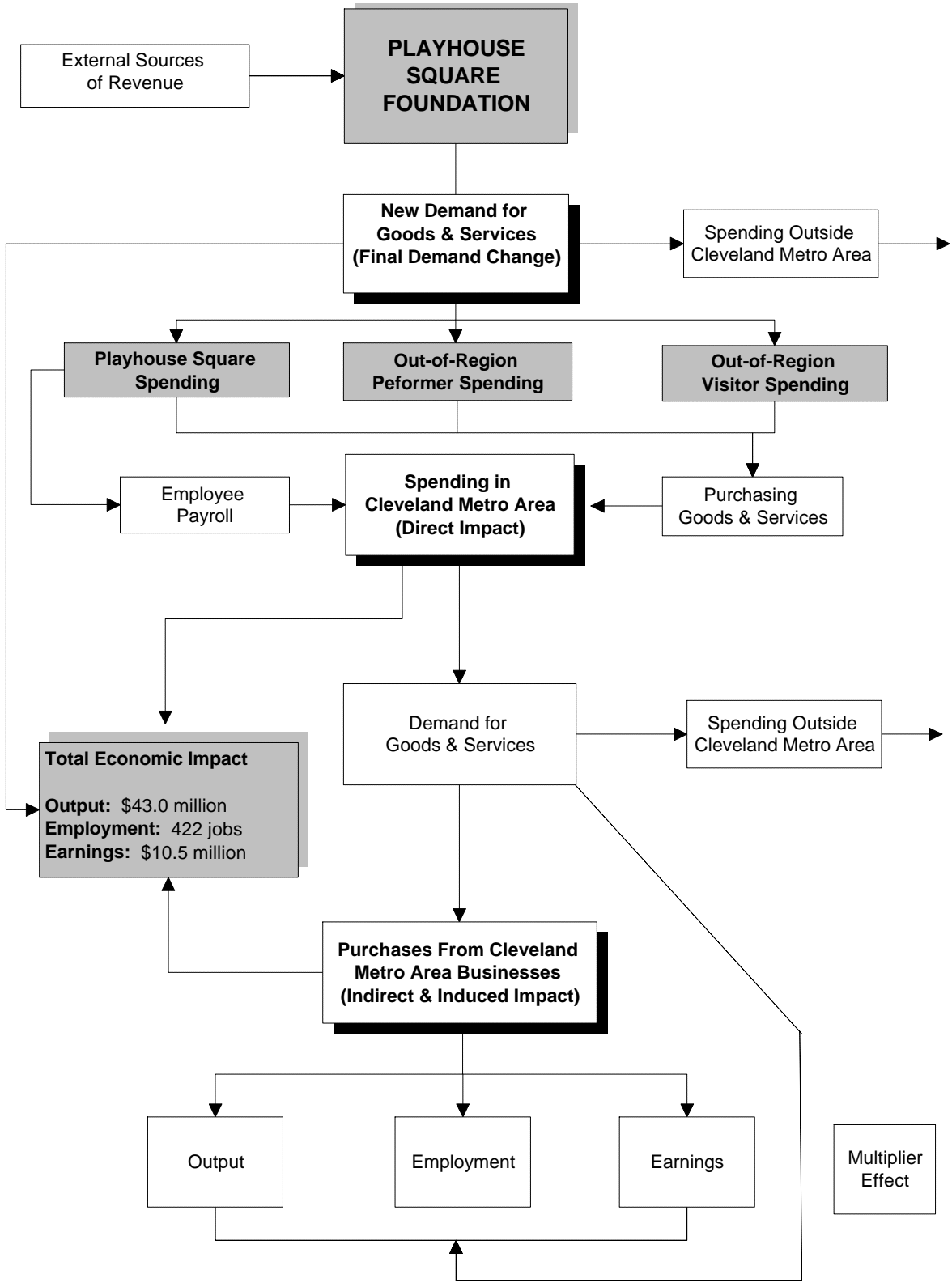
Figure 1 (see page 12) illustrates the process by which Playhouse Square impacts the local economy through its spending in Greater Cleveland. Playhouse Square creates new demand for goods and services (final demand change). Some demand is generated for goods and services provided by vendors outside Northeast Ohio, and therefore dollars leak out of the

⁶ The methodology used in this study strictly adheres to economic impact analysis protocol. This is especially true when reviewing PSC revenues and expenditures and only includes those monies that come from outside the local economy and are spent locally. The result of this adherence is that the calculated impact values may be somewhat lower than they would be if a more lax interpretation of the protocol were used.

⁷ Fiscal year 2003: July 1, 2002 to June 30, 2003.

local economy. However, many goods and services are purchased locally. The local spending by PSC for goods and services and labor as well as local spending by out-of-region performers and out-of-region visitors for goods and services is the direct impact. As these dollars move through the economy, they result in additional demand for goods and services, creating indirect and induced impact. The total economic impact of Playhouse Square is equal to the sum of the change in final demand, direct, indirect, and induced impacts.

Figure 1. Playhouse Square Center – Economic Impact on Greater Cleveland



Economic Impact on Output

This study uses multipliers to estimate the economic impact on Cleveland area output.⁸ These multipliers measure the effect of Playhouse Square Center spending on gross receipts or sales in the metro area. They provide a quantitative measure of the total change in output in regional industries for each additional final demand dollar expended by PSC.

PSC expenditures are divided into spending on goods and services purchased from companies located in the metro area and spending for goods and services from businesses located elsewhere. Local spending is then categorized by industry, based upon the nature of the business that supplies the goods or services. Table 2 lists local PSC expenditures by aggregate industry groupings, while Table A-1 in the appendix lists PSC expenditures by specific industry.⁹

These local expenditures represent direct impact. However, the total expenditure differs from the direct impact (as shown in Table 2) as a result of three adjustments. First, direct impact figures are reported in 2000 dollars while the expenditures are reported in FY 2003 dollars.¹⁰ Second, since IMPLAN models are in terms of producer prices, purchaser values must be converted into producer prices. For example, PSC may purchase an item from a local wholesaler; however, the item itself was produced outside the Cleveland area. In this case, values are discounted by the proportion of goods sold in the region but produced outside the region.¹¹ Third, although the household sector (payroll) is reported as an industry, IMPLAN distributes these monies among the various industries from which households make purchases for individual consumption.

⁸ Type SAM multipliers are used in this study. SAM multipliers are based on information in a social account matrix that considers social security and income tax leakage, institution savings, commuting, and inter-institutional transfers.

⁹ Expenditures in both tables have been discounted by 58 percent to take into account locally generated revenues and wealthier households who could travel outside the region for live theater.

¹⁰ The regional model data within IMPLAN utilizes 2000 data. The analyst specifies the year in which the expenditure was made so that IMPLAN can apply the appropriate inflator or deflator.

¹¹ In cases where goods are purchased locally but produced outside the region, some local economic contribution is still captured via wholesale, retail, and transportation margins. Margins represent the difference between producer and purchaser prices (money spent by PSC). The end result is that, by using margins, the value of the economic contribution is split into the portion going to retail markup (local), wholesale markup (local), transportation cost (local), and producer price (outside the region).

Indirect impact is estimated by summing the contributions of individual industries that provide inputs to the producers of the products and services ultimately consumed by Playhouse Square Center. Induced impact is estimated by measuring the spending of workers who are employed as a result of the demand for products and services created by PSC. The total output impact is the sum of change in final demand, direct impact, indirect impact, and induced impact.

Table 2 reveals output impacts by aggregate industry group. It indicates how PSC's spending patterns affect all sectors of the economy.

Table 2. Cleveland Metropolitan Area Output Impact Based on PSC Spending

Industry Sector	PSC Expenditures	Direct Impact	Indirect Impact	Induced Impact	D+I+I
Agriculture Services & Products	\$3,295	\$5,058	\$7,992	\$6,819	\$19,869
Mining	\$0	\$306	\$25,762	\$4,089	\$30,157
Construction	\$598,827	\$559,569	\$96,301	\$29,449	\$685,319
Food Services	\$189,897	\$101,161	\$12,055	\$22,260	\$135,476
Manufacturing	\$885,233	\$754,054	\$205,777	\$115,055	\$1,074,886
Transportation	\$27,543	\$49,515	\$58,232	\$32,516	\$140,263
Communications	\$820,737	\$788,874	\$97,694	\$44,826	\$931,394
Utilities	\$511,666	\$509,004	\$47,445	\$32,800	\$589,249
Trade	\$256,494	\$567,470	\$43,082	\$335,925	\$946,477
Finance, Insurance, Real Estate	\$520,774	\$827,348	\$262,828	\$447,054	\$1,537,230
Services	\$1,116,219	\$1,488,476	\$840,403	\$560,237	\$2,889,116
Government	\$287,530	\$346,276	\$38,259	\$45,650	\$430,185
Households	\$2,483,233	\$0	\$0	\$0	\$0
Other	\$0	\$1,164,413	\$0	\$0	\$1,164,413
TOTAL	\$7,701,448	\$7,161,524	\$1,735,830	\$1,676,680	\$10,574,034

Change in Final Demand	\$12,254,880
Direct Impact	\$7,161,524
Indirect Impact	\$1,735,830
Induced Impact	\$1,676,680
TOTAL PSC OUTPUT IMPACT	\$22,828,914

D+I+I: Summation of direct impact, indirect impact, and induced impact.

Household expenditures include PSC employee payroll and medical insurance. Employee payroll has been further reduced to only include disposable income. For this study, disposable income is equal to 75 percent of the gross amount. Disposable income excludes income that is used for savings and to pay taxes.

For output impact, Change in Final Demand (CFD) is equal to expenditures by PSC both locally and outside the region (excluding payroll) discounted by revenues that have been locally generated, in this case by 58 percent. In addition, the discounted CFD was deflated to 2000 dollars.

¹² For example, in Table 2, PSC's total spending resulted in output of \$685,000 in construction sector-related businesses. The total output impact of Playhouse Square Center on the regional economy is almost \$23 million. More than \$12 million (54%) of this impact results from change in final demand that occurs because PSC brings resources from outside the region to spur local economic activity. More than \$7 million (31%) of the total output impact is a result of PSC's direct spending for goods and services purchased in the region. The remaining output impact (over \$3 million) is in the form of indirect and induced contributions as PSC spending ripples through the economy.

Economic Impact on Employment

Playhouse Square Center's economic activities in the Cleveland metro area affect job creation beyond PSC's hiring of its own employees (change in final demand). Spending by PSC creates employment in industries from which Playhouse Square purchases goods and services (direct impact) and industries that provide inputs into those products and services (indirect impact). In addition, monies spent by PSC employees and employees of those companies PSC does business with create jobs in a variety of other industries (induced impact). Total economic impact on employment equals the sum of PSC employment, direct impact, indirect impact, and induced impact.

Table 3 on the next page shows the number of jobs created by aggregate industry group. It reveals that Playhouse Square spending affects job creation in each sector. For example, PSC's total spending of \$7.7 million (2003 dollars) across the economy resulted in the creation of 45 jobs in the service sector.

Total employment impact by Playhouse Square Center on the regional economy is 201 jobs. Ninety-three of these jobs were created within PSC itself (see Table 3 notes). As a result of PSC's direct spending for goods and services purchased in the region, 68 jobs were created, or 34 percent of the total. The remaining employment impact, 40 jobs, is in the form of indirect and induced employment impact, as Playhouse Square spending ripples through the economy.

¹² Households are the only sector in which no spending is reported. IMPLAN distributes monies spent by households among the various industry sectors from which people make purchases for individual consumption.

Table 3. Cleveland Metropolitan Area Employment Impact Based on PSC Spending

Industry Sector	PSC Expenditures	Direct Impact	Indirect Impact	Induced Impact	D+I+I
Agricultural Services & Products	\$3,295	0	0.2	0.1	0.3
Mining	\$0	0	0.1	0	0.1
Construction	\$598,827	8.3	1.3	0.4	10
Food Services	\$189,897	0.4	0	0	0.4
Manufacturing	\$885,233	5.9	0.5	0	6.4
Transportation	\$27,543	0.6	0.4	0.3	1.3
Communications	\$820,737	3.8	0.4	0.1	4.3
Utilities	\$511,666	2	0.1	0.1	2.2
Trade	\$256,494	14.5	0.6	8	23.1
Finance, Insurance, Real Estate	\$520,774	3.9	2.1	2	8
Services	\$1,116,219	23.4	12.6	9.3	45.3
Government	\$287,530	4.6	0.3	0.2	5.1
Households	\$2,483,233	0	0	0	0
Other	\$0	0.2	0	0.3	0.5
TOTAL	\$7,701,448	67.6	18.6	20.8	107

Change in Final Demand	93 Jobs
Direct Impact	68 Jobs
Indirect Impact	19 Jobs
Induced Impact	21 Jobs
Total PSC Employment Impact	201 Jobs

D+I+I: Summation of direct impact, indirect impact and induced impact.

For employment impact, Change in Final Demand (CFD) is equal to the number of full-time equivalent employees (222) working for Playhouse Square Center discounted by 58 percent to account for locally generated revenues:

$$222 * 0.42 = 93 \text{ employees.}$$

Economic Impact on Earnings

Every new job created by Playhouse Square’s purchase of goods and services from businesses in the Cleveland metro area generated new earnings for local households.

Economic impact on earnings is the estimated total change in earnings that occurs within local households due to the spending by PSC for goods and services. Adding the direct, indirect, and induced impacts generated by the different spending categories to the payroll received by Playhouse Square Center employees (final demand change), results in total earnings impact.

Aggregate industry earnings impact is shown in Table 4. For example, as Playhouse Square spending moved through the economy, households with workers in the service sector saw their earnings increase by almost \$1.4 million.

