

# Vollis Simpson Whirligig Park Economic Impact Report



Written by Economic Leadership, LLC  
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# Vollis Simpson Whirligig Park Economic Impact Report

## Executive Summary

The Vollis Simpson Whirligig Park is a unique art park located in the heart of downtown Wilson, North Carolina. The park has been open for over two years and the City of Wilson was interested in understanding its economic impacts to the Wilson community. Economic Leadership LLC, out of Raleigh, North Carolina, was hired to estimate the economic and community benefits of the park.



The economic impacts were estimated by calculating the out-of-region tourist spending, the change in property taxes collected, and the operational efforts to run and maintain the park. **An estimated 13,270 groups (about 40,000 visitors) visit the park from outside the region annually.** These visitors along with the operational and property tax benefits contribute \$2.5 million in sales to Wilson County annually. After accounting for the multiplier effect, this value grows to a total of \$3.4 million in sales.

## Total Annual Economic Impacts of Whirligig Park

Type of Impact	Initial	Direct, Indirect, & Induced	Total
Sales	\$2,451,000	\$914,000	<b>\$3,365,000</b>
Earnings	\$736,000	\$366,000	<b>\$1,102,000</b>
Jobs	27	7	<b>35</b>

**The park is responsible for adding over \$1.1 million in income earnings to Wilson County as well as 35 full-time jobs.** Most of this income generation comes from the tourism impacts, which accounts for about 68 percent of the total income benefits. The operational and property value impacts account for 19 and 13 percent of income generated, respectively. This report focuses on the income impacts as sales dollars are more likely to leave the county than income dollars.

The report also includes an in-depth analysis of the impact of the park on real estate in the downtown area adjacent to the park. **A review of property values found the Whirligig Park study area experienced a gain of more than \$17.9 million in assessed real estate values over a 10-year period.** These rising real estate values have thus resulted in **an annual tax revenue increase of \$234,190** for the city and county of Wilson.

Commercial real estate brokers and property owners revealed the opening of the park has helped spark a renaissance in downtown Wilson. Lease rates for retail and office space have risen sharply over the last two years, creating an active market with lower vacancy.

Benefits to the local community from the park were also measured. Access to the park and the many events hosted on site creates an annual value of \$996,000 in direct use benefits. The local community has also increased its social engagement and social capital through the nonprofits that support the park to the tune of \$371,000 of investment annually. The research for this report was conducted in early 2020, an addendum discussing the potential impacts of the coronavirus pandemic is included at the end of this report.

## Park Overview

The community of Wilson, North Carolina banded together to create a truly unique art park in the heart of downtown. The Vollis Simpson Whirligig Park opened in November 2017. The two-acre park is home to thirty of the artist's world-renowned whirligigs. Simpson began creating the whirligigs, a form of kinetic windmill sculptures, on his property in Wilson County during the 1980s. Soon he amassed a collection that enticed people to come to his farm to see the whirligigs. Over time, Simpson's work was recognized in the greater art world with pieces commissioned in many locations, such as Baltimore and New York. As the rise of the Internet spread information about this unique cultural experience, visitors began flocking to Simpson's property. The farm soon became the county's top tourist destination.

As Simpson aged and the whirligigs began to suffer from disrepair, the greater Wilson community came together to bring the whirligigs from the Simpson farm into downtown Wilson to be the centerpiece of a new community park. The park concept was announced in 2010. The Vollis Simpson Whirligig Park and Museum is a public-private partnership between the Vollis Simpson Whirligig Park and Museum non-profit and the City of Wilson. The goals of the park are to highlight a local cultural asset and create a community gathering space while generating vibrancy and economic activity in the downtown area. After a massive effort to move, conserve, and install the whirligigs at the newly developed park site, the park opened in late 2017.

Since the opening, visitor traffic has been strong and the momentum of downtown revitalization is increasing. Given this activity, the Vollis Simpson Whirligig Park and Museum and the City of Wilson was interested in understanding the economic impacts derived from the park. Economic Leadership LLC, out of Raleigh, North Carolina, was hired to estimate the economic benefits of the park. The surveying for this report was conducted in 2019 and the economic analysis was completed in early 2020. After the completion of the final draft of this study, the world changed dramatically with the onset of the coronavirus pandemic. The potential impacts of the pandemic and ensuing economic slow-down are discussed in an addendum at the end of this report.



## Economic Impact Methodology

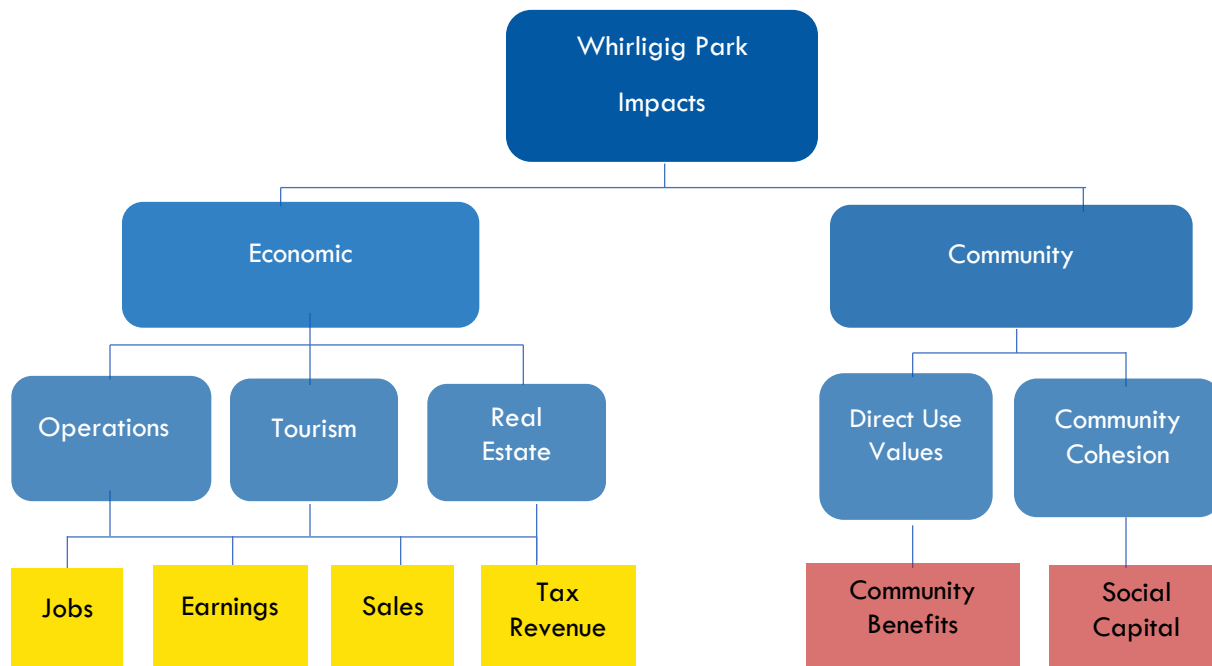
This report reviews the economic and community benefits of the Vollis Simpson Whirligig Park, hereby referred to as "the park" to Wilson County, North Carolina. The majority of the report will focus on the economic benefits of the park. Conducting an economic impact analysis, or EIA, for a city park (rather than, say, the addition of one new business) contains opportunities for multiple economic stimuli, such as increased home values, and community benefits, like increased social capital.

Economic Leadership LLC reviewed the literature of tangible benefits of city parks and made their determination based on previous EIA experience and the Trust for Public Land's recommendations in "*Measuring the Economic Value of a City Park System*." In some city



parks, health and environmental benefits such as exercise, stormwater management, and air pollution reduction are included in economic impact analyses. Given the park's relatively small physical footprint we chose not to include these benefits although this park surely brings some of these benefits on a smaller scale. Additionally, Economic Leadership LLC provided an assessment of the benefits to the community brought by the park. While these benefits are not direct economic stimulus, they are measurable benefits of the park.

### Whirligig Park Economic Impact Methodology



In order to quantify as economic impact, the spending being measured must be considered **new** to the community. Given that the study region is Wilson County, it is assumed that Wilson County residents are already spending their disposable income within the county. When a county resident goes and visits the park and buys a beer at the nearby brewery, that is considered money they would have spent in the county regardless of the park. However, if a couple travels from Raleigh to see the park and they walk over to the brewery afterwards, that money is considered a new economic stimulus to the study region.

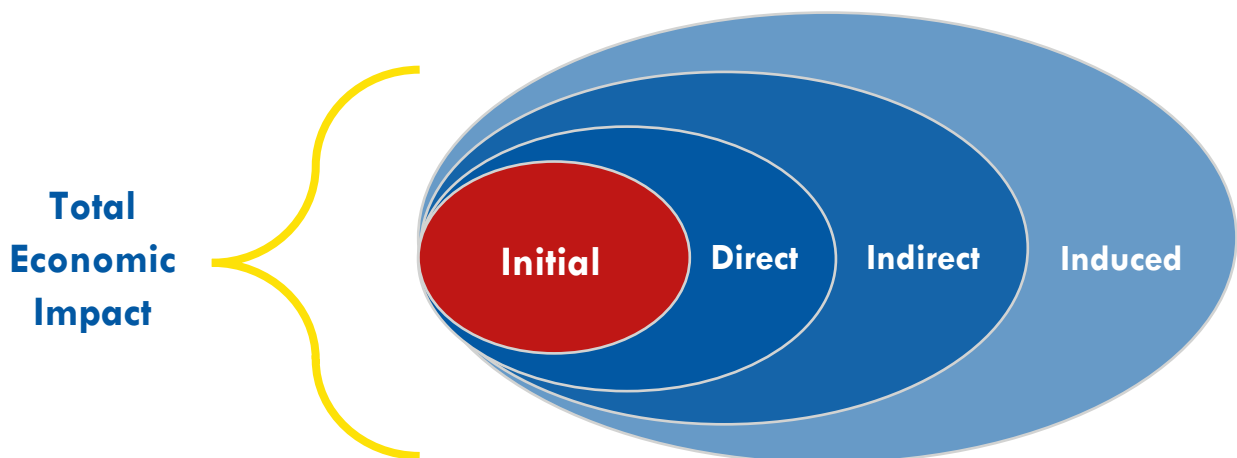
Under this methodology, we calculated the economic impact based on the out-of-region tourist spending, the change in property values attributable to the park, and the operational efforts to run and maintain the park.

There is some indication that local residents may now be choosing to attend events in Wilson County because of the park instead of leaving the county for entertainment. The capturing of this leakage of local spending was not included in this report. This spending could be considered in future economic impact reports but would require more advanced surveying data to understand local residents spending patterns before and after the creation of the park.

Economic activity has impacts well beyond the initial transaction. For this study, we acknowledge that the park creates jobs from the operations and tourist impacts. We also account for the supply-chain impacts of companies that benefit from the park. If the company serves park visitors and then makes additional purchases from a local supplier, this will stimulate additional economic growth in the region. This phenomena in regional economies is referred to as the multiplier effect.

Multipliers are specific values that measure the ripple or secondary effect of how changes in one industry can influence the broader economy. Economic Leadership LLC utilized multipliers for this study from Economic Modeling Specialists International's (EMSI) licensed software. EMSI produces a social accounting matrix that determines the linkages in purchasing patterns between different sectors of the economy. From this matrix, EMSI creates a proprietary input/output model that can calculate the final equilibrium impacts of a change in a regional economy. The EMSI input/output model has four types of multiplying effects:

1. **Initial** – this represents the jobs, revenues, and earnings directly related to the park's operations, tourism, or property value impacts.
2. **Direct** – these impacts are the first round of impacts to the industry's supply chain due to new input purchases required by the project.
3. **Indirect** – these impacts reflect the second round of activity when the supply chains stimulate sales within their supply chains.
4. **Induced** – these impacts are the result of increased earnings and therefore further spending throughout the economy.



For example, a nonprofit entity (the Vollis Simpson Whirligig Park and Museum) was created to manage the park. The *initial* impacts are the sales, earnings, and jobs specific to the nonprofit. If the nonprofit has to hire an outside marketing firm, that would be a *direct* impact. If the marketing firm is now able to hire an accounting firm with the increased revenue from the nonprofit client, the revenue received by the accounting firm would be an *indirect* impact. The increase in local spending by these employees from their new or increased earnings are the

*induced* impacts. EMSI's input/output model estimates multipliers for sales, earnings, and jobs for each 6-digit NAICS industry code. The following chart displays the job multipliers for the industry categories used in this study.

#### **Wilson County Industry Multipliers**

<b>Industry</b>	<b>Sales</b>	<b>Earnings</b>	<b>Jobs</b>
Civic and Social Organizations	1.33	1.24	1.13
Local Government, Excluding Education and Hospitals	1.52	2.19	2.35
Full-Service Restaurants	1.31	1.28	1.14
Hotels (except Casino Hotels) and Motels	1.34	1.41	1.19
Gasoline Stations with Convenience Stores	1.39	1.59	1.36

Source: EMSI 2019.4

The differing multipliers demonstrate how a change in one industry can be more or less impactful than a change in another industry. In Wilson County, for the local government sector the total job multiplier is 2.35, meaning that adding one job in local government can create or support 1.35 jobs elsewhere in Wilson County. Hotels have a lower multiplying effect on the economy with a jobs multiplier of 1.19. Higher wages are often an indicator of which industries provide the highest multiplying effect. Greater earnings received translates into more regional spending and thus a higher induced impact.

The critical component of an economic impact assessment is determining accurate data on the initial impacts of a project. To assess the initial impacts accurately, Economic Leadership LLC relied heavily on data provided by the City of Wilson and the nonprofit that manages the park. In-person visitor counting and surveying was also conducted by the Economic Leadership LLC team. EMSI data was also used to provide estimates of average sales per worker and earnings per worker estimates for each industry. Statewide values were used for these figures. These ratios were used to determine earnings and initial job impacts in situations where only the expected initial revenue was provided.

Measuring economic impact using multipliers provides an estimation of potential economic results. The multipliers used in this study come from EMSI estimates based on 2018 economic conditions. These are predictions based on certain economic conditions that are always subject to change. It is impossible to predict how the economy may change in the future. Therefore, the results represented in this study are based on many underlying assumptions from the first two years that the park was in operation. These may not be the same conditions for the years to come and only provide a snapshot of the current annual impacts. While this report does provide specific figures on revenue and employment, these figures are best taken as a broad assessment on the magnitude of the park's impact rather than exact estimations or predictions for the future.



*Kids enjoy the open space of the park during an event.*

## **Economic Impacts of the Wilson Whirligig Park**

### **Operations Impacts**

Operations impacts relate to the expenditures required for maintenance and upkeep of the park. Workers who are paid for their work at Whirligig Park then spend a portion of their dollars in the local community. The park is managed primarily by the nonprofit, Vollis Simpson Park and Museum. They provided us detailed data of their annual budget. The City of Wilson also invests staff time and resources on the park's maintenance and facilities that factor into the operational impacts. There is a nonprofit entity, the NC Whirligig Festival, which hosts an annual festival in and around the park every November; a portion of their operations were also included as an impact of the park.

Many of these entities utilize part-time staff, these were converted to full-time equivalents (FTE) and all jobs numbers reported here are FTEs. To estimate the initial sales from operations, the amount of expenses spent within the local region were extrapolated from each group's budget data. This information was combined with data on staff and earnings to determine the initial operations impacts.