Total household earnings in the region increased by nearly \$6 million as a result of PSC's spending on goods and services. Almost \$2.4 million (40%) of this impact results from change in final demand that occurs because of PSC's internal payroll (see Table 4 notes). Approximately \$2.3 million (38%) of the total earning contribution is a result of Playhouse Square's direct spending for goods and services purchased in the region. The remaining earnings impact, \$1.3 million, is in the form of indirect and induced contributions, as PSC spending ripples through the economy.

Table 4. Cleveland Metropolitan Area Earnings Impact Based on PSC Spending

Industry Sector	PSC Expenditures	Direct Impact	Indirect Impact	Induced Impact	D+I+I
Agricultural Services & Products	\$3,295	\$1,210	\$2,710	\$1,898	\$5,818
Mining	\$0	\$42	\$3,542	\$572	\$4,156
Construction	\$598,827	\$358,075	\$56,903	\$15,453	\$430,431
Food Services	\$189,897	\$15,099	\$2,148	\$3,998	\$21,245
Manufacturing	\$885,233	\$274,230	\$53,226	\$24,582	\$352,038
Transportation	\$27,543	\$18,940	\$20,519	\$11,782	\$51,241
Communications	\$820,737	\$262,985	\$26,575	\$11,458	\$301,018
Utilities	\$511,666	\$100,360	\$7,284	\$5,373	\$113,017
Trade	\$256,494	\$238,010	\$18,532	\$153,137	\$409,679
Finance, Insurance, Real Estate	\$520,774	\$133,159	\$71,931	\$71,054	\$276,144
Services	\$1,116,219	\$651,082	\$406,696	\$310,394	\$1,368,172
Government	\$287,530	\$217,883	\$20,541	\$14,962	\$253,386
Households	\$2,483,233	\$0	\$0	\$0	\$0
Other	\$0	\$1,693	\$0	\$3,346	\$5,039
TOTAL	\$7,701,448	\$2,272,768	\$690,607	\$628,009	\$3,591,384

Change in Final Demand	\$2,364,038
Direct Impact	\$2,272,768
Indirect Impact	\$690,607
Induced Impact	\$628,009
Total PSC Earnings Impact	\$5,955,422

D+I+I: Summation of direct impact, indirect impact and induced impact.

For earnings impact, Change in Final Demand (CFD) is equal to the disposable income (75 percent of gross income) plus medical insurance paid to PSC employees during FY2003 discounted by revenues that have been locally generated, in this case by 58 percent. In addition, the discounted CFD was deflated to 2000 dollars.

ECONOMIC IMPACT OF OUT-OF-REGION PERFORMER SPENDING PATTERNS

This section describes the economic impact on the Cleveland metro area by performers who come from out of the region (OOR) to entertain audiences at Playhouse Square Center.¹³ The same methodology that was used to calculate Playhouse Square Center's economic impact will be utilized here. As before, IMPLAN multipliers are used to estimate impact in terms of output, employment, and earnings.

Production companies typically pay OOR performers a \$100 per diem for living expenses. Since these monies come from outside the region, the entire amount can be included in the expenditure schedule. The per diem is above and beyond a performer's salary. Performers, including many of the stars, generally stay at either the Wyndham Hotel or Embassy Suites in downtown Cleveland. It is estimated that about 60 percent of the performers either double or even triple up in one room. The negotiated rate at both hotels is \$65 per night regardless of whether there are one, two, or three persons in a room. Usually, the only other spending by performers is for food and drink. Typically, performers get together as a group after a show and go to a local nightclub for entertainment. If the show is in town for a two-week run, some performers may go to the art museum or the Rock 'n Roll Hall of Fame. However, it is very difficult to estimate spending at recreation venues. Performers try to minimize spending in cities in which they perform so that they can send most of their paycheck home. Cleveland is no exception to this rule. As a result, lodging places (service sector) and eating and drinking (trade sector) are the only industries to which OOR performer expenditures were assigned.

Economic Impact on Output

Data provided by the Playhouse Square Center shows that in calendar year 2002, almost 3,200 performers worked in Cleveland, resulting in 23,105 hotel room nights.¹⁴ For the impact analysis, it was assumed that 60 percent of the performers doubled up in hotel rooms and 40 percent had their own rooms. It was further assumed that each performer spent the entire \$100 per diem, and the only spending other than lodging was for food and drink. Total OOR performer spending (2002 dollars) in Cleveland is estimated at \$2.3 million.

Table 5 reveals output impacts by aggregate industry group. Table 5 clearly shows how monies spent in hotels (service sector) and food and drink establishments (trade sector) were distributed throughout the economy for the purchase of goods and services that were needed to

¹³ Out-of-region performers include all personnel associated with the production company.

¹⁴ Performance activity was only available by calendar year, not fiscal year. As a result, OOR performer impact is for calendar year 2002, not fiscal year 2003.

provide the hospitality expected by OOR performers. For example, performer spending of \$2.3 million (2002 dollars) resulted in output of almost \$1.4 million in service sector-related businesses.

Table 5. Cleveland Metro Area Output Impact Based on OOR Performer Spending

Industry Sector	OOR Expenditures	Direct Impact	Indirect Impact	Induced Impact	D+I+I
Agriculture	\$0	\$0	\$3,704	\$2,431	\$6,135
Mining	\$0	\$0	\$1,728	\$1,457	\$3,185
Construction	\$0	\$0	\$37,176	\$10,496	\$47,672
Food Services	\$0	\$0	\$38,705	\$7,933	\$46,638
Manufacturing	\$0	\$0	\$54,163	\$40,998	\$95,161
Transportation	\$0	\$0	\$33,875	\$11,589	\$45,464
Communications	\$0	\$0	\$30,823	\$15,976	\$46,799
Utilities	\$0	\$0	\$26,090	\$11,690	\$37,780
Trade	\$1,259,255	\$1,203,230	\$22,520	\$119,722	\$1,345,472
Finance, Insurance, Real Estate	\$0	\$0	\$132,288	\$159,325	\$291,613
Services	\$1,051,245	\$976,434	\$199,340	\$199,663	\$1,375,437
Government	\$0	\$0	\$20,256	\$15,079	\$35,335
Other	\$0	\$0	\$0	\$1,191	\$1,191
TOTAL	\$2,310,500	\$2,179,664	\$600,668	\$597,550	\$3,377,882

Change in Final Demand	\$2,239,800
Direct Impact	\$2,179,664
Indirect Impact	\$600,668
Induced Impact	\$597,550
OOR Output Impact	\$5,617,682

D+I+I: Summation of direct impact, indirect impact and induced impact.
 For output impact, Change in Final Demand (CFD) is equal to expenditures by OOR performers deflated to 2000 dollars.

The total output impact of OOR performers on the regional economy is estimated at \$5.6 million. More than \$2.2 million (40%) of this impact results from change in final demand that occurs because OOR performers bring resources (money) from outside the region to spur local economic activity. Another \$2.2 million (39%) of the total output impact is a result of OOR performers' direct spending for goods and services purchased in the region. The remaining output impact (\$1.2 million) is in the form of indirect and induced contributions as performer spending ripples through the economy.

Economic Impact on Employment

Spending by OOR performers creates employment in industries from which they purchase goods and services (direct impact) and industries that provide inputs into those goods and services (indirect impact). In addition, monies spent by employees of those companies that OOR performers do business with create jobs in a variety of other industries (induced impact). Total economic impact on employment equals the sum of the direct, indirect, and induced impacts. There is no change in final demand because OOR performers are not the hiring agent for any workers in Greater Cleveland.

Table 6 shows the number of jobs created by aggregate industry group. For example, as a result of OOR performers' spending of \$2.3 million (2002 dollars) spread across the economy, 24 jobs were created in the service sector.

Table 6. Cleveland Metro Area Employment Impact Based on OOR Performer Spending

Industry Sector	OOE Expenditures	Direct Impact	Indirect Impact	Induced Impact	D+I+I
Agriculture	\$0	0.0	0.1	0.0	0.1
Mining	\$0	0.0	0.0	0.0	0.0
Construction	\$0	0.0	0.5	0.1	0.6
Food Services	\$0	0.0	0.1	0.0	0.1
Manufacturing	\$0	0.0	0.2	0.0	0.2
Transportation	\$0	0.0	0.4	0.1	0.5
Communications	\$0	0.0	0.1	0.0	0.1
Utilities	\$0	0.0	0.1	0.0	0.1
Trade	\$1,259,255	34.3	0.4	2.9	37.6
Finance, Insurance, Real Estate	\$0	0.0	1.0	0.7	1.7
Services	\$1,051,245	17.3	3.6	3.4	24.3
Government	\$0	0.0	0.2	0.0	0.2
Other	\$0	0.0	0.0	0.1	0.1
TOTAL	\$2,310,500	51.6	6.7	7.3	65.6

Direct Impact	52 Jobs
Indirect Impact	7 Jobs
Induced Impact	7 Jobs
OOE Employment Impact	66 Jobs

D+I+I: Summation of direct impact, indirect impact and induced impact.

For employment impact, there is no change in final demand because OOR performers are not the hiring agent for any workers in Greater Cleveland.

Total employment impact by OOR performers on the regional economy is the creation of 66 jobs. As a result of their direct spending for goods and services purchased in the region, 52 jobs were created, or 79 percent of the total. The remaining employment impact (14 jobs) is

generated through the indirect and induced components as OOR performer spending ripples through the economy.

Economic Impact on Earnings

Every new job created by OOR performers through their purchasing of goods and services from businesses in the Cleveland metro area generates new earnings for local households. Economic impact on earnings is the estimated total change in earnings that occurs within local households due to spending by OOR performers for goods and services. Adding the direct, indirect, and induced impacts generated by spending in hotels, restaurants, and nightclubs results in total earnings impact. Similar to employment impact, there is no change in final demand because OOR performers are not employees of PSC. Rather, production companies located outside the region pay their wages.

Aggregate industry earnings impact is shown in Table 7. It clearly shows how monies spent in hotels, restaurants, and bars generated increased household earnings in every major industry sector. For example, as OOR performer spending moved through the economy, households with workers in the service sector saw their earnings increase by over \$600,000.

Table 7. Cleveland Metro Area Earnings Impact Based on OOR Performer Spending

Industry Sector	OOR Expenditures	Direct Impact	Indirect Impact	Induced Impact	D+I+I
Agriculture	\$0	\$0	\$1,290	\$677	\$1,967
Mining	\$0	\$0	\$241	\$203	\$444
Construction	\$0	\$0	\$23,364	\$5,507	\$28,871
Food Services	\$0	\$0	\$6,975	\$1,428	\$8,403
Manufacturing	\$0	\$0	\$14,880	\$8,751	\$23,631
Transportation	\$0	\$0	\$13,302	\$4,199	\$17,501
Communications	\$0	\$0	\$8,561	\$4,084	\$12,645
Utilities	\$0	\$0	\$5,249	\$1,915	\$7,164
Trade	\$1,259,255	\$443,525	\$9,123	\$54,576	\$507,224
Finance, Insurance, Real Estate	\$0	\$0	\$31,148	\$25,322	\$56,470
Services	\$1,051,245	\$385,736	\$107,344	\$110,621	\$603,701
Government	\$0	\$0	\$8,161	\$5,333	\$13,494
Other	\$0	\$0	\$0	\$1,192	\$1,192
TOTAL	\$2,310,500	\$829,261	\$229,638	\$223,808	\$1,282,707

Direct Impact	\$829,261
Indirect Impact	\$229,638
Induced Impact	\$223,808
OOR Earn. Impact	\$1,282,707

D+I+I: Summation of direct impact, indirect impact and induced impact.
 For earnings impact, there is no change in final demand because OOR performers are not employees of PSC. Rather, their wages are paid by production companies located outside the region.

Total household earnings in the region increased by nearly \$1.3 million as a result of OOR performer spending. More than \$800,000, or 65 percent, of the total earnings impact is a result of OOR performers' direct spending for goods and services purchased in the region. The remaining earnings impact of over \$450,000 is in the form of indirect and induced contributions, as performer spending ripples through the economy.

ECONOMIC IMPACT OF OUT-OF-REGION VISITOR SPENDING PATTERNS

This section describes the economic impact on the Cleveland metropolitan area by visitors who come from out of the region (OOR) to attend events at Playhouse Square Center. The same analytical methods for estimating economic impact that were used previously are employed here.

Patrons who live outside the 18-county Northeast Ohio region purchased over 53,000 tickets for Playhouse Square events. This represents about six percent of all tickets sold during calendar year 2002. According to records provided by PSC, these patrons come from every state in the U.S. In all likelihood, as part of their Playhouse Square experience, these visitors will stay in a local hotel and eat in an area restaurant. The monies they spend have a significant economic impact on the region. Since the monies come from outside the region, the entire amount can be included in the expenditure schedule.

Economic Impact on Output

Given that it is impossible to track the itinerary of OOR visitors, only a limited amount of their expenditures can be included in the IMPLAN impact model. For the analysis, two assumptions were made regarding OOR visitors' attendance at Playhouse Square Center. First, we attributed one night's stay at an area hotel to attending the theater. Second, OOR visitors generally travel as couples. Therefore, the 53,200 tickets purchased by OOR visitors resulted in 26,600 hotel room nights. Table 8 shows the expenditures that were included in the IMPLAN model.

Table 8. OOR Visitor Expenditure Schedule

Industry Description	Amount
Lodging Places	\$3,460,730
Eating & Drinking	\$2,023,196
Petroleum Products	\$399,315
Automobile Parking	\$266,210
TOTAL	\$6,149,451

Table 9 shows output impacts by aggregate industry group. It is evident how the spending by OOR visitors in a limited number of industries (see Table 8) affects every sector of the economy. Money spent in hotels, restaurants, parking garages, and gas stations was distributed across the economy through the purchase of goods and services needed by lodging establishments, restaurants and bars, garages, and gasoline stations to provide the services requested by OOR visitors. For example, visitor spending of \$6.1 million (2002 dollars) resulted in output of almost \$4.4 million in service sector-related businesses.