### Operational Economic Impacts of Park

Type of Impact	Initial	Direct, Indirect, & Induced	Total
Sales	\$515,000	\$206,000	<b>\$721,000</b>
Earnings	\$129,000	\$79,000	<b>\$208,000</b>
Jobs	3	2	<b>5</b>

The entities that manage and utilize the Whirligig Park spend about \$515,000 in Wilson County annually. **Initial operational wages amount to \$129,000 annually.** There are the full-time equivalent of three jobs that were created just to run the park. Due to the multiplier effect, two additional jobs are created in Wilson County from this economic activity.

The total economic impacts from the park operations are an increase in income of \$208,000 to the county's economy. In this report, we will highlight mostly the income effects, as income is more likely to remain in the region as compared to sales dollars. This is because sales dollars can leave the region through intermediary costs and transactions.

### Tourism Impacts

The park is a tourism draw. Out of region visitors bring new spending to the local economy. This can be measured by estimating the number of out of region visitors and how much they spend at local establishments.

#### Estimating Visitation

Given that the park is free to the public and has multiple entrance points, measuring the number of annual visitors presents a great challenge. Visitation was grouped into three categories: event, tour, and regular visitors. The Vollis Simpson Whirligig Park and Museum and the City of Wilson provided person counts from each event and tour held in 2018 and 2019. These groups also provided the research team with an average daily regular visitation estimate based on their experience on the ground.

Information about where visitors were traveling from and how much they spent was derived from on-site surveys conducted by Economic Leadership LLC, the Vollis Simpson Whirligig Park and Museum and the City of Wilson across differing seasons, events, weekdays/weekends, and times of day.

#### Visitation Data

In addition to daily visitation, the park hosts many events that attract visitors. The park hosts numerous concerts, weddings, movie screenings, and community gatherings throughout the year. The Whirligig Festival is the largest event at the park. In 2019, it was estimated that about 40,000 people attended. Park staff tracked the number of people who attended special events at the park for 2018 and 2019. This data was also included in the tourist impacts, once the percentage of local attendees was excluded. The benefit of the park and local events to Wilson County residents is discussed in the Direct Use Values section of the report.

The park also offers tours to visiting groups, community groups, and school field trips. Park staff provided our team with information about tours from the past two years including whether it was a school field trip and from where the group had traveled. School field trips, even if traveling from outside the county, were not included in the economic impacts as it is most likely that there was no spending at local establishments during the visit to the park.

An estimate of annual regular day visitation was also provided to researchers. It was estimated that 2018 regular visitation averaged about 82 people each day, or 29,750 annual visitors. In 2019, regular visitation increased to 90 visitors per day, or about 32,850 annually.

### Total Visitation by Type and Year

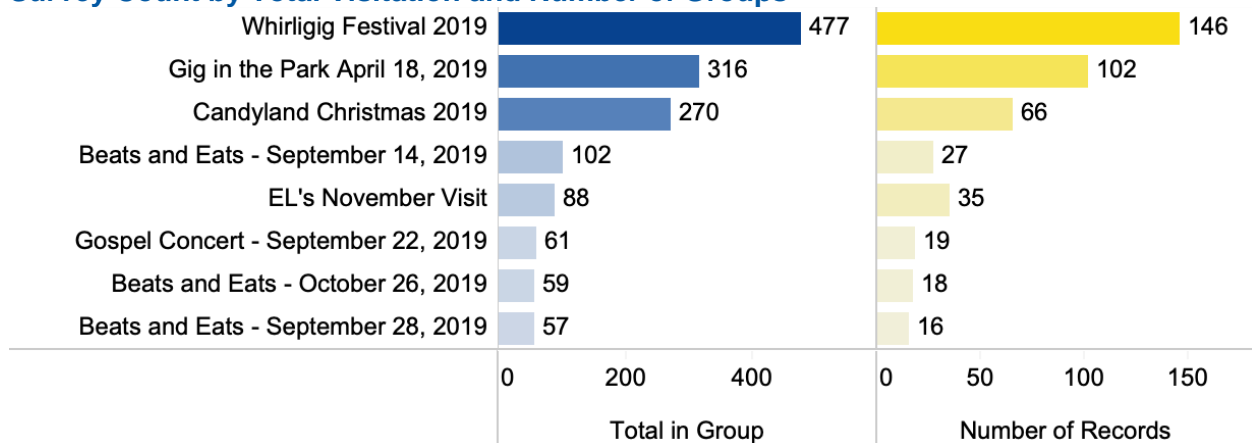
Year	Events	Tours	Regular
2018	68,500	570	29,750
2019	61,100	200	32,850
<b>Average</b>	<b>65,000</b>	<b>380</b>	<b>31,300</b>

The average of 2018 and 2019 visitation data was used to provide the data for a ‘typical year’ for the park. These figures were then treated with assumptions based on the survey data to determine the economic impact of park visitation.

### Tourism Assumptions

Over the course of 2019, 429 groups of visitors were interviewed during their visit to the park either for an event or a regular visit. This data reflects 1,430 visitors to the park last year. As the chart below demonstrates, visitors were surveyed across a variety of events throughout 2019. The largest of these was the Whirligig Festival in November. Economic Leadership LLC conducted surveys on non-event days to gather data on regular visitation.

### Survey Count by Total Visitation and Number of Groups



The survey results revealed a difference between where visitors were from based on whether it was an event, tour, or a regular visitation day. Event attendees were more likely to be from Wilson County, while regular and tour visitors were more likely coming from outside the region to see the park. We also noticed the average group size was larger for event attendees than regular visitors. The average group size for an event was 3.4 people, while a regular visitors and tour groups averaged 2.5 people. This data was used to refine the raw visitation numbers into a value of the number of groups that were visiting from outside of the region.

### Percentage of Park Visitors by Region

Region	Events	Tours	Regular
Wilson County	62%	11%	52%
Elsewhere in NC	31%	63%	34%
Out of State	6%	26%	14%

The survey data was also used to gather information about how much visitors spent in Wilson County during their visit. The amount of money spent varied whether the visitor was from in state or out of state and whether or not they were spending the night in the region. The survey data revealed that only 10 percent of visitors from elsewhere in North Carolina spent the night in Wilson County. Out of state visitors were more likely to stay overnight at a level of 35 percent.

### Overnight or Day Trip Visitation by Region

Region	Elsewhere in NC	Out of State
Overnight	10%	65%
Day Trip	90%	35%

The survey asked tourists how much they were anticipating to spend during their visit. Most said they anticipated spending food on lunch and maybe gas before they continued back on their way. Some visitors didn't even anticipate spending any money in the region during their visit to the park. Overnight visitors expectedly anticipated higher costs due to hotel room stays. We decided to take the average of the survey data based on region and overnight stays.

### Average Spending in Region by Visitors Per Group

Region	Elsewhere in NC	Out of State
Overnight	\$105	\$420
Day Trip	\$60	\$75

Based on input from visitors, we chose the industries that would be most impacted by park visitors: food establishments, gas stations, and hotels. We developed our own assumptions of how that spending would be divided among each industry.

### Average Spending in Region by Visitors

Region	Food	Gas	Hotel
Overnight	30%	20%	50%
Day Trip	65%	35%	0%

### Tourism Results

The raw visitation numbers were converted to the number of groups based on average group size data gathered from the survey based on event or regular day visitation. Then the percentage of visitors from Wilson County were removed, also based on event or regular day visitation. **This resulted in a figure of about 13,270 groups visiting the park from outside the region for events, tours, and regular visitation.**

Then the number of groups was parsed into day or overnight visitors based on whether they were from North Carolina or out of the state. The average spending amounts from the survey were then applied and broken down into spending on food, gas, and hotels.

#### Initial Economic Impacts from Out of Region Tourists

Industry Name	Sales	Earnings	Jobs
Full-Service Restaurants	\$688,500	\$275,600	13
Hotels (except Casino Hotels) and Motels	\$460,900	\$139,200	5
Gasoline Stations with Convenience Stores	\$552,000	\$127,900	5
<b>Total Initial Impact</b>	<b>\$1,701,000</b>	<b>\$543,000</b>	<b>23</b>

The result of this analysis finds that out of region visitors spent about \$1.7 million in Wilson County during their visits to the Whirligig Park. This results in an annual increase in income of \$543,000 in the region, and 23 jobs in the region are supported. When the multiplier effects are accounted for another \$210,000 in income is generated for a total of \$752,000. **The total employment impact of tourism from the park is 28 full-time jobs.**

#### Tourism Economic Impacts of Park

Type of Impact	Initial	Direct, Indirect, & Induced	Total
Sales	\$1,701,000	\$586,000	<b>\$2,287,000</b>
Earnings	\$543,000	\$210,000	<b>\$752,000</b>
Jobs	23	5	<b>28</b>



## Real Estate Impacts

In this section, we look at the Whirligig Park's contribution to changes in real estate values in downtown Wilson, and in particular within a study area around the park. We will explore both quantitative changes (in the assessed value of real estate, and in lease rates for individual spaces) and qualitative impacts perceived by property owners, real estate professionals, and others with knowledge of the downtown Wilson market.

### Quantitative Impacts

The Whirligig Park study area shown below (outlined in red) is used by Wilson Downtown Development Corporation staff and was adopted for use in examining changes in real estate for this project. The study area contains about 340 parcels in close proximity to the park, with the park itself in the center.

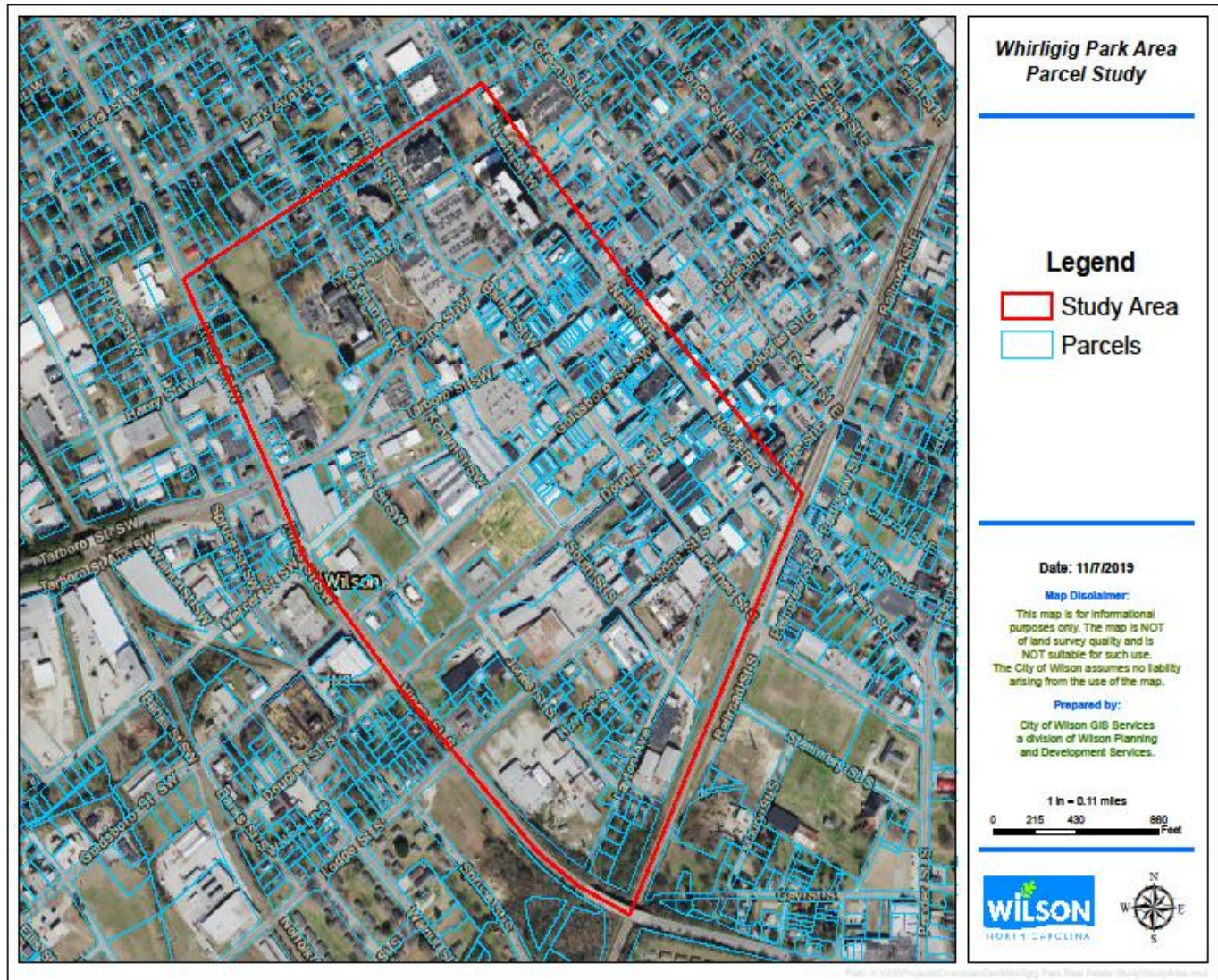
### Assessed Property Values

We looked at the changing assessed (tax) values of real estate in this area from 2009 to 2019. The park project was announced in 2010, and the park opened in November 2017. Wilson County conducted county-wide revaluation of properties in 2008 and 2016. These often result in significant changes in property values. Property value data was provided by the Wilson County Tax Department.

In 2009 – before the Whirligig Park project was announced – the total value of real estate within the study area was \$49.8 million. By 2019, the total assessed value had grown to \$67.7 million, an increase of 36 percent. By comparison, the total assessed value of all real estate within Wilson's city limits was virtually unchanged between 2009 and 2019, holding steady at \$3.49 billion. **Thus, the Whirligig Park study area experienced a gain of more than \$17.9 million in assessed real estate values over a 10-year period, while the city as a whole experienced no increase.**