Table 9. Cleveland Metro Area Output Impact Based on OOR Visitor Spending

Industry Sector	OOR Expenditures	Direct Impact	Indirect Impact	Induced Impact	D+I+I
Agriculture	\$0	\$0	\$9,949	\$6,212	\$16,161
Mining	\$0	\$0	\$9,391	\$3,724	\$13,115
Construction	\$0	\$0	\$102,243	\$26,826	\$129,069
Food Services	\$0	\$0	\$61,370	\$20,277	\$81,647
Manufacturing	\$399,315	\$164,867	\$135,827	\$104,798	\$405,492
Transportation	\$0	\$78,418	\$94,403	\$29,619	\$202,440
Communications	\$0	\$0	\$79,159	\$40,834	\$119,993
Utilities	\$0	\$0	\$67,208	\$29,879	\$97,087
Trade	\$2,023,196	\$1,981,914	\$45,509	\$305,999	\$2,333,422
Finance, Insurance, Real Estate	\$0	\$0	\$354,063	\$407,228	\$761,291
Services	\$3,726,940	\$3,350,547	\$508,514	\$510,329	\$4,369,390
Government	\$0	\$474	\$53,123	\$38,540	\$92,137
Other	\$0	\$46,411	\$0	\$3,044	\$49,455
TOTAL	\$6,149,451	\$5,622,631	\$1,520,759	\$1,527,309	\$8,670,699

Change in Final Demand	\$5,854,277
Direct Impact	\$5,622,631
Indirect Impact	\$1,520,759
Induced Impact	\$1,527,309
OOR Output Impact	\$14,524,976

D+I+I: Summation of direct impact, indirect impact, and induced impacts
 For output impact, Change in Final Demand is equal to expenditures by OOR visitors deflated to 2000 dollars.

The total output impact of OOR visitors on the regional economy is estimated at \$14.5 million. More than \$5.8 million (40%) of this impact results from change in final demand that occurs because OOR visitors bring money from outside the region to purchase goods and services that stimulate local economic activity. Another \$5.6 million (39%) of the total output impact is a result of direct visitor spending for goods and services purchased in the region. The remaining impact (\$3 million) is in the form of indirect and induced contributions as visitor spending ripples through the economy.

Economic Impact on Employment

Spending by visitors from outside the region creates employment in industries from which they purchase goods and services (direct impact) and industries that provide inputs for producing those goods and services (indirect impact). In addition, monies spent by employees of these industries create jobs in a variety of other industries (induced impact). Total economic impact on employment equals the sum of the direct, indirect, and induced impacts. Change in final demand does not exist in this case because OOR visitors are not the hiring agent for any workers in the Cleveland metro area.

Table 10 shows the number of jobs created by aggregate industry group. For example, as a result of visitor spending of \$6.1 million (2002 dollars) spread across the economy, 79 jobs were created in the service sector.

Table 10. Cleveland Metro Area Employment Impact Based on OOR Visitor Spending

Industry Sector	OOE Expenditures	Direct Impact	Indirect Impact	Induced Impact	D+I+I
Agriculture	\$0	0	0.2	0.1	0.3
Mining	\$0	0.0	0.0	0.0	0.0
Construction	\$0	0.0	1.5	0.4	1.9
Food Services	\$0	0.0	0.2	0.0	0.2
Manufacturing	\$399,315	0.2	0.4	0.0	0.6
Transportation	\$0	0.5	1.0	0.2	1.7
Communications	\$0	0.0	0.3	0.1	0.4
Utilities	\$0	0.0	0.2	0.1	0.3
Trade	\$2,023,196	56.0	0.9	7.3	64.2
Finance, Insurance, Real Estate	\$0	0.0	3.1	1.7	4.8
Services	\$3,726,940	60.8	9.7	8.8	79.3
Government	\$0	0.0	0.3	0.2	0.5
Other	\$0	0.0	0.0	0.3	0.3
TOTAL	\$6,149,451	117.5	17.8	19.2	154.5

Direct Impact	118 Jobs
Indirect Impact	18 Jobs
Induced Impact	19 Jobs
OOE Employment Impact	155 Jobs

D+I+I: Summation of direct impact, indirect impact, and induced impact.

For employment impact, there is no change in final demand because OOR visitors are not the hiring agent for any workers in Greater Cleveland.

Total employment impact by OOR visitors on the regional economy is the creation of 155 jobs. Visitor spending in hotels, restaurants and bars, parking garages, and gas stations generated 118 jobs (direct impact), or 76 percent of the total. The remaining employment impact (37 jobs) is generated as OOR visitor spending ripples through the economy.

Economic Impact on Earnings

Every new job created through the purchasing of goods and services by visitors from outside the region generates new earnings for local households. Economic impact on earnings is defined as the estimated total change in earnings that occurs within local households due to spending by OOR visitors for goods and services. Adding the direct, indirect, and induced impacts generated by spending in hotels, bars and restaurants, parking garages, and gasoline stations results in total earnings impact. There is no change in final demand because visitors from outside the region are not PSC employees. Table 11 reveals aggregate earnings impact.

As visitor spending is dispersed across the economy, households with workers in the service sector saw their earnings increase by almost \$1.9 million. In addition, Table 11 shows how purchasing in the service sector generated increased household earnings in every major industry sector.

Table 11. Cleveland Metro Area Earnings Impact Based on OOR Visitor Spending

Industry Sector	OOR Expenditures	Direct Impact	Indirect Impact	Induced Impact	D+I+I
Agriculture	\$0	\$0	\$3,538	\$1,728	\$5,266
Mining	\$0	\$0	\$1,297	\$520	\$1,817
Construction	\$0	\$0	\$64,309	\$14,076	\$78,385
Food Services	\$0	\$0	\$11,066	\$3,648	\$14,714
Manufacturing	\$399,315	\$18,334	\$35,111	\$22,384	\$75,829
Transportation	\$0	\$28,593	\$37,895	\$10,731	\$77,219
Communications	\$0	\$0	\$21,619	\$10,437	\$32,056
Utilities	\$0	\$0	\$13,424	\$4,895	\$18,319
Trade	\$2,023,196	\$740,453	\$18,590	\$139,496	\$898,539
Finance, Insurance, Real Estate	\$0	\$0	\$86,146	\$64,724	\$150,870
Services	\$3,726,940	\$1,321,590	\$276,525	\$282,742	\$1,880,857
Government	\$0	\$124	\$21,636	\$13,629	\$35,389
Other	\$0	\$0	\$0	\$3,048	\$3,048
TOTAL	\$6,149,451	\$2,109,094	\$591,156	\$572,058	\$3,272,308

Direct Impact	\$2,109,094
Indirect Impact	\$591,156
Induced Impact	\$572,058
OOR Earnings Impact	\$3,272,308

D+I+I: Summation of direct impact, indirect impact, and induced impact.
For earnings impact, there is no change in final demand because OOR visitors are not employees of the Playhouse Square Center.

Total household earnings across the Cleveland metro area increased by almost \$3.3 million as a result of OOR visitor spending. More than \$2.1 million, or 64 percent, of the total earnings impact is the result of the initial purchases by OOR visitors in the region. The

remaining earnings impact of over \$1.1 million is attributable to the indirect and induced contributions as visitor spending ripples through the economy.

PLAYHOUSE SQUARE ECONOMIC IMPACT ON GREATER CLEVELAND: SUMMARY

Economic activity generated by Playhouse Square Center, by performers from outside the region, and by visitors from outside the region produced the following economic impacts in the Cleveland metropolitan area:¹⁵

- Total Output Impact: \$43.0 million
- Total Employment Impact: 422 jobs
- Total Earnings Impact: \$10.5 million

Table 12. Total Playhouse Square Impact on the Cleveland Metro Area

Category	Output	Employment	Earnings
Playhouse Square Center	\$22,828,914	201 jobs	\$5,955,422
Out-of-Region Performers	\$5,617,682	66 jobs	\$1,282,707
Out-of-Region Visitors	\$14,524,976	155 jobs	\$3,272,308
TOTAL	\$42,971,572	422 jobs	\$10,510,437

Notes:

Playhouse Square Center impact values shown above are limited to theater-related activities. They do not include any impact generated by Playhouse Square Foundation's real estate ventures that are discussed elsewhere in this study.

The methodology used in this study strictly adheres to economic impact analysis protocol. This is especially true when reviewing PSC revenues and expenditures and only includes those monies that come from outside the local economy and are spent locally. The result of this adherence is that the calculated impact values may be somewhat lower than they would be if a more lax interpretation of the protocol were used.

¹⁵ Impact values presented are in 2000 dollars.

PLAYHOUSE SQUARE EDUCATIONAL PROGRAMS

As reflected in its mission statement, the Playhouse Square Foundation (PSF) sees arts education as a very important element of its work. Through its educational programming, Playhouse Square introduces new audiences to the arts and integrates the arts with learning.

PSF is currently implementing a strategic plan to increase its role in arts education. As a result, educational program offerings have expanded substantially in the last few years. Most programs have been in existence for less than five years. An Arts Education Center is currently being developed to provide space for existing programs and to allow for expansion in the future. The education department's annual budget is approximately \$1 million; about half of the budget is contributed income (grants, sponsorships, donations, etc.). Playhouse Square works diligently to raise funds to support its educational programs and make them free or affordable to anyone who wishes to participate.

The following sections describe the various educational programs offered by Playhouse Square. First is an overview of programs targeted at students and teachers; this is followed by an overview of programs offered to the broader community. The final section provides a more in-depth look at four of the most popular programs offered by Playhouse Square: Fair on the Square, CenterFest, Master Classes and Artist Residencies, and Student Matinees.

PROGRAMS FOR K-12 STUDENTS AND TEACHERS

Class Acts – Professional Development Programs for Teachers

Playhouse Square Center offers professional development opportunities for area educators through its Class Acts program. Teachers are provided with methods and lesson plans to help better integrate the arts into the core curriculum. Playhouse Square hires local and nationally known artists to lead program activities through the Summer Institute, Weekend Retreats, Saturday Seminars, PlayDates, and In-Service opportunities. Teachers are able to interact directly with the artists and see examples of the highest standard in the craft as well as discuss issues of pedagogy. Education students who participate in the program are eligible to receive graduate credit through the Community Music Enrichment Program housed at Cleveland State University. Playhouse Square Center raises money to provide scholarships to some of the students attending the sessions for graduate credit. For each of the past three years, approximately 150 educators have participated in the Class Acts program. They represent school districts from across the region.

eXtreme Theatre Festival

The eXtreme Theatre Festival is a three-day event for high school students designed to explore the world of theater as well as provide the students with an opportunity to hone their artistic skills. Participants see performances of Broadway, opera, and children's theater and then develop their own track of workshops in acting, voice, dance, and tech. This allows students the option of either learning about a broad range of theater arts or focusing on a specific discipline. Workshop facilitators include local artists, many from Case Western Reserve University and Baldwin-Wallace College. Approximately 170 area teenagers participated in this intensive and unique program over the last three school years. The \$125 program fee covers the costs of hosting the performances attended by participants. In the hopes of attracting more students from Cleveland, Playhouse Square Center raises money to sponsor Cleveland Municipal School District students.

Career Days

Career Days affords area high school students the opportunity to explore careers in the arts. Students participate in panel discussions with actors, set and lighting designers, production staff, and arts administrators. Both local artists and artists from touring Broadway companies donate their time to speak to the students. Career Days are held two to four times each year, and the program has become one of the most highly demanded educational programs offered by Playhouse Square.

Slam U!

Slam U! introduces teens to slam poetry through a series of interactive workshops. Participants attend sessions that focus on technique and then have an opportunity to demonstrate what they have learned. They do not compete with one another, but their performances are critiqued. This gives students a chance to receive feedback and perfect their work. Slam U! kicks off at CenterFest and is followed by three additional workshops held throughout the school year. It culminates with a performance at the end of the season that highlights the talents of participating teens.

Jump Start Days

Jump Start Days provides an opportunity for middle school students to visit Playhouse Square Center for a day of exposure to theater arts. The program was recently created in

response to educators' interest in an arts education program for this age group. Students in grades six through eight are invited to take tours of the theaters in the Playhouse Square complex as well as engage in workshops focused on singing, dancing, and acting. Some students choose to present a short performance at the end of the day.

S.T.A.R.S.

Students Take a Role at the Square (S.T.A.R.S.) is a program that trains volunteer high school students to help prepare for and facilitate pre- and post-show educational activities associated with the Westfield Group Children's Theatre Series and Discovery Theatre Series. The volunteers primarily assist with the make-and-take craft activities that the younger children participate in as part of their theater experience. Additionally, S.T.A.R.S. participants are coached in the operations of a performing arts center and given opportunities to usher selected children's theater and family performances. More than 100 students have participated in the S.T.A.R.S. program over the last few school years.

Broadway Pre-Show Workshops for Teens

Collaboration between the Education Department and the Group Sales Department has led to this series of workshops aimed at area teens attending Broadway Series performances. Dance workshops are provided at a minimal charge when groups of 20 or more teens from a school or youth group book seats for a touring Broadway performance. Participants in the workshops are given the opportunity to explore the performing arts as they relate to the particular show they are about to attend. This program was initiated for the 2003-2004 season and has served approximately 40 students in two sessions thus far.

PROGRAMS FOR THE COMMUNITY

Broadway Buzz!