### Change in Property Value Over Time

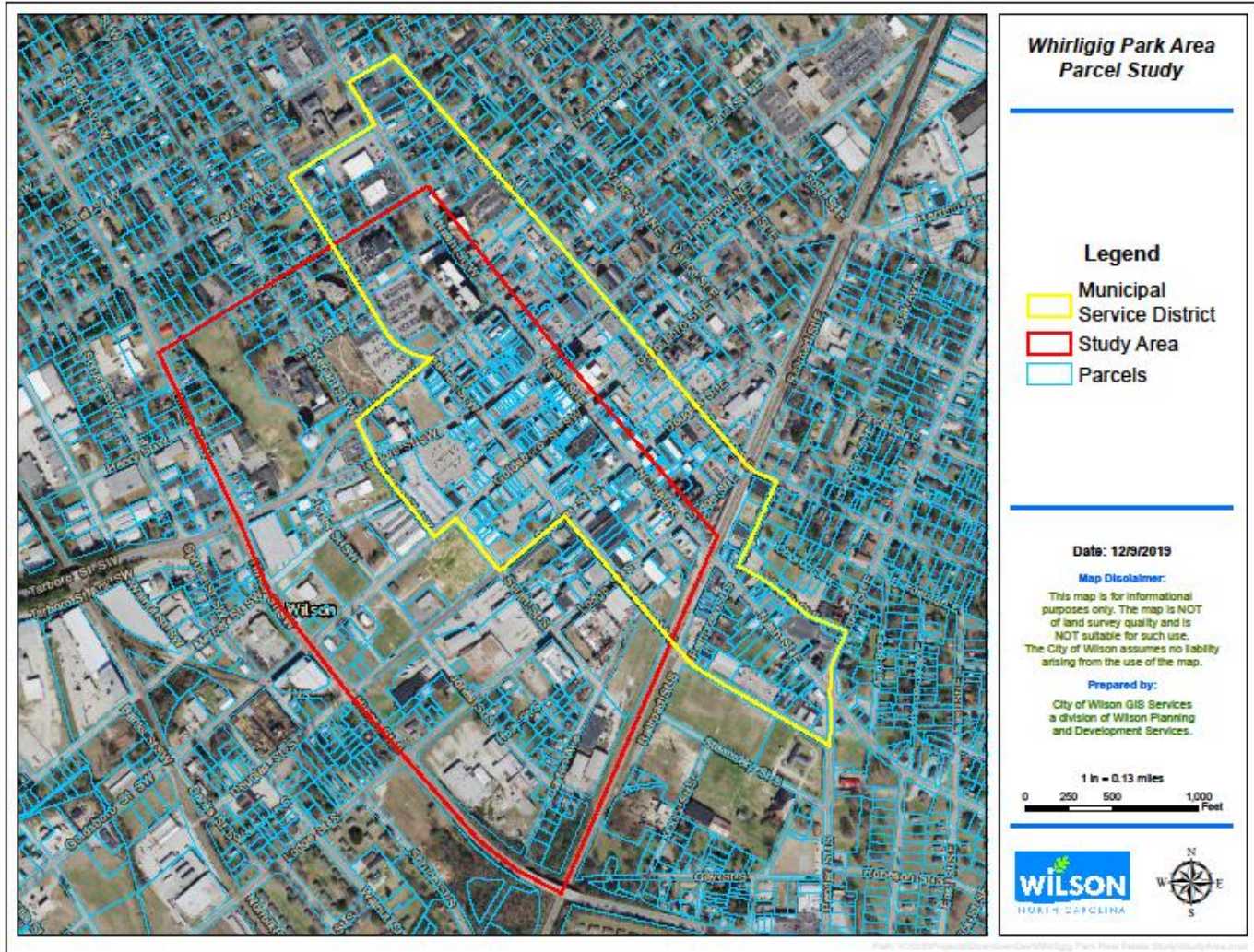
Area	2009 Total Value	2019 Total Value	Change
Whirligig Park Study Area	\$49,799,290	\$67,744,878	+ 36.0%
All Properties within the City of Wilson	\$3,495,399,350	\$3,492,869,466	Unchanged (decline of 7/100ths of 1 percent)



In 2016, while the park was under construction and other investments were being made nearby, the tax department's revaluation resulted in a 22.7 percent increase in real estate values within the Whirligig Park study area. City-wide, values declined by 4.4 percent following the revaluation process.

Even focusing just on the downtown area of Wilson, the Whirligig Park study area has seen larger gains in real estate values than the rest of downtown. The downtown has a Municipal Service District (MSD), a special tax district that has been in place since 1981. The MSD is very similar in size (containing about 330 parcels) and includes some of the same parcels as the study area but, does not include the Whirligig Park and many surrounding properties. The two areas are shown on the map below, with the park study area boundaries in red and the MSD in yellow.





From 2009 to 2019, the downtown MSD saw total real estate values increase from \$57.6 million to \$66.9 million. This is a gain of 16.2 percent, compared with a gain of 36 percent in the Whirligig Park study area.

Area	2009 Total Value	2019 Total Value	Change
Municipal Service District (MSD)	\$57,551,296	\$66,850,581	+ 16.2%
Whirligig Park Study Area	\$49,799,290	\$67,744,878	+ 36.0%

Ten years ago, the total value of the study area was 13.5 percent less than the downtown Municipal Service District. By 2019, the park area had a value 1.3 percent greater than the MSD. It is probably not accurate to attribute all of these gains to the Whirligig Park, but the investment in the park likely played a significant role in encouraging other property improvements.

### **Property Lease Rates**

Though it is more difficult to quantify the overall impact, lease rates for commercial space (retail or office) have also risen significantly. Downtown market experts report that lease rates 10 years ago could be \$1 or less per square foot, annually. One investor says that property owners would offer space rent-free in order to attract tenants to a downtown area that was perceived as “dead.”

Currently, numerous spaces near the Whirligig Park and elsewhere downtown are able to command \$10 to \$12 per square foot annually. More thoroughly renovated spaces can get \$14 to \$16, and one particularly attractive space has rent exceeding \$19 per square foot. Another local real estate investor states that rents at his building have doubled in the two years since the Whirligig Park opened – from between \$6.00 and \$7.50 per square foot to the \$12.00 to \$15.00 range.

Though not high in comparison with lease rates in the Research Triangle region, commercial space rates have risen substantially and now indicate a viable commercial space market in the Whirligig Park study area and throughout downtown. The key result of these rent increases, according to a commercial real estate broker, is that property owners who renovate buildings are now able to make a reasonable return on their investments. This is likely to attract additional investors to downtown Wilson.

### **Qualitative Impacts**

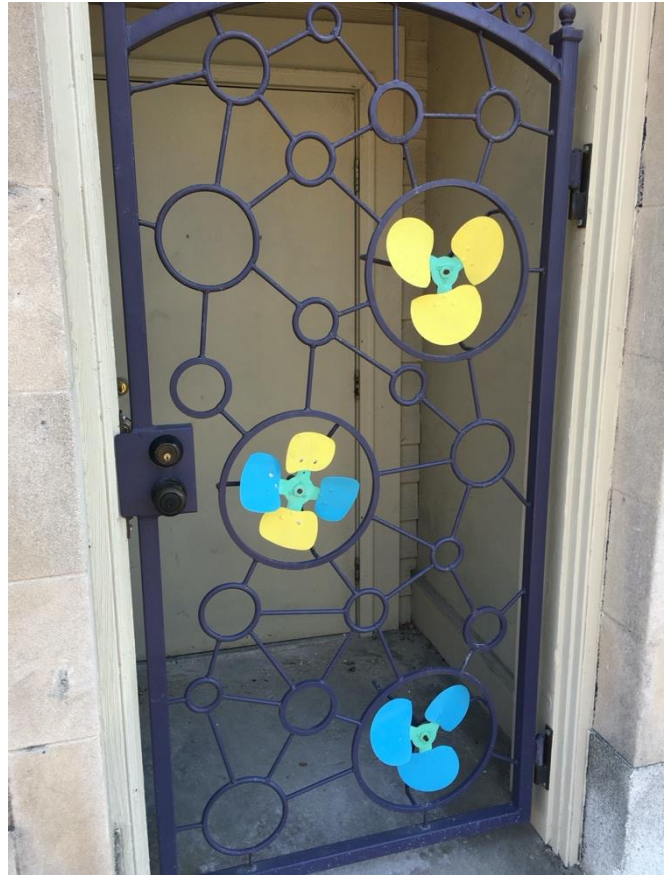
To assess qualitative impacts from the Whirligig Park, we also interviewed seven downtown property owners and real estate brokers (via in-person and phone interviews), as well as city and county staff knowledgeable about the park and the downtown area.

### **Summary Comments**

- Overall, property owners refer to the Whirligig Park as a “draw,” a “big deal,” and a major asset for the downtown and the study area. The adjacent Whirligig Station is a \$14.4 million mixed-use renovation project of a (100,000 sq. ft) square foot building and will include 94 market rate apartments. Together, these major public sector and private sector investments have had a “huge impact” on activity downtown and have “created a destination.”
- It took major projects such as the Whirligig Park and Whirligig Station (adjacent mixed use development) to “focus attention” on the downtown and make downtown a center of activity again.
- Interviewees consistently state that these large projects built “confidence” in downtown as a place to invest. One property owner knew that Wilson had a beautiful downtown, affordable prices, and available grant money. Still, they “would not have done” their first redevelopment project without the positive announcements regarding the Whirligig Park and Whirligig Station. This property owner started investing downtown in 2016 and is now working on their third building.