Broadway Buzz! is Playhouse Square's primary education program aimed at adults. Throughout the run of each Broadway Series production, the Broadway Buzz! program issues informative newsletters and hosts over 130 pre-show discussions and post-show dialogues with artists. Broadway Buzz! has become a popular resource for subscribers and single ticket buyers to enhance their understanding, appreciation, and enjoyment of musical theater. Broadway Buzz! educational events reach over 11,000 patrons each season.

Pre-show Discussions

Prior to each Broadway Series performance (96 events), Playhouse Square brings local experts in the arts, history, and literature to lead discussions related to the show. The talks provide audience members the context with which to view the work and sharpen their analytical readiness prior to the show. Each season, more than 7,000 theater patrons attend pre-show discussions.

Post-show 'Chats with Cast'

'Chats with Cast' provide audience members with the opportunity to interact with artists directly involved in Broadway Series productions. The chats are offered for two performances per production (12 events) and serve as vehicles for follow-up and de-briefing following Broadway shows. More than 1,500 audience members participated in the post-show chats during the 2002-2003 season.

Sneak Peeks

Sneak Peeks are intended to raise awareness and interest in the Broadway Series productions. Six to eight times per season, Sneak Peeks provide musical revues that feature scenes, music, and dance highlights from the upcoming season's productions and an insightful glimpse into their place in the musical theater. The program enables Playhouse Square Center to work with talented local professional artists who create and perform the Sneak Peeks and, in turn, promote the Broadway Series. The program provides an opportunity to develop new audiences as well as enhance the theater experience for loyal audience members. During the 2002-2003 season, Sneak Peeks reached approximately 1,500 individuals at local libraries, work sites, and community centers.

Broadway Buzz! Newsletter

For each of the six productions in the Broadway Series, a printed newsletter is mailed to all series subscribers and distributed at targeted events throughout the year. The newsletter is designed to introduce the content and context of each work and provide 'insider' information about happenings at Playhouse Square Center. More than 70,000 newsletters are distributed each season.

Our Community on Stage

Our Community on Stage promotes collaborative partnerships that provide local artists with access to Playhouse Square Center's stages and rehearsal halls. The program also lends access to resources at the Center such as box office, marketing, and printing to local artists and groups. Some groups that have taken advantage of the program are: Verb Ballet, Dancing Wheels, and Young Audiences of Greater Cleveland. In exchange for the use of Playhouse Square Center's resources, participating groups may lend their services in teaching workshops or holding seminars in their respective areas of expertise. These collaborations help connect Playhouse Square with targeted communities and neighborhoods while profiling local artists.

Broadway Bound!

Recognizing that the performing arts offer a tremendous opportunity for families to learn together, Playhouse Square Center offers intergenerational education and outreach programs to enhance Broadway Series performances. Broadway Bound! activities excite and inform younger audience members about age-appropriate productions of the Broadway Series. The free activities include lobby activities and exhibits that provide artistic, historical, and biographical context for the production and employ a variety of media such as books, artwork, historical documents, and costumes. Examples include crafting leis for the performance of South Pacific or period art exhibits provided by the Cleveland Public Library. During the 2002-2003 season, over 5,000 people participated in the Broadway Bound! activities.

PROFILED EDUCATION PROGRAMS

Fair on the Square

Playhouse Square Center's Fair on the Square provides an opportunity for teachers in the Greater Cleveland area to meet with the region's top cultural organizations (museums, theater, dance, and opera companies, etc.). It is an annual exposition where teachers are encouraged to actively engage with the exhibitors; the goal is for teachers to leave with resources to incorporate the arts into their curriculum. Teachers can not only discuss methods for introducing the arts to their students, but can also book field trips, student matinee performances, and sign up for artist residency programs for the upcoming school year. Fair on the Square also includes workshops for teachers. For example, "Finding Funding for Your Classroom or School Project" provides teachers with information on how to apply for grants for special classroom and professional development opportunities. Nearly 1,000 teachers, principals, home-school teachers, college professors, and education students attended the Fair in 2003.

Although Fair on the Square is hosted by Playhouse Square, it is a truly collaborative effort among local arts organizations. Each year, more than 50 organizations post exhibits at the event. It allows them to identify new audiences, market their own educational programs, and learn what others are doing with respect to arts education.

Great Lakes Theatre Festival (GLTF) is a regular participant in Fair on the Square. GLTF is a regional theater company that produces a number of plays each year. Most of its productions are based on the works of classic playwrights. As an exhibitor at Fair on the Square, GLTF informs teachers about student matinee performances, school residencies, and other educational opportunities. GLTF offers more than 20 matinee performances for school children during its spring and fall theater season. The school residency program brings actors to schools for a one-week period to teach students about improvisation, discuss performances and key scenes, and encourage students to learn more about the theater arts. Fair on the Square is an important marketing tool for GLTF as it provides contact with hundreds of teachers in a single day. Equally important, Fair on the Square provides a networking forum for arts educators. It provides an opportunity for them to learn about other programs offered in the community and to coordinate activities and events. Daniel Hahn, GLTF's education director, states that Fair on the Square helps him and his colleagues to gain a "global perspective of what is going on in arts education."

Young Audiences of Greater Cleveland (YAGC) is also a regular participant in Fair on the Square. YAGC is the local chapter of a national organization dedicated to uniting arts and education by introducing school children to professional artists of all disciplines. The organization's executive director, Marsha Dobrynksi, also places great value on Fair on the Square because of its ability to draw teachers from across the region to a single, one-day event. As a small organization with a limited budget for outreach and public relations, YAGC sees Fair on the Square as an instrumental part of its marketing effort. Dobrynksi stresses that Playhouse Square adopts a truly collaborative spirit with respect to the event, acknowledging the strengths of other organizations. In doing so, Playhouse Square not only fulfills its own mission with respect to arts education, but also helps other arts organizations achieve their goals.

CenterFest

CenterFest is Playhouse Square's signature annual event for the community. It is an annual arts open house with free programs and activities for people of all ages. The primary objective in hosting the event is to provide the public access to Playhouse Square theaters and generate further interest in the arts. Over 60 arts groups host exhibits or performances on theater stages, in rehearsal halls and theater lobbies, and on Star Plaza. People can attend shows, enter talent contests, take dancing lessons, create handcrafts, or watch street performers.

CenterFest not only opens the doors of Playhouse Square to the community, but it provides local artists with an opportunity to showcase their work. Artists are paid for their participation in the event, but most become involved with CenterFest because it allows them to demonstrate their talents to a wider audience. Because CenterFest is a very open event, it is difficult to track attendance. However, Playhouse Square estimates that in 2003 approximately 9,000 people attended the event. Success is not measured by attendance estimates alone – Playhouse Square pays close attention to the feedback it receives from participants. CenterFest has grown considerably in recent years (in terms of attendance and offerings) and has become a very popular community event.

Passport Project is one of many local arts organization that participates in CenterFest. The organization's mission is to provide arts education experiences that build community through the arts, encourage respect for diversity and rejection of racism and negative bias, and an excitement for learning and the global community. Passport Project delivers its message through performances, workshops, residencies, and electronic and print media. CenterFest

provides an opportunity for the organization to communicate its message to a wide audience. Passport Project brings a global dance and music collective to the event, which performs music and dance from around the world. It also conducts visual arts projects and leads storytelling sessions. Children can create their own passports and receive stamps based on the performances they have attended or stories they have heard. Project Passport sees CenterFest as a great opportunity to share the arts and introduce people to diverse cultures.

Master Classes and Artist Residencies

Playhouse Square attempts to take full advantage of the skills of visiting artists through master classes and artist residencies. Individuals who visit Cleveland with a touring show are enlisted to teach classes on a particular topic or set of topics. Artists may focus on dance, voice training, improvisation techniques, or creating special effects on stage. Classes may also focus on broader topics such as pursuing a career in the performing arts. The schedule and format of master classes varies. Some classes are associated with the Broadway Series; one class is offered for each production, and these classes are free and open to the public. Other master classes are scheduled as opportunities arise. If a visiting artist is willing to lead a class, Playhouse Square will make the necessary arrangements.

Artist residencies are a more intense form of training. They allow for national touring artists and local artists to spend a substantial amount of time working with a specific group. Many residencies involve groups of teachers or school children with a special interest in the arts. The length of time that artists spend with groups varies. However, by expanding beyond a single class, participants are able to fully benefit from the expertise of the artists.

In fall 2003, students at the Cleveland Municipal School District's Early Childhood Development Center benefited from Playhouse Square's artist residency program. Dr. Charles "Chuck" Davis, founder and artistic director of the North Carolina-based African American Dance Ensemble, spent four weeks with the district's second and third grade students. Students not only learned dance steps; they also learned about the importance of dance in African culture and made ceremonial costumes. Following weeks of practice, third grade students performed at Playhouse Square Center. Dr. Davis and his dance troupe also performed for the students at the school. According to Vida Giles, principal at the Early Childhood Development Center, children loved the opportunity, and parents were also very encouraged. She believes that the experience positively changed the way students socially interact with one another as well as adults and hopes to participate in other artist residencies in the future.

Student Matinees (Westfield Group Children's Theatre Series and Discovery Theatre Series)

Playhouse Square Center offers two theater series to foster the interest and involvement of young people in the theater arts. The Westfield Group Children's Theatre Series targets children in preschool through grade three. The Discovery Theatre Series is aimed at children in grades four through eight. Both theater series offer weekday matinees for school groups as well as public performances (generally weekend matinees). Audience participation is encouraged at most shows to allow children to take part in the performance. Playhouse Square also offers activities in the theater lobbies to provide artistic, historical, and biographical context for the productions.

Children attending performances learn valuable lessons about historical events, classic literature, and important principles for everyday life. This type of education has proven to be critical to students' development, as studies show that children involved in the arts have increased mental and social development. Because the productions are primarily based on classic literature, the theater series provide opportunities to encourage reading and active engagement with material covered in the classroom. During the 2002-2003 school year, nearly 40,000 students and teachers attended school matinee performances, and 16,500 children and family members attended public performances.

The Westfield Group Children's Theatre Series (CTS) is often children's first experience with live theater. The performances frequently bring to life familiar characters from children's books or television shows. Study guides corresponding to the performances are provided to teachers and parents so they may help children to apply what they have learned at Playhouse Square to language arts, math, science, and social studies.

Discovery Theater Series (DTS) performances enhance the classroom curriculum followed by schools in Greater Cleveland. As with the CTS, teachers are provided with study guides that correspond to performances attended by their students. The guides are designed to give teachers the tools to help their students expand their science, math, literature, and social studies skills as well as to appreciate and better understand their experience at Playhouse Square Center.

To further enhance the learning experiences of students attending performances at Playhouse Square, a docent program was recently developed with the assistance of Cleveland State University's volunteer and mentor program. Students in Cleveland State's education department serve as docents, offering 30-minute presentations to students in their classrooms prior to their field trip to Playhouse Square. Docents also assist as ushers and tour guides at

Playhouse Square Center and help to conduct exit surveys of students and families who attend the two children's theater series performances.

In an effort to make the children's theater series available to as many children as possible, tickets sold to school children are offered at a subsidized rate. Students of the Cleveland Municipal School District pay just \$2.75 each; students from other school districts pay \$4.50. In addition, Playhouse Square recognizes that transportation costs can make it difficult for schools to bring students to the theater. PSF funds a bus subsidy program for needy public schools that provides reduced cost bussing. Schools are reimbursed \$150 per bus, and transportation can be arranged on either school or RTA buses. In the 2003 calendar year, approximately \$30,000 was expended on these subsidies. Playhouse Square seeks funding from foundations and other donors to cover the costs of ticket and bus subsidies.

PLAYHOUSE SQUARE EDUCATIONAL PROGRAMS: SUMMARY

Through its educational programs, Playhouse Square seeks to promote interest and involvement in the theater arts. This is achieved by introducing the arts to a wide audience and by integrating the arts with learning. Playhouse Square's educational programs target individuals of all ages and all backgrounds and encourage them to explore Cleveland's arts and cultural scene. Special emphasis is placed on reaching out to children, not only to capture their interest in theater at an early age, but also to provide a means for incorporating the arts in the school curriculum. Lessons are drawn from the performances they attend, and children are taught to apply those lessons to what they are learning in the classroom. Educators are also provided with teaching methods that use the arts as a means to teach specific skills or communicate difficult concepts. It is estimated that Playhouse Square reaches close to 85,000 children and families through the educational programs.

The primary beneficiaries of Playhouse Square's educational programs are those who attend performances and events or enroll in classes, however, the educational programs offered by Playhouse Square also benefit local artists. Playhouse Square draws upon talented individuals in the Greater Cleveland area, hiring them to lead seminars, workshops, classes, and other activities associated with educational programs. Playhouse Square also helps to promote the work of local artists by showcasing their work at various events. This important contribution to the regional economy should not be overlooked.

PLAYHOUSE SQUARE AND THE REBUILDING OF DOWNTOWN CLEVELAND

The traditional framework for analysis of the economic value of an amenity such as Playhouse Square is to tabulate the increment to development or wealth that is generated. There are several important reasons to identify the economic development effects of entertainment venues such as a theater district and to understand the regional and local effects. At the regional level, it is to be expected that these impacts are modest. Entertainment and recreation are important activities and in the absence of any one asset people will still spend money as they enjoy their free or leisure time. However, where recreational spending takes place is critical for at least three reasons. First, recreational spending can generate local tax revenues and change the fiscal climate for cities. Second, the placement of recreational facilities has important impact on land use and commuting patterns and can encourage the reuse of existing infrastructure and reduce the pressure for more extensive development in suburban locations. Third, the placement of any significant recreation or cultural asset can have a catalytic effect on the development and reuse of surrounding land. Any assessment of the economic value of Playhouse Square should consider these issues.

URBAN SPACE AND THE FUTURE OF DOWNTOWN AREAS

The emphasis on arts and culture as tools for economic development has enjoyed renewed interest as the quality of life has become a prime factor in the residential choices made by individuals and businesses. Most communities routinely tout the quality of their arts and cultural programs as part of an economic development strategy. What may be more important, however, is the role of the physical assets of arts and cultural organizations in the design of downtown areas. While Greater Cleveland's development patterns have involved a large-scale shift of residents and businesses to surrounding areas, what is sometimes not appreciated is that this is a persistent pressure in every North America city.

The focus of this report has been the regional impact of Playhouse Square as a source of employment, as a consumer of goods and services produced in the area, and as a provider of arts education to the community. However, the importance of Playhouse Square to the region extends beyond these tangible contributions. Traditional economic impact models capture only a portion of the value of arts organizations. The performing arts center helps to create an image of Greater Cleveland that is perhaps more important than the number of dollars it introduces to

the economy. What would Cleveland be without its strong arts organizations and cultural institutions? Arts and entertainment venues are part of the amenity package that cities offer to residents and visitors. A strong arts and cultural scene not only helps to retain existing levels of visitation, population, and employment but is often needed to attract new employees, residents, and visitors. As the leading performing arts center in the region, Playhouse Square is an important anchor for the city of Cleveland and the downtown area in particular.

The location of arts and entertainment venues in urban centers gained greater relevance in the last few decades. Suburbanization and shifts in the economy have led to increased competition within regions, and economic changes have also led to increased competition between regions. Capital has become increasingly mobile – businesses in the fastest-growing sectors of the economy (services and finance, insurance, and real estate) do not require large industrial facilities and therefore can relocate with relative ease. Regions now compete with one another to attract investment, attempting to lure firms to their area. Success often hinges on the attractiveness of the local labor force. Like businesses, professional workers are increasingly mobile. Their willingness to live in a particular area is not only dependent on the types of jobs available but also the types of amenities.

More than 20 years ago, researchers had begun arguing that urban job growth increasingly turned on citizen's consumption patterns rather than production.¹⁶ Urban scholars suggest that shifts in the economy have not led to the demise of older central cities but have changed the basis for urban viability such that attracting traditional forms of capital has become subordinate to attracting human capital. They assert that "cultural activities are increasingly crucial to urban economic vitality. Models to explain the growth of cities from the era of industrial manufacturing are outmoded. Citizens in the postindustrial city increasingly make quality of life demands, treating their own urban location as if tourists, emphasizing aesthetic concerns."¹⁷

To stem the flow of outward migration of residents and jobs to suburbs and other regions, many cities have attempted to rebuild their downtowns. Greater attention has been given to developing amenities than to challenging the suburbs for newer and better office space. Often the focus has been on "big ticket" economic development projects such as sports facilities, convention centers, and museums to draw visitors to downtown areas. They have met

¹⁶ Clark, T. N. & Ferguson, L.C. (1983). *City Money*. New York: Columbia University Press.

¹⁷ Clark, T. N., Lloyd, R., Wong, K.K. & Jain, P. (2003). Amenities Drive Urban Growth, *Journal of Urban Affairs*, 24, 493-515.

with varying levels of success, but there is evidence that tourism-related strategies have slowed the decentralization of economic activity away from downtown areas.¹⁸

Beginning in the 1980s, Cleveland leaders led a campaign to revitalize the downtown area by investing both public and private dollars in a number of large projects focused on tourism, entertainment, and retail development. These components of the emerging hospitality sector of the economy were designed to inject activity into the area after the workday and deflect spending that had migrated to suburban areas back to its historic center in downtown Cleveland. The Galleria at Erieview, an upscale retail mall, opened in 1987. Tower City Center followed a few years later with a grand opening in 1990. The redevelopment of the Flats as an entertainment district also advanced in the early 1990s. Gateway, the city's largest redevelopment project, which included new sports facilities for the Indians and Cavaliers, was also completed during the early 1990s, yielding a new baseball stadium and enclosed arena. By the mid-1990s, developers turned their attention to the Warehouse District, converting old industrial buildings into mixed-use facilities that included residential, office, and retail. Development was also occurring along the coast of Lake Erie – the Rock and Roll Hall of Fame and Museum opened in 1995, and the Great Lakes Science Center opened the following year. Browns Stadium, also built along the lakefront, opened in 1999.

During the same period of time that major development projects were being carried out in downtown Cleveland (from the early 1980s to the late 1990s), the monumental task of restoring each of the performing arts theaters that comprise Playhouse Square was underway. The Allen, Ohio, State, and Palace Theatres, which opened in the early 1920s, had been closed since 1969. The Hanna Theatre remained open through the 1980s, although it was a shadow of its original glory. The theaters fell into despair, and by 1972, the State and Ohio Theatres were threatened with demolition. A grassroots campaign was organized to save the structures and money was raised to provide for their renovation. It took a decade to raise enough money to restore the Ohio, but it reopened in 1982. By the late 1980s, the State and Palace were restored and reopened. It took another decade to fully restore the Allen, which reopened in 1998. The Playhouse Square Foundation purchased the Hanna Building (housing the Hanna Theatre) in 1999 and opened the theater for cabaret-style performances on the main level.

¹⁸ Austrian, Z. & Rosentraub, M. (2002). Cities, Sports, and Economic Change: A Retrospective Assessment, *Journal of Urban Affairs*, 24, 549-563.

GROWTH IN THE CLEVELAND METROPOLITAN AREA

What did Greater Cleveland “get” for this investment, and how is Playhouse Square associated with these outcomes? An analysis of population and employment trends, strength of the residential market, and patterns of investment provides important information about growth in the Cleveland metropolitan area. The following section examines growth in downtown Cleveland, the city of Cleveland, suburban Cuyahoga County, and the five-county metropolitan area. While causality cannot be assumed, it must be underscored that during the period of this development of downtown Cleveland, the city’s population was declining and the suburbanization trends in the regional and national economy continued and even accelerated. Hence, any deflection of economic activity into Cleveland’s taxing boundaries would be a substantial benefit.

Employment Trends

Although the share of regional employment held by downtown Cleveland has been declining, the downtown area remains the dominant employment center for the region. Downtown job counts were stable between 1993 and 2002, despite job losses in other parts of the city. Suburban Cuyahoga County communities and the outer counties of the metropolitan area experienced substantial employment growth. Reinvestment in downtown Cleveland may have helped to retain jobs in the central business district, however, it did not redirect growth from the suburbs to the city. Job stability in the downtown area was an extraordinary accomplishment at a time when decentralization patterns were leading to a “hollowing out” of the central business districts of many downtown areas.

Table 13. Employment

	<u>1993:Q1</u>	<u>2002:Q1</u>	<u>% Change</u>
Downtown Cleveland	147,504	148,189	0.5
City of Cleveland less Downtown	155,050	143,978	-7.1
Suburban Cuyahoga County	431,788	473,607	9.7
Cleveland MSA less Cuyahoga County	240,913	276,288	14.7

Downtown Cleveland is defined as zip codes 44113, 44114, and 44115. The Cleveland MSA includes the following five counties: Cuyahoga, Geauga, Lake, Lorain, and Medina.
Source: ES202 Employment Estimates

Population Trends

One goal of city leaders is to reverse the population decline that Cleveland has experienced for decades. The city has experienced population loss while suburban Cuyahoga

communities have remained stable and outer counties of the metropolitan area have posted substantial growth.

Table 14. Population

	<u>1990</u>	<u>2000</u>	<u>Change</u>
Downtown Cleveland	3,521	3,864	9.7%
City of Cleveland	505,616	478,393	-5.4%
Suburban Cuyahoga County	906,524	915,585	1.0%
Cleveland MSA less Cuyahoga County	690,108	754,165	9.3%

Downtown Cleveland is defined as the statistical planning area, which includes census tracts 1071, 1072, 1073, 1074, 1076, 1077, 1078, and 1092. Population figures exclude institutionalized persons housed in group quarters. The Cleveland MSA includes the following five counties: Cuyahoga, Geauga, Lake, Lorain, and Medina.

Source: U.S. Census Bureau, 2000 Census of Population and Housing, SF3

Although Cleveland continued to lose population between 1990 and 2000, there was a small increase in the number of people living downtown and growth in several other neighborhoods. The downtown area gained a few hundred residents, representing an increase of nearly 10 percent.¹⁹

Residential Market Trends

As Cleveland's population declined between 1990 and 2000, the number of households declined (5%), housing unit vacancies increased slightly (3%), and the number of units decreased slightly (4%). The downtown area, which gained population (10%) and households (14%), experienced a substantial increase in the number of housing units. Nearly 1,300 units were added during the 10-year time period, representing a 50 percent increase. The vacancy rate for downtown housing is higher than the rate for the city as a whole and was much higher in 2000 (33%) than in 1990 (18%), but improved in 2004. Surveys by the city of Cleveland indicate that the vacancy level has returned to the 20 percent level. Given the larger number of units now in downtown, this is a notable achievement and represents growth in the number of people living in the downtown area. In addition, the first complete set of market-rate condominiums and townhouses are set to open in early 2005. These data suggest that the reality of downtown Cleveland as a residential neighborhood is possible to achieve.

¹⁹ Census population counts include institutionalized individuals housed in group quarters. In downtown Cleveland, this includes inmates in city and county jails. These individuals were excluded from this analysis.

Table 15. Housing

	<u>1990</u>	<u>2000</u>	<u>Change</u>
Downtown Cleveland			
Households	2,238	2,561	14.4%
Housing Units	2,553	3,827	49.9%
City of Cleveland			
Households	199,617	190,725	-4.5%
Housing Units	224,311	215,844	-3.8%
Suburban Cuyahoga County			
Households	363,686	380,881	4.7%
Housing Units	380,227	401,059	5.5%
Cleveland MSA less Cuyahoga County			
Households	245,403	281,781	14.8%
Housing Units	254,383	294,453	15.8%

Downtown Cleveland is defined as the statistical planning area which includes census tracts 1071, 1072, 1073, 1074, 1076, 1077, 1078, and 1092. The Cleveland MSA includes the following five counties: Cuyahoga, Geauga, Lake, Lorain, and Medina.

Source: U.S. Census Bureau, 2000 Census of Population and Housing, SF3

In suburban Cuyahoga County, where population was nearly unchanged, the number of households increased by 4.7 percent and the number of housing units increased by 5.5 percent. In the remainder of the metropolitan area, households also increased at a faster rate than population (15% versus 9%) and the number of new housing units reflected this trend (an increase of 16% since 1990). Although vacancy rates were stable in Cleveland, they are much higher than in suburban Cuyahoga communities and the outer counties. Similarly, homeownership rates in Cleveland were stable, but much lower than in the other areas.

Housing data reinforces the conclusions drawn from population data. Downtown is showing signs of progress, but the city as a whole is declining while the suburbs and remainder of the metropolitan area are growing. However, there are trends in the residential market that are not captured by census data.

Census data reveal that growth is occurring in suburban communities and the outer counties of the metropolitan area while Cleveland continues to decline. While this is true, there are signs of progress in Cleveland. City leaders and local developers have been very successful in marketing new housing in the city. Cleveland has received national attention for its ability to build and sell above-market homes in inner-city neighborhoods. After decades of seeing little to no new residential construction, Cleveland leaders embarked on an aggressive campaign to introduce new housing stock to the city. This effort is evident in an analysis of building permit data. It reveals a 95 percent increase in the number of new housing units between 1990 and 2002.

Table 16. New Residential Construction (Based on Issued Building Permits)

	<u>1990</u>	<u>2002</u>	<u>Change</u>
City of Cleveland			
Buildings	81	370	356.8%
Units	225	439	95.1%
Total Value	\$10.9M	\$39.3M	261.4%
Suburban Cuyahoga County			
Buildings	1,908	1,484	-22.2%
Units	3,121	1,557	-50.1%
Total Value	\$329.6M	\$316.5M	-4.0%
Cleveland MSA less Cuyahoga County			
Buildings	2,907	4,451	53.1%
Units	3,280	4,808	46.6%
Total Value	\$318.7M	\$826.3M	159.2%

The Cleveland MSA includes the following five counties: Cuyahoga, Geauga, Lake, Lorain, and Medina.

Source: U.S. Census Bureau, Building Permit Data

New residential construction actually slowed in the suburbs of Cuyahoga County. Between 1990 and 2000, there was a 50 percent decrease in the number of housing units constructed in suburban communities. The outer counties of the metro area did experience substantial growth in new residential construction (47%), but the growth rate in Cleveland (95%) exceeded the growth rate in these areas. Much of this can be explained by the fact that new construction in Cleveland was so limited at the beginning of this time period that any increase would result in a high growth rate, but this does not negate the success that the city has achieved.

Residential property values also indicate that the Cleveland housing market has rebounded to some degree. While market values in the city are still far below those in the suburbs, they have increased at a faster rate. Between 1990 and 2001, residential property values rose 79 percent in Cleveland, slightly higher than the 70 percent increase in other Cuyahoga County communities. There was an increase of 36 percent in downtown residential property values, however, this is based on a small number of parcels since few downtown properties are purely residential.

Table 17. Median Market Value of Residential Properties

	<u>1990</u>	<u>2001</u>	<u>Change</u>
Downtown Cleveland	\$ 92,000	\$ 125,100	36.0%
City of Cleveland	\$ 28,000	\$ 50,000	78.6%
Suburban Cuyahoga County	\$ 65,600	\$ 111,400	69.8%

Downtown Cleveland is defined as the statistical planning area which includes census tracts 1071, 1072, 1073, 1074, 1076, 1077, 1078, and 1092. Data is not available for Geauga, Lake, Lorain, and Medina Counties.