- Interviewees believe that the park and events held there have caused locals to “revisit” downtown and experience it again – often for the first time in many years. Many nearby residents “would never go downtown” otherwise. Meanwhile, the park is drawing new visitors with “out-of-state plates” from “everywhere.” Similarly, property owners note that investors are a mix of local residents, those from larger cities in the Triangle looking for affordable opportunities, and some from outside the region and the state.
- Real estate professionals and property owners would not describe the downtown real estate markets as “hot” yet, and some hoped that activity would increase at a faster rate. However, they see “positive momentum” and a market that has “picked up significantly” over the past two to three years. In addition to seeing “more small businesses” in general wanting to open near the Whirligig Park, property owners note an improvement in the quality of tenants (in terms of their business experience, credit worthiness, etc.)



*The real estate market is buying into the promise of the Whirligig Park.*

- One Wilson native who completed a downtown building renovation in 2018 describes the current market as a “state of opportunity” with fewer distressed properties but still offering affordability and proximity to the Triangle region. A longtime commercial real estate broker in the region estimates commercial vacancy city-wide (excluding the mall) at just five percent.

#### **Additional Comments**

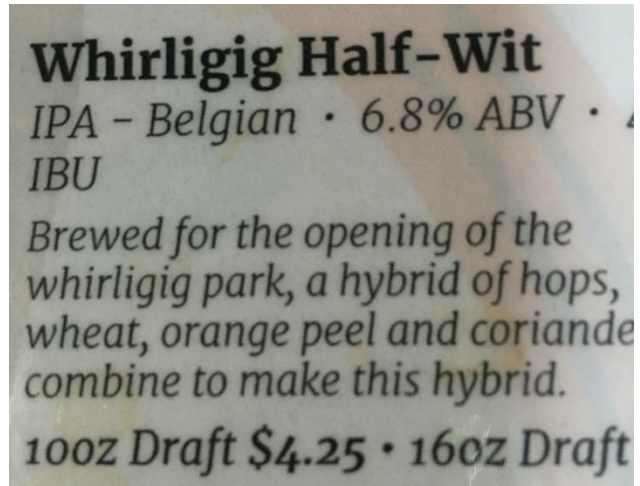
- The public-private partnership that created the park “took the worst-looking spot” downtown and “made it an asset.” Over the last five years, downtown has gone from “dead to active.”
- Earlier downtown residential projects such as Nash Street Lofts started the turnaround. Whirligig Park and Whirligig Station have been “major factors” over the past two or three years.
- Potential tenants talk about the park “in every conversation.” People “want to be close to it.” Professionals want to be able to walk to amenities like the park, restaurants, brewery, and coffee shop.

- There is not a critical mass of amenities around the park yet. More restaurants and other attractors are needed. We're not at the "tipping point" yet.
- The park provides an attractive, well-lit, safe atmosphere. Families with young children will come downtown (again). The number of events at or around the park is a big plus.
- The Whirligig Park makes downtown "approachable," and creates a positive public perception. The park has been a catalyst for change from the image of "sleepy Wilson."
- The major investments in the Whirligig Park and Whirligig Station gave local investors confidence to take on smaller projects, and this has attracted investors from outside Wilson. Together, the downtown improvements have "started turning heads."
- Regarding the relationship between new development near the Interstates on the edge of Wilson, and downtown projects: the success of the Whirligig Park probably increases investor confidence for doing new hotels and restaurants near the Interstates. Meanwhile, the high lease rates at new developments near I-95 make renovated spaces downtown look relatively affordable.
- Purchase prices for downtown-area buildings are still affordable, but it is an active market for investors (especially) as well as owner-occupants. Most recent sales have been between \$15 and \$30 per square foot, with a few lower than that and one approaching \$50 per square foot.



*The downtown area shows signs of the past as well new residents.*

- People are getting priced out of the Raleigh area. We have a good location between Raleigh and Greenville, with reasonably-priced housing and business spaces.
- The new Truist (formerly BB&T) building and proposed new YMCA and new mixed-use redevelopment of the BB&T towers site will have major positive impacts for downtown.
- Small business training at Wilson Community College is an important asset for our downtown business community.



*The whirligigs have inspired local breweries.*

### **Real Estate Impact Conclusions**

1. The study area around the Whirligig Park, containing about 340 properties, has a 2019 real estate assessed (tax) value of **\$67.7 million**. At the current city and county tax rates, this area contributes **\$884,071** to the city and county's revenues annually. This does not include revenues for the special downtown Municipal Service District (MSD), which some properties fall within.
2. The Whirligig Park project was announced in 2010 and opened in late 2017. Between 2009 and 2019, the area around the park increased in assessed value by **36 percent**, while the city as a whole experienced **no change** in the assessed value of real estate. The park study area's 2019 assessed value is **\$17.9 million higher** than it would be if the area had also remained unchanged in value over the 10-year period. The park area's sharply rising real estate values have thus resulted in **\$234,190 higher tax revenues** for the city and county of Wilson in 2019, compared with the unchanged value of the real estate tax base city-wide.
3. The Whirligig Park study area has also increased in value much faster than the rest of the downtown. While the downtown MSD's assessed value increased by **16.2 percent** from 2009 to 2019, the park study area gained in value by **36 percent**.
4. The commercial space lease market downtown was nearly nonexistent 10 years ago. Lease rates for retail and office space have risen sharply since then and especially over the last two years since the park opened, creating an active market with low vacancy but still affordable in relation to the Research Triangle region.
5. Property owners, investors, real estate brokers and others knowledgeable about Wilson's downtown universally describe the Whirligig Park as an important "draw," a major asset, and a "big deal" for the revitalization of downtown. It has resulted in longtime local residents experiencing downtown for the first time in many years and has brought in many new visitors with "out-of-state" license plates from "everywhere."



6. The public sector and private sector investments at the Whirligig Park, adjacent Whirligig Station, and smaller projects have “created a destination” and built confidence for others to invest in Wilson. More than one investor said that they “would not have done” their first redevelopment project without seeing the major investments made at the Whirligig Park and Whirligig Station.
7. The number and variety of events at the park, as well as the creation of an attractive, family-friendly atmosphere, gives downtown Wilson a positive public perception.

### Property Tax Economic Impacts

The findings of the real estate impacts generate another type of economic benefit to add to the model. The increased revenue from property taxes increases the capacity of local government. This allows local government to increase staffing, host more events, or extend services. This increased activity generates additional economic activity. To measure the total economic impact of this activity, the increase in property tax revenue is added to the local government sector. The local government sector has some of the highest earnings and job multipliers in the study. The result of the increase in property taxes is the total economic impact of two new jobs in the Wilson County economy and an increase in income by \$142,000.

#### Property Tax Economic Impacts of Park

Type of Impact	Initial	Direct, Indirect, & Induced	Total
Sales	\$234,000	\$122,000	<b>\$357,000</b>
Earnings	\$65,000	\$77,000	<b>\$142,000</b>
Jobs	1	1	<b>2</b>

### Total Economic Impacts

When the property value impacts are combined with the operational and tourism benefits, we see that annually there is \$2.5 million in economic activity initially derived from the park. As this spending filters through the economy it grows to a total of \$3.4 million in sales.

#### Total Annual Economic Impacts of Park

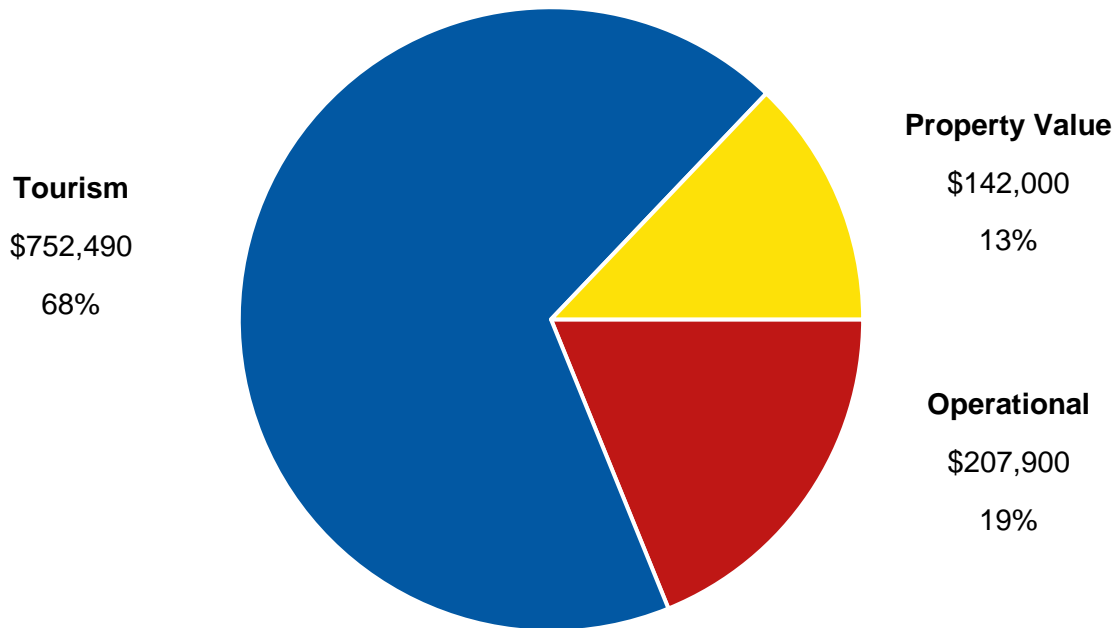
Type of Impact	Initial	Direct, Indirect, & Induced	Total
Sales	\$2,451,000	\$914,000	<b>\$3,365,000</b>
Earnings	\$736,000	\$366,000	<b>\$1,102,000</b>
Jobs	27	7	<b>35</b>

As income is more likely to remain in the region as compared to sales dollars due to intermediary costs and transactions, we focus on income benefits. **Overall, the park is responsible for adding over \$1.1 million in income to Wilson County as well as 35 full-time jobs.** Most of the income generation comes from the tourism impacts, which accounts for



about 68 percent of the total income benefits. The operational and property value impacts account for 19 and 13 percent of income generated, respectively.

#### Total Income Generated by Impact Type



#### Tax Impacts

We estimated tax impacts based on the numbers produced through our analysis. This included property tax, sales tax, occupancy tax, gas tax, and income tax revenue. Not every geographic unit in our study collects all of these taxes; the chart below shows which jurisdiction collects each type of revenue. There may be other tax revenues generated from the park, but these are the revenues that can be estimated based on investment, sales, and earnings data generated from our model. For estimating tax benefits for North Carolina, we only included economic activity generated by visitors from outside the state.

#### Tax Impact by Type and Geography

Type of Impact	North Carolina	Wilson County	City of Wilson
Property Tax		X	X
Sales Tax	X	X	
Occupancy Tax		X	
Gas Tax	X		
Income Tax	X		

#### Property Tax Income

As discussed in the real estate benefits section, the property surrounding the Whirligig Park increased by 36 percent, while across the city overall property values remained constant. This

has led to an increase in annual property tax collection of **\$234,190**. Based on the millage rates, property tax revenue increases breakdown to \$131,000 for Wilson County and \$103,200 for the city.

#### Property Tax Rates

Wilson County	City of Wilson	Total
\$0.0073	\$0.00575	\$0.01305

#### Sales Tax Income

Both the county and North Carolina have a tax on sold goods in the region. North Carolina has a 4.75 percent sales tax that applies to food and beverage and other tangible personal property that is purchased. Food purchases were the only applicable spending from the model for sales tax revenue. Our analysis found that visitors from outside the state spent about \$295,000 annually on food. This resulted in \$14,000 of revenue to the state in the form of sales tax. Local sales tax revenue at the county level is taxed at a 2 percent rate in Wilson County. Visitors that were from outside the county spent about \$689,000 annually at eating establishments. This amounts to a sales tax revenue of \$13,800 annually for the county.

#### Occupancy Tax

Wilson County levies a six percent occupancy tax on hotel sales. Visitors to the Whirligig Park spent an estimated \$460,870 at hotels in the county. This amounts to occupancy tax revenues of \$27,700 annually.

#### Gas Tax

Gas purchased in the study region is subject only to the North Carolina gasoline tax. The state charges 0.362 cents per gallon. It was assumed that the average price of gasoline in the area is \$2.14 per gallon based on current averages. The park was responsible for \$190,000 in gasoline spending. Only gasoline purchased by out-of-state park visitors was included in this estimate. The result is \$32,200 in gasoline tax revenue annually for the state coffers.

#### Income Taxes

The state of North Carolina taxes personal income at a rate of 5.25 percent. Based on our impact model, we know the anticipated earnings from economic activity derived from the park and out of state visitors and the ensuing multiplier effect on the economy is about \$745,000 in earnings.

However, not all earnings count as taxable income, so to reduce earnings to taxable income we used a ratio of average household taxable income from the IRS and the average household income from the US Census. This amounted to a ratio of 83 percent of earnings counting as taxable income. This taxable income was applied to a 4.57 percent effective tax rate in North Carolina estimated by SmartAsset. We estimate about \$28,200 in income tax revenue annually attributable to the park.

#### Total Tax Impacts

Based on the taxes we have estimated in this analysis, the state of North Carolina would benefit from about \$74,400 in new taxes annually through sales, gas, and income taxes. Wilson County earns tax revenue of about \$172,500 annually. The City of Wilson is also benefiting from increased property tax revenue of about \$103,200 annually. The majority of tax revenue generated by the park comes from the property taxes generated from the increase in property

value in the downtown corridor. Overall, the tax impact of the park is about \$350,100 in annual state and local tax revenue.

#### **Annual Tax Revenue by Geography**

Type of Impact	North Carolina	Wilson County	City of Wilson	Total
Property Tax		\$131,000	\$103,200	<b>\$234,200</b>
Sales Tax	\$14,000	\$13,800		<b>\$27,800</b>
Occupancy Tax		\$27,700		<b>\$27,700</b>
Gas Tax	\$32,200			<b>\$32,200</b>
Income Tax	\$28,200			<b>\$28,200</b>
<b>Total</b>	<b>\$74,400</b>	<b>\$172,500</b>	<b>\$103,200</b>	<b>\$350,100</b>

#### **Economic Impact Conclusions**

1. The park generates new economic activity in Wilson County through three forms: the operations of the park, tourism spending from park visitors, and increased property values in the area surrounding the park. Tourism spending is the largest contributor, accounting for 68 percent of the total economic impacts.
2. The Whirligig Park regular visitation averages about 86 people per day, 41 out of the total are estimated to be out-of-region visitors. The remaining 45 of the daily average come from within Wilson County.
3. Visitor spending varies based on the length of trip and length of time traveled, according to surveys the average spending for an out-of-region visitor averaged between \$60 - \$420 spent within Wilson County.
4. When the three types of new economic activity are added together and their multiplying effect is analyzed, the resulting impact on the economy is an addition of \$1.1 million in earnings and 35 jobs.
5. The park also generates tax revenue through property, sales, gas, occupancy, and income taxes. Annually it is estimated that over \$350,000 is generated for the state of North Carolina, Wilson County, and City of Wilson.