Private Sector Investment

A more complete analysis of private sector investment in Cleveland is conducted using construction data collected by the FW Dodge Corporation, which tabulates construction costs for all non-residential projects. Data for Cleveland and Cuyahoga County are available for the years 1994 through 2003. To approximate downtown, this information is analyzed at the zip code and neighborhood level. Other information sources were added to compare investments before and after big-ticket items were built and to analyze private sector investment in residential construction.²⁰

Table 18 reveals that between the years 1994 and 2003, there was a total of \$3.6 billion in construction activity in non-residential projects throughout the entire city of Cleveland and \$632.3 million in construction activity in the downtown area designated by zip codes 44113, 44114, and 44115. This period corresponds to the initiation and completion of several large-scale projects that specifically targeted downtown redevelopments efforts. The year-by-year total for the downtown area and Cleveland, as well as the value of the projects in current dollars (2004), are also contained in Table 18, along with construction figures for total construction cost in Cleveland for the years 1980-1989.

Comparisons across time periods are always difficult in that national and regional economic conditions vary and contribute to any observed differences. Further, there are a myriad of tangible and intangible factors that influence investor confidence. In the absence of any binding agreements that firms would make specific investments if a particular public/private

²⁰ To compare outcomes in the years after many of the big-ticket items were built with those figures for the 1980s, information was collected from Cuyahoga County government offices in association with staff from the Greater Cleveland Partnership. This information, however, could not be classified by neighborhood or zip code area but exists only as totals for each city in the county. Finally, as FW Dodge data do not include residential construction, staff from the Levin College worked with Cuyahoga County tax files to tabulate private sector investment in residential properties.

partnership was created, it is not possible to attribute any observed outcomes to the building of a particular asset.

With these caveats in mind, from 1980 to 1989 Cuyahoga County reported that private construction projects in the city of Cleveland had a cost of slightly more than \$1 billion. When these figures are converted to 2004 dollars, the value of the construction projects is \$1.85 billion. For the period 1995 through 2003, the present value of the non-residential construction projects was \$4.1 billion or more than twice the figure for the 1980s. In downtown Cleveland alone, an area marked by the loss of many businesses in the 1980s, \$717 million (in 2004 dollars) was spent on new construction (see Table 18).

Table 18. Construction Costs for All Non-Residential Projects in Cleveland & Downtown Cleveland

Year	Yearly Construction Costs		Construction Costs - 2004 Dollars	
	<i>Downtown</i>	<i>Cleveland</i>	<i>Downtown</i>	<i>Cleveland</i>
1995	38,923,393	118,108,363	47,961,493	145,533,392
1996	82,521,064	149,483,906	98,982,520	179,303,234
1997	46,646,432	156,259,076	54,298,675	181,893,029
1998	90,953,454	2,359,125,487	104,236,260	2,703,651,239
1999	184,384,537	306,025,561	207,839,417	344,953,949
2000	64,695,993	120,163,442	72,925,733	135,448,992
2001	60,159,490	169,771,013	63,629,569	179,563,630
2002	55,949,990	120,443,538	58,508,968	125,952,249
2003	8,051,997	115,529,928	8,207,099	117,755,326
Total	632,286,350	3,616,060,311	716,589,734	4,114,055,040
1980-1989	Not Available	1,006,959,500	Not Available	1,842,735,885

Sources: Data from 1995 through 2003 from the FW Dodge Corporation; data from 1980-1989 from Cuyahoga County public records and reports collected and maintained by Greater Cleveland Partnership.

Investment in residential construction is shown in Table 19. From 1980 to 1989, Cuyahoga County reported that \$54.8 million was invested in residential properties in Cleveland; the value of these expenditures in 2004 dollars is \$100.3 million. From 1990 through 2002, almost four times as much was invested in residential real estate in Cleveland.

The movement of economic activity to the center city can improve the tax base of that community and reduce sprawl by increasing the reuse of existing infrastructure. It is important to note that after the building of a number of big-ticket items, during a period of substantial expansion of the U.S. economy and a very low level of population growth in Northeast Ohio, there was a large increase in private sector investment in both non-residential and residential properties in Cleveland and in downtown Cleveland. These investments and the tax revenues that result for Cleveland and its public schools are the returns from the public/private

partnerships that have been formed. In reviewing these data, causality (that the new private sector investments are a result of the public/private partnerships) is not implied. However, in an analysis of private sector job retention in the downtown areas of Cincinnati, Cleveland, Columbus, and Indianapolis, it was found that Cleveland did far better than the other areas and actually had job growth despite the prevailing decentralization trends in the Midwest and the U.S.²¹ Those jobs in Cleveland and the resulting tax increases for the city and public school system were one of the returns from the public's investments.

Table 19. Construction Costs for Residential Projects in Cleveland

Years	Annual Construction Cost	Construction Cost – 2004 Dollars
1980-89	54,827,800	100,334,874
1990	10,880,991	15,817,579
1991	7,574,744	10,422,307
1992	6,968,739	9,345,478
1993	14,592,407	18,951,710
1994	26,992,227	34,192,616
1995	24,257,806	29,890,523
1996	32,109,205	38,514,409
1997	30,389,211	35,374,493
1998	35,767,450	40,990,914
1999	40,869,604	46,068,476
2000	33,711,063	37,999,324
2001	35,278,693	37,313,615
2002	39,325,609	41,124,239
Total	338,717,749	396,005,683

Sources: Data from 1980-1989 from Cuyahoga County public records and reports collected and maintained by Greater Cleveland Partnership; data from 1990 through 2002 from the Maxine Goodman Levin College of Urban Affairs, Cleveland State University.

Job, Earnings Tax Revenues, and Public/Private Partnerships

The number of jobs in the downtown area and earnings tax revenues received by Cleveland were reviewed. The time period studied, 1992 to 2002, corresponds with the years surrounding some of the larger public/private partnerships created by Cuyahoga County and Cleveland. The number of jobs in downtown Cleveland increased by 12,200 from 149,500 in 1992 to 161,700 in 2000. More significant to the finances of Cleveland are changes in total payroll. In 1993, downtown workers earned \$5.9 billion in salaries, growing by 20 percent (in

²¹ Austrian, Z. & Rosentraub, M. (2002). Cities, Sports, and Economic Change: A Retrospective Assessment, *Journal of Urban Affairs*, 24, 549-563.

real or constant dollars) to \$7.1 billion in 2002 (see Table 20). The increase of \$1.2 billion in salaries meant that in 2002 Cleveland received \$23.9 million dollars more in tax revenue than it did in 1993. The \$23.9 million annual increment figure for 2002 represents two percent (the earnings tax rate) multiplied by the increase in gross payroll. These positive outcomes took place during a time that the city and county continued to lose population, making these achievements even more impressive.

Table 20. Payroll Earnings in Cleveland, 1993 and 2002

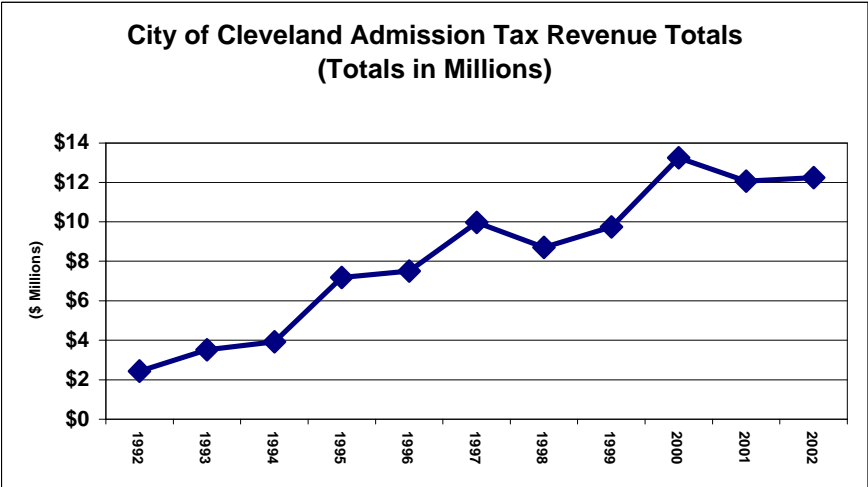
(In millions of dollars; all figures in 2002 dollars)

Cleveland Community	1993		2002		
	Amount	Percent	Amount	Percentage Of Total Change	
Downtown	\$ 5,913	53.4	\$ 7,097	56.6	+20.0
University Circle	1,060	9.6	1,732	13.8	+63.4
Elsewhere in Cleveland	4,090	37.0	3,741	29.8	-8.5
TOTAL	11,063	100.0	12,540	100.0	13.4

Other Revenues: Admissions and Parking Taxes

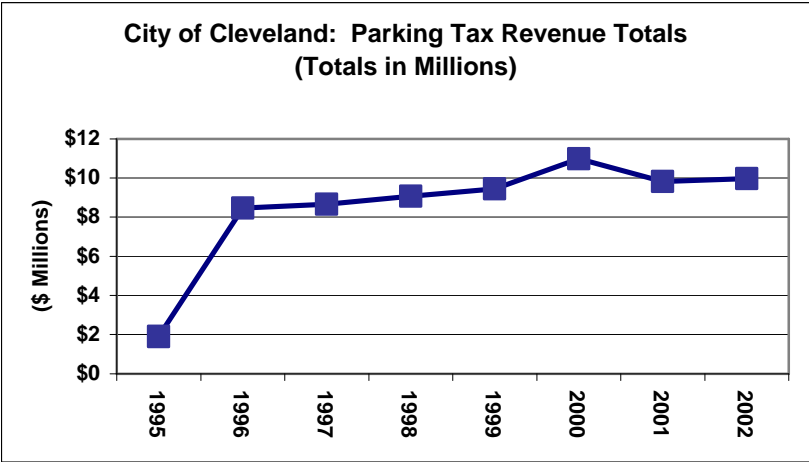
Cleveland also receives revenue from two other sources that are a result of the public/private investments made in entertainment and cultural facilities. As discussed earlier, the financing for many of these projects involved support from Cuyahoga County. Cleveland's residents comprise approximately one-third of the county's population, meaning that non-residents of Cleveland supported two-thirds of the investments made in these partnerships. Cleveland collects an amusement tax on the sale of all tickets to events in the city; these revenues are not shared with Cuyahoga County. Similarly, those individuals who park a car while attending an event also pay a tax to Cleveland that is not shared. Cleveland's receipts from the amusement tax are depicted in Figure 1 and grew from \$2.4 million in 1992 to almost \$14 million in 2000 (see Figure 2).

Figure 2: City of Cleveland Admission Tax Revenue Totals



Cleveland also collects a tax equal to eight percent of the fee charged for parking a vehicle. After generating \$1.9 million in revenue during 1995 (when the ordinance was in effect for only part of the year), revenue increased to \$8.5 million in 1996. Throughout the 1990s, the revenue collected increased slightly each year, peaking at \$11 million in 2000. Parking tax revenue dipped slightly in 2001 (\$9.8 million), but increased slightly to approximately \$10 million in 2002 (see Figure 2).

Figure 3: City of Cleveland Parking Tax Revenue Totals



Even with the positive outcomes noted for the previous investments in arts and cultural facilities, there are several indicators that suggest there is an urgent need for new activities to engage a new round of private sector investment in downtown Cleveland. Across the past three years, there has been a precipitous decline in the value of downtown property in Cleveland. In 2000, at the conclusion of the expansion of the US economy, downtown commercial property had a market value of \$3.382 billion. By 2003, the Cuyahoga County assessor was forced to reduce this valuation to \$2.441 billion.

This severe loss of more than 25 percent of the value of downtown commercial property has critical implications for Cleveland and the Cleveland Public Schools. The source of local revenue for the schools is the property tax, and as the value of commercial property declines, the burden for financing the local share of public education has to be shifted to other taxpayers or expenses need to be reduced.

In addition, Cleveland and Cuyahoga County continue to lose residents. While the rate of decline is not as severe as in the past and the previous partnerships have maintained and enhanced job levels to the point that the loss of residents was somewhat offset by stable and even increasing tax revenues from some sources, it is clear that new efforts and partnerships are needed. These new partnerships must be focused on sustaining and stabilizing tax flows and increasing the population of Cleveland and Cuyahoga County.

Implications

The data indicate that the large investments in downtown Cleveland that began in the late 1980s and carried through the 1990s have not been sufficient to reverse the out-migration of population in the metropolitan area; however, it is reasonable to conclude that conditions in the city of Cleveland, and the downtown area in particular, are far more favorable as a result of these investments. The residential market is stronger and downtown employment is stable. Undoubtedly there are opportunity costs associated with the large public investments, but the costs of ignoring downtown may be greater.

Development drives development – the market tends to adopt a herd mentality. The fact that large public investments in downtown Cleveland were accompanied by private sector investments in housing and retail is an indication of this phenomenon and a sign that the public investments had spillover effects. Investors have been willing to take risks in downtown Cleveland. Not all the investments were successful – the Galleria at Erieview is one example, but many others did achieve their goals. Playhouse Square was the first major redevelopment effort, serving as a significant catalyst in the transformation of downtown Cleveland. Downtown

Cleveland also continues to produce substantial tax revenue for the operations of the city and the Cleveland Public Schools. Without those revenues the fiscal state of affairs would be far more severe.

The improved image of downtown Cleveland may be the most important result of the redevelopment efforts of the 1980s and 1990s. The city had a terrible national reputation and the perception among residents of Northeast Ohio was not much better. People tell stories of being afraid to walk dark and empty streets in the downtown area. This image of downtown Cleveland has been largely eliminated. While downtown still lacks a strong residential base, people are attracted to numerous restaurants and entertainment venues, sporting events, and other activities and special events. Playhouse Square theaters are a key downtown attraction, keeping the downtown area busy several nights a week. Playhouse Square has become an enormous source of pride for Cleveland. Performances draw patrons from across the United States and thousands of people have visited the theaters simply to admire the architecture. The restoration of the theaters has earned the attention of architects and preservationists nationwide. They are considered to be among the most remarkable performing arts venues in the country, showing that Cleveland's blue-collar reputation does not mean that it lacks high culture.

Although it is impossible to isolate the effects of the various downtown development projects, the renovation of the theaters in Playhouse Square was an important part of Cleveland's transformation and should be an important part of its future development. Despite the fact that the northeast Ohio region has not grown, the number of Playhouse Square patrons increased by 22 percent since 1995. The share of the regional population who come downtown because of Playhouse Square has increased over time. At a time when firms are footloose and people highly mobile, arts and cultural institutions are an important draw. Other cities can boast professional sports teams, but few can lay claim to a performing arts center that compares to Playhouse Square. It is an integral part of the amenity package that Cleveland offers to current and potential residents and business leaders. It is one of the region's greatest assets and its importance is only magnified in today's economy. The data reveals that Cleveland is struggling to remain competitive with suburban communities and other regions. This underscores the importance of capitalizing on Cleveland's cultural infrastructure to create a vital city center.

DEVELOPMENT OPTIONS FOR CLEVELAND'S THEATER DISTRICT

There is little doubt that Cleveland's theater district offers tremendous development opportunity. Playhouse Square is a unique asset in Cleveland. With more than a million tickets sold each year and shows that attract a diverse audience, Playhouse Square provides a continuous draw to the area and constitutes a solid anchor for the community. As the previous section documented, the importance of the arts is increasing as the amenity packages offered by communities play a larger role in determining economic growth. Development activity in the theater district has picked up in recent years, but there is much more that can be accomplished. This section attempts to answer two important questions: one, what should be done to develop the district, and two, what is the appropriate role of the Playhouse Square Foundation.

The Warehouse District is becoming the vibrant 24-hour neighborhood that leaders would like to see throughout downtown. The success in that area illustrates the importance of creating a mixed-use environment that includes office and residential space, restaurants and clubs, and small retail shops. The district is thriving because it offers the amenities that people desire. The same can be said for vital neighborhoods in other cities, such as the LoDo District in Denver or the Pearl District in Portland, Oregon. The potential to replicate this type of success exists with Cleveland's theater district, and the city is missing a tremendous opportunity if it fails to develop this area.

PLAYHOUSE SQUARE FOUNDATION REAL ESTATE INVESTMENTS

The Playhouse Square Foundation recognizes the potential that exists in the theater district and, through its holding companies, has invested in several properties in the immediate area. The Foundation or its affiliated holding companies own the Wyndham Cleveland Hotel and several office buildings including One Playhouse Square, the Bulkley Building, the Hanna Building, and the Hanna Annex. The Bulkley building houses the Allen Theatre, and One Playhouse Square Building will soon house the Idea Center, which is currently being developed. The Bulkley Building also houses the foundation's offices as well as other corporate offices. The Hanna Building consists of office space that is leased to outside parties; however, it also includes the 14th Street Theatre. The Hanna Annex includes the Hanna Theatre. The Foundation also owns the land under the Hermit Club (a private club located behind the State Theatre), a parking garage, and a surface parking lot on Chester Avenue.

The Palace Theatre is located in the Keith Building, which is owned by private investors. Playhouse Square has a long-term lease for the facility. Playhouse Square also has a long-term lease for the Ohio and State Theatres. They are housed in the Loew's Building, which is owned by Cuyahoga County. This building also includes the Star restaurant; the restaurant is leased to a private restaurateur. The Foundation has an option to purchase surface lots directly east of the Hanna Building, which are currently owned by the Cleveland Foundation. They would like to see upscale condominiums developed on the property. Playhouse Square has also taken a lead role in developing Star Plaza. The plaza is owned by the city of Cleveland and leased to the Playhouse Square Foundation, which in turn leased it to the Cleveland Theatre District Development Corporation (CTDDC). CTDDC was established in 1995 and operates as a business improvement district – property owners in the district provide revenue for maintenance and security services beyond those provided by the city. Upgrading Star Plaza has been an important accomplishment for CTDDC. The open space now accommodates outdoor events and includes a ticket and information office. Video boards were added to the Hanna Building at East 14th and Euclid Avenue and the Wyndham Cleveland Hotel to increase visibility and create excitement in the district.

Playhouse Square, credited with reviving a portion of downtown Cleveland, has served as a national model for capitalizing on cultural assets to transform inner cities. The foundation has breathed life into an area that had many boarded-up buildings and a reputation for crime. It has evolved into an entertainment district with a vibrant nightlife. Playhouse Square took the lead in redeveloping the district when others were hesitant. Former Playhouse Square chief executive Lawrence Wilker explained, “When no developers would step up to the plate, we did it ourselves.”²² To honor these efforts, the Downtown Cleveland Partnership awarded Playhouse Square Foundation the 2004 Ruther Ratner Miller award, which is presented annually in recognition of long-term achievements for the overall advancement and betterment of downtown Cleveland.

DEVELOPMENT OPPORTUNITIES

Playhouse Square has had tremendous success in transforming the theater district, but the area is ripe for further development. Mixed-use projects have proven successful in other parts of the city and the demand for additional downtown housing has been well documented.²³

²² Brown, T. (2002, January 20). The show does go on in Playhouse Square. *The Plain Dealer*.

²³ Bier, T. (2003). *Housing Analysis for Cleveland Lakefront Development*. Cleveland, OH: Maxine Goodman Levin College of Urban Affairs, Cleveland State University.

Development efforts will be most successful if they connect the theater district with other redevelopment districts, such as Gateway and East 4th Street. Jacobs Field and Gund Arena ensure a steady flow of people through the Gateway District, and the area around East 4th Street is being quickly transformed. It now hosts a successful entertainment venue that includes a restaurant, martini bar, comedy club, and performance stage. Surrounding buildings have been renovated for rental and for-sale housing and more units are planned. *A House of Blues* is being constructed nearby. In addition, there has been an increased focus on redeveloping Euclid Avenue between Tower City and Playhouse Square. The momentum building in this area should facilitate development in the theater district.

Grubb & Ellis, a national real estate management and consulting firm, noted the potential that exists in this part of downtown. The company's *2003 Real Estate Forecast* states,

Ten blocks east [of E. 4th Street] on Euclid Avenue, Playhouse Square, which represents the second largest theater district in the country, presents a different opportunity for retailers interested in the theater-going crowd. With the success of Cleveland's five redeveloped historic theaters... Playhouse Square continues to build upon a solid base and provides a strong anchor to the east end of Cleveland's CBD. The master plan, envisioned by the founding members of the Playhouse Square Foundation, has gradually taken shape. The Foundation has acquired many of the properties around Playhouse Square and is pursuing retailers, such as upscale restaurants and cafes to round out the existing mix of retailers, theaters, coffee shops, hotels, housing and restaurants. The addition of two jumbo-trons and flashing theater marquees gives this area a vibrant 'Times Square' feel. Playhouse Square has become a popular alternative for many office tenants, who now view this district as an important location.

Although many downtown development projects have proven successful, they lack a physical connection to one another. Gateway, Tower City, Erieview, and Northcoast Harbor are geographically dispersed throughout the downtown area. This has prevented downtown Cleveland from becoming a 24-hour community. Development of the theater district cannot change the physical separation of Cleveland's major attractions, however, it can tie together three important downtown districts.

What Can Be Learned from Other Areas?

City of Denver

The city of Denver has been a key player in the success of the arts movement in the area. In the greater Denver area there are 53 theater companies. However, the main concentration of live theater is at the Denver Performing Arts Complex (DPAC), which includes

seven theaters ranging in size from 200 to 2,800 seats.²⁴ It also includes a few bars and restaurants that are part of the complex. The DPAC is located in the heart of Lower Downtown (LoDo), the most thriving area of downtown for retail, food, nightlife, and residences. It is two blocks from the Colorado Convention Center, the 16th street pedestrian mall, Larimer Square (a block of upscale shopping and dining establishments), the Tabor Center (indoor retail), and many hotels and condo projects. The closest residential area is a condo project less than a block away.

People visit the area before and after the shows because of the concentration of many attractions. The many bars and restaurants especially help keep people in the area. However, it should be noted that some people attribute much of the development of the LoDo area to the baseball stadium. Coors Field is located half a mile away, and the area between the baseball stadium and the theaters is filled with activity.

The most significant finding regarding the redevelopment of downtown Denver and its theater district is that most attractions are located within walking distance of each other. For example, the 16th Street Mall is in the heart of downtown Denver's business, convention, and theater districts. The Mall is a mile-long pedestrian path complete with outdoor cafes, shops, fountains, open plazas, and parks. Traffic is banned from the Mall, except for shuttle buses that leave from either end every few minutes. The theater district is only one of several destinations in downtown Denver, and it is surrounded by other attractions and destination places for theater patrons to spend time and money in the downtown area before and after the shows. There are no hotels within a short walking distance of the DPAC, but there are several hotels near the pedestrian mall.

It is well-known that visitors' attractions in downtown Cleveland follow a different pattern, to the detriment of creating a viable downtown neighborhood. Attractions are located further apart from each other, and the areas between the different neighborhoods are not fully developed. One suggestion, as stated earlier in this section, is to focus local development efforts on one area that connects several attractions – for example, investing public and private resources in the area located between Public Square, the Gateway district, and the Playhouse Square district. The private development of East 4th and the plans for Euclid Corridor could become the stimulants needed for further development.

²⁴ The Denver Performing Arts Complex does not include the Boettcher Concert Hall, the Seawell Ballroom, the National Theater Conservatory, or the National Center for Voice and Speech.

The City of Fort Worth

Many forms of entertainment in the city of Fort Worth are located in the Sundance Square area, which is in the heart of downtown Fort Worth. Sundance Square, a part of an urban revitalization project, is a 20-block area, complete with picturesque buildings, brick streets and sidewalks, and colorful landscaping. It also offers housing in the heart of the Downtown Central Business District. The area has a rich history and historic architecture. The historic buildings have all been restored, and they have descriptive plaques and markers that give the building's history.

Much like Playhouse Square, Sundance Square is easy to access. It is close to the T Intermodal Transportation Center and within easy access of two highways. The T Intermodal is the "hub" of mass transportation for the city as well as the region. It houses the Trinity Railway Express linking Fort Worth and Dallas, the regional and national connections of Amtrak, bus service of the T, and local taxi service. The Sundance Square Management Company offers a great parking system for customers. They offer parking validation for their lots through certain retailers, restaurants, and the movie theater during the day, and parking is free after 5 p.m. and on weekends.

According to the management company website, over 10 million people visit Sundance Square yearly. Visitors from outside of the region can choose among eight hotels within walking distance of the Square. Sundance Square offers most needed services: five banks, car service station, dentist, hair salon, daycare, spa, and travel agency. The public library and a farmers' market are also nearby and easily accessible with public transportation. It is pedestrian-friendly and has highly visible uniformed security officers on foot, mountain bikes, or rollerblades at all hours. There are two properties in Sundance Square that offer residential rental units that are targeted towards professionals, singles, and retirees.

Most retail and office space in Sundance Square offers unique characteristics and a historic ambiance, although most properties have been renovated to meet modern day needs. The newest building was built in 2002. The restaurant and retail mix in the Square is diversified. The list is eclectic and primarily consists of specialty retailers and regional type restaurants. It appears that there are more restaurants than retailers, and there is not a brand name draw (such as in Denver). There are a few national good anchor stores, but most retail shops have a more local 'feel.'

There are numerous forms of entertainment available at Sundance Square, including three live theaters, Bass Performance Hall, two 10-screen movie theaters, two museums, three

art galleries, several clubs, many outdoor concerts, street festivals, and carriage rides through the Square (Friday and Saturday only). There are also street performers out daily.

There are three theaters in Sundance Square include Circle Theatre, Jubilee Theatre, and Four Day Weekend. Circle Theatre is a community theater that stages contemporary plays. The auditorium seats 125 audience members arena style around an open thrust stage. A 1,200-square-foot lobby provides display space for local artists. Four Day Weekend is an interactive improvisational comedy theater. It has been running for six years and is only open on Fridays and Saturdays. Jubilee Theatre, founded in 1981, is the North Texas home of the African American Musical Theatre. This theater is very interactive with local public schools and colleges.

The Bass Performance Hall opened in May 1998. The mission of the Nancy Lee and Perry R. Bass Performance Hall is to serve as a permanent home to major performing arts organizations of Fort Worth and as a premier venue for other attractions so as to enhance the range, quality, and accessibility of cultural fare available to the public; to promulgate arts education; and to contribute to the cultural life of Fort Worth, Tarrant County, and the region. The 2,056-seat multipurpose hall, built entirely with private funds, is the permanent home of the Fort Worth Symphony Orchestra, Fort Worth Dallas Ballet, Fort Worth Opera, and the Van Cliburn International Piano Competition and Cliburn Concerts. It hosts special productions of Casa Mañana Musicals and presents Performing Arts Fort Worth's "Hall Series," a popular array of eclectic entertainment. Bass Hall also houses four resident companies.

CONCLUDING OBSERVATIONS

Playhouse Square was an important catalyst for both the redevelopment activities that took place in downtown Cleveland and the return of an important level of economic activity within the borders of the city of Cleveland. If that redevelopment process had not begun in the early 1980s, there is clear evidence that the fiscal state of affairs of the city of Cleveland and the Cleveland Municipal School District would be far more disadvantaged. Had the redevelopment not led to the retention of jobs and the increase in employment levels in the 1990s, the fiscal health of Cleveland would have been irrevocably damaged. As a result, the real economic value of Playhouse Square lies in the resurgence that was initiated after it became clear that the theater district would remain an asset for the downtown area. Had that asset not been preserved and enhanced, it is entirely possible that even more economic activity would have been drained from the city and its fiscal position and the finances of the schools would have

been weakened to an extent that would have made recovery or stabilization far more difficult to achieve.

While there has been considerable success in refocusing a level of economic activity into downtown Cleveland, the pressures within the national economy that bias economic development away from center cities have not abated. As a result, there is as great a need in 2004 to concentrate on the redevelopment of downtown Cleveland as there was in 1984. In addition, the recent recession and its lingering effects in Northeast Ohio have led to a precipitous decline in the value of property in downtown Cleveland. Moreover, the recent recession contributed to the city's rise to the top of the nation's urban centers with residents who live in poverty. Timid actions will not improve the situation, and all institutions in the downtown area have to carefully assess what they can do to enhance wealth and protect property values. To do otherwise would be to surrender to the forces of decentralization and provide for Cleveland a dismal future with regard to tax revenues for the city and its school district.

Playhouse Square, as one of Cleveland's most important assets for the reinvention of downtown, needs to prudently consider options that will lead efforts to restore property values. To this end, the lessons and experience of entertainment districts in Fort Worth and Denver provide just two possible sets of options. Could Playhouse Square replicate Sundance Square in partnership with Cleveland State University or others? What could or would such a development look like?

It might be possible to think about a rectangular development with restaurants, a bookstore, and souvenir store, and art stores on multiple levels. Added to such a structure should be the needed parking and condominiums and apartments that fit with Cleveland State University's long-run plan for housing and development. The market that Cleveland State University creates – even if the university's finances do not permit its direct participation – establish an opportunity for redeveloping downtown Cleveland that should not be ignored or understated.

There is clearly risk in such an undertaking, as there was when redevelopment of Cleveland began in the 1980s. The risk of not taking such action is even greater and more disconcerting given existing trends in downtown Cleveland. The value of business property in the downtown area has declined by more than \$1 billion since 2001. This translates into substantial property tax income for the Cleveland Municipal School District. Employment levels in downtown Cleveland have declined, and this results in lower earnings tax revenues for the city. If these trends are not reversed, it is hard to imagine how the city and school district can provide the services needed by neighborhood residents and children. Raising taxes is not a

viable policy option without a plan to protect assets and generate wealth. Playhouse Square should be at the vanguard of that policy leadership.

The risk in not thinking about an aggressive strategy to continue to reinvent downtown Cleveland is that deterioration and decline could become a larger part of the future. In such an environment, the very success of Playhouse Square could be threatened. No institution in downtown Cleveland is immune from the effects of declining property values and the increase in the number of people who live in poverty. Those factors impact the quality of available services and the image of downtown Cleveland. While the negative effects may not be immediately obvious, there is inevitability to decline and its impact on service sector and entertainment businesses. Playhouse Square must avoid that scenario. The best approach to an improved economic future for Playhouse Square and the hospitality sector in downtown Cleveland is for a prudent but definite investment strategy that builds on the success achieved in years past and insures a more successful future.

APPENDIX A: PLAYHOUSE SQUARE CENTER EXPENDITURE SCHEDULE

Table A-1. Playhouse Square Center Detailed Expenditures

Description	Sector (1)	Value (2)	Discount Value (3)	Basis (4)
Fruit	16	\$1,567	\$658	Commodity
Flowers	23	\$2,214	\$930	Commodity
Hay Bales	27	\$385	\$162	Commodity
Poultry	60	\$964	\$405	Commodity
Produce	67	\$1,148	\$482	Commodity
Flavoring Extracts/Syrups	71	\$6,506	\$2,733	Commodity
Confectionary Products	82	\$6,643	\$2,790	Commodity
Malt Beverages	91	\$47,557	\$19,974	Commodity
Wine	93	\$44,072	\$18,510	Commodity
Distilled Liquor	94	\$94,858	\$39,840	Commodity
Roasted Coffee	99	\$14,046	\$5,899	Commodity
Pretzels	100	\$20,073	\$8,431	Commodity
Food Preparations n.e.c.	103	\$39,676	\$16,664	Commodity
Carpets & Rugs	117	\$2,804	\$1,178	Commodity
Apparel (Uniforms)	124	\$8,658	\$3,636	Commodity
Curtains & Draperies	125	\$691	\$290	Commodity
Veneer & Plywood	139	\$308	\$129	Commodity
Upholstered Furniture	149	\$369	\$155	Commodity
Wood Office Furniture	154	\$210	\$88	Commodity
Sanitary Paper Products (Cups)	170	\$5,425	\$2,279	Commodity
Envelopes	171	\$18,334	\$7,700	Commodity
Stationary Products	172	\$34,135	\$14,337	Commodity
Book Publishing	176	\$4,196	\$1,762	Commodity
Cleaning Supplies	196	\$58,899	\$24,738	Commodity
Paint	200	\$95	\$40	Commodity
Charcoal	201	\$4,018	\$1,688	Commodity
Petroleum Products	214	\$263	\$110	Commodity
Plastic Products (Cups)	220	\$17,491	\$7,346	Commodity
Glass Products	230	\$200	\$84	Commodity
Hardware n.e.c.	278	\$26,096	\$10,960	Commodity
Pipe, Valves & Fittings	303	\$2,377	\$998	Commodity
Fabricated Metal Products	306	\$22,108	\$9,285	Commodity
Lawn & Garden Equipment	310	\$81	\$34	Commodity
Sprinklers	338	\$24,300	\$10,206	Commodity
Computer Equipment	339	\$62,432	\$26,221	Commodity
Computer Peripherals	342	\$22,131	\$9,295	Commodity
Office Machines	344	\$8,298	\$3,485	Commodity
Refrigeration Equipment	347	\$3,800	\$1,596	Commodity

Table A-1. Playhouse Square Center Detailed Expenditures (continued)

Electrical Apparatus	360	\$3,942	\$1,656	Commodity
Communications Equipment n.e.c.	374	\$20,138	\$8,458	Commodity
Batteries	380	\$153	\$64	Commodity
Sound Equipment	382	\$4,704	\$1,976	Commodity
Electrical Equipment n.e.c.	383	\$5,297	\$2,225	Commodity
First Aid Supplies	408	\$4,366	\$1,834	Commodity
Photographic Equipment	413	\$440	\$185	Commodity
Jewelry	415	\$5,199	\$2,184	Commodity
Musical Instruments	418	\$3,125	\$1,313	Commodity
Writing Supplies	422	\$7,838	\$3,292	Commodity
Art Goods	423	\$8,879	\$3,729	Commodity
Marking Devices	424	\$5,399	\$2,268	Commodity
Fire Equipment	432	\$8,194	\$3,441	Commodity
COMMODITY SUBTOTAL		\$685,102	\$287,743	
Landscaping Services	27	\$3,680	\$1,546	Industry
Building Maintenance	56	\$1,425,778	\$598,827	Industry
Bread & Cake Products	79	\$3,207	\$1,347	Industry
Cookies & Crackers	80	\$25,260	\$10,609	Industry
Confectionary Products	82	\$47,935	\$20,133	Industry
Roasted Nuts	85	\$1,932	\$811	Industry
Soft Drinks	95	\$96,238	\$40,420	Industry
Potato Chips & Pretzels	100	\$761	\$320	Industry
Manufactured Ice	101	\$1,260	\$529	Industry
Paperboard Containers	164	\$79	\$33	Industry
Newspapers (Print Advertising)	174	\$1,007,870	\$423,305	Industry
Periodicals (Print Advertising)	175	\$101,792	\$42,753	Industry
Miscellaneous Print Advertising	178	\$54,987	\$23,095	Industry
Commercial Printing	179	\$228,004	\$95,762	Industry
Business Cards	180	\$9,413	\$3,953	Industry
Plastic Materials	191	\$49	\$21	Industry
Elevator Service	314	\$51,689	\$21,709	Industry
Hoists & Cranes	316	\$16,883	\$7,091	Industry
Sound Systems	374	\$4,198	\$1,763	Industry
Musical Instruments	418	\$1,300	\$546	Industry
Signage	429	\$226,040	\$94,937	Industry
Local Transportation Services	434	\$23,566	\$9,898	Industry
Courier Services	435	\$34,324	\$14,416	Industry
Air Transportation	437	\$7,257	\$3,048	Industry
Travel Services	439	\$431	\$181	Industry
Communication Services	441	\$395,217	\$165,991	Industry
Broadcasting (Advertising)	442	\$1,558,919	\$654,746	Industry
Electric Utilities	443	\$449,426	\$188,759	Industry

Table A-1. Playhouse Square Center Detailed Expenditures (continued)

Gas Utilities	444	\$317,609	\$133,396	Industry
Water Utilities	445	\$101,968	\$42,827	Industry
Sanitary Services	446	\$349,250	\$146,685	Industry
Eating & Drinking (Catering)	454	\$610,701	\$256,494	Industry
Banking Services	456	\$655,711	\$275,399	Industry
Security & Commodity Brokers	458	\$9,375	\$3,938	Industry
Insurance Carriers	459	\$23,586	\$9,906	Industry
Insurance Agents	460	\$28,892	\$12,135	Industry
Real Estate Services	462	\$522,375	\$219,398	Industry
Hotels	463	\$53,245	\$22,363	Industry
Laundry & Cleaning Services	464	\$32,175	\$13,514	Industry
Miscellaneous Personal Services	468	\$38,075	\$15,992	Industry
Advertising Services	469	\$68,027	\$28,571	Industry
Other Business Services	470	\$13,984	\$5,873	Industry
Graphic Services & Reproduction	471	\$392,158	\$164,706	Industry
Building Services	472	\$24,832	\$10,429	Industry
Equipment Rental	473	\$100,288	\$42,121	Industry
Website update	475	\$2,950	\$1,239	Industry
Security Services	476	\$100,221	\$42,093	Industry
Automobile Rental	477	\$2,892	\$1,215	Industry
Parking	478	\$18,014	\$7,566	Industry
Auto Repair & Service	479	\$2,699	\$1,134	Industry
Electrical Repair Services	480	\$5,830	\$2,449	Industry
Furniture Repair	481	\$9,232	\$3,877	Industry
Piano Tuning & Misc Repairs	482	\$13,612	\$5,717	Industry
Commercial Recordings	483	\$16,227	\$6,815	Industry
Theatrical Productions (Local)	484	\$1,151,798	\$483,755	Industry
Commercial Sports	486	\$2,524	\$1,060	Industry
Recreation Services	488	\$8,326	\$3,497	Industry
Medical Services	493	\$1,450	\$609	Industry
Legal Services	494	\$91,701	\$38,514	Industry
Educational Services	497	\$16,194	\$6,801	Industry
Job Training & Related Services	498	\$17,126	\$7,193	Industry
Nonprofit Organizations	502	\$11,358	\$4,770	Industry
Business Associations	503	\$17,768	\$7,463	Industry
Labor & Civic Organizations	504	\$39,514	\$16,596	Industry
Religious Organizations	505	\$25,186	\$10,578	Industry
Architectural Services	506	\$127,518	\$53,558	Industry
Accounting Services	507	\$90,672	\$38,082	Industry
Management Consulting Services	508	\$162,068	\$68,069	Industry
U.S. Postal Service	513	\$103,043	\$43,278	Industry
State & Local Government	523	\$581,552	\$244,252	Industry

Table A-1. Playhouse Square Center Detailed Expenditures (continued)

Households (5)	526	\$5,912,459	\$2,483,233	Industry
INDUSTRY SUBTOTAL		\$17,651,680	\$7,413,706	
TOTAL LOCAL EXPENDITURES		\$18,336,782	\$7,701,448	

- (1) **Sector:** Industry classification code used by IMPLAN. It is analogous to the SIC system. IMPLAN provides a cross-reference table between their sector numbers and 4-digit SIC codes.
- (2) **Value:** Actual dollar value for a product or service expended locally by the Playhouse Square Center in FY 2003. For example, in 2003, PSC spent \$44,072 on wine. Total local expenditures by PSC in FY 2003 were \$18.3 million.
- (3) **Discount Value:** Before entering local expenditures into IMPLAN, the amounts must be discounted by the percent of revenues that are derived from local sources. In the case of PSC, 73 percent of revenues are generated locally. Thus, only 27 percent of local expenditures should be accounted for in the impact analysis. However, it is estimated that 15 percent of PSC ticket purchases were made by patrons whose median household incomes are at or above a level (\$65,600) that would allow them to consider traveling outside the region for live theater in the absence of Playhouse Square Center. As a result, an additional 15 percent of local expenditures can be accounted for in the analysis, or 42 percent (27% + 15%).
- (4) **Basis:** The collection of businesses purchasing goods and services are called industries. The goods and services themselves are called commodities. A **commodity** impact splits the sector value among all industries producing that commodity. For example, PSC may purchase stationary products from Office Depot. Since Office Depot did not produce these products, IMPLAN splits the value among all industries that produce stationary products. If these industries are located outside the Cleveland area, IMPLAN will only assign margin values (transportation, wholesale, and retail) to the impact analysis. An **industry** impact gives the entire sector value to the industry that has been selected. For example, PSC purchases their electric utility services from Cleveland Public Power. Therefore the entire value expended for electric utilities in the impact analysis is assigned to that industry.
- (5) **Households:** Household expenditures include PSC employee payroll and medical insurance. Employee payroll has been reduced to only include disposable income. For this study disposable income is about 75 percent of the gross amount. Disposable income excludes income that is used for savings and to pay taxes.