## Community Impact Benefits

### Direct Use Values

While the majority of this report focuses on the economic impacts of the park, primarily generated by visitors from outside the local region, the park does provide services and value for local users. This value provided to visitors can be measured using an economic concept called willingness-to-pay (WTP). The theory of direct use values surmises that if the park was not available then users would be willing to pay for that same service at a private entity. This WTP value accounts then for the savings the park provides users. According to The Trust for Public Land:

*“While some might claim that direct use value is not as ‘real’ as tax or tourism revenue, it nevertheless has true meaning. Certainly, not all park activities would take place if they had to be purchased. On the other hand, city dwellers do get pleasure and satisfaction from their use of the parks. If they had to pay and if they consequently reduced some of this use, they would be materially “poorer” from not doing some of the things they enjoy.”*

To help determine these WTP values, the US Army Corps of Engineers has quantified average benefits for activities associated with parks. This value is then applied by the number of participants in each park activity (general park use, concerts, etc.) to determine the total direct use values. Based on the event, tour, and regular attendance number of local residents, the park generates over \$996,200 annually in direct use value for local visitors.

### Direct Use Value by Activity

Type of Activity	Person Visits	Average Value Per Visit	Direct Use Value
General Use	16,425	\$6.21	\$102,000
Special Events	40,627	\$22.01	\$894,200
<b>Total</b>	<b>57,052</b>		<b>\$996,200</b>

Source: EL estimates based on USACE (2018)

### Community Cohesion

Many stakeholders have come together to create and sustain the Whirligig Park. This community cohesion leads to a “stronger, safer, and more successful” region according to the Trust for Public Lands. While it is not possible to fully measure the value of all the social capital generated through the park, some aspects can be measured. The number of members in any ‘friends of the park’ groups, any time they’ve volunteered, and their financial contributions can all provide a proxy for the community cohesion generated from the park.

In Wilson County, community members have come together to form groups that support the park and museum. Each entity provided the researchers with data on their financial contributions, number of volunteers, and hours volunteered. We cataloged this data and estimated the value of a volunteer’s time based on data from Independent Sector.



### Community Cohesion by Group

Group Name	Number of Volunteers	Donations	Volunteer Hours	Value of Volunteer Hours	Total
Friends of the Whirligigs	75	\$55,000	--	--	\$55,000
Gig360	40	\$10,000	300	\$7,300	\$17,300
Whirligirls	20	\$25,000	--	--	\$25,000
Whirligig Festival - Board of Directors and Committees	33	ND	6,750	\$163,300	\$163,300
Whirligig Festival	200	ND	600	\$14,500	\$14,500
Park & Museum Board of Directors and Committees	25	\$85,000	450	\$10,900	\$95,900
<b>Total</b>	<b>393</b>	<b>\$175,000</b>	<b>8,100</b>	<b>\$196,000</b>	<b>\$371,000</b>

ND = Not disclosed to researchers

As a result, the community cohesion benefits to the local region can be measured at a value of \$371,000 annually.

### Community Impact Conclusions

1. The park has tangible benefits for community members who utilize and engage with the park. While these do not count as new economic stimulus, these benefits can be quantified.
2. Local users benefit from regular visitation and the special events hosted at the park. Based on the cost of these services in the private market, the direct use benefits of the park are almost \$1 million annually.
3. The park generates social capital and engages the public through the groups that support the park financially and with their time. The annual benefits of this community cohesion are valued at \$371,000 annually.

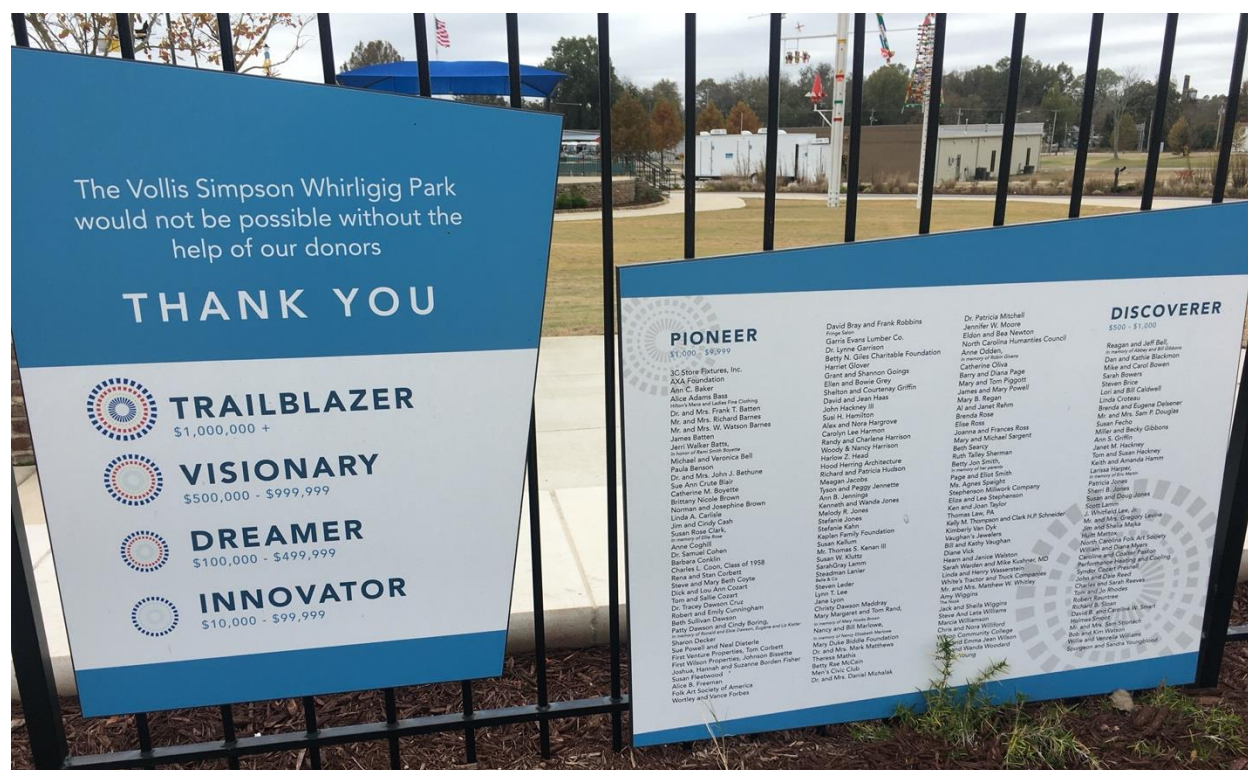
### Conclusion

The Vollis Simpson Whirligig Park brings benefits to the community and the local economy. For the first time since the park opened in November 2017, the extent of this impact has been measured. Economic benefits have come in the form of out-of-region visitors spending money at local establishments, new operational jobs, and increased activity and property values in the nearby downtown corridor. **These economic impacts add over \$1.1 million in income to Wilson County annually and support 35 full-time local jobs.** This increase in activity has also added to tax revenue for the state, county, and city.

The local community has also benefitted from access to a free art park. The City of Wilson and the Park and Museum nonprofit have also increased the benefits to the local community by hosting well-attended and engaging events throughout the year. This local energy is measured in \$996,200 of direct use values and \$371,000 worth of social capital.

The park's impact is still in the beginning stages, particularly when it comes to improving the downtown area. With the museum opening a gift shop soon in the Whirligig Station, there may be more opportunities to connect with visitors on a regular basis. Community benefits should increase as the Whirligig Station apartments fill to capacity and more locals use and support the park. Some of the economic activity generated by the park is expected to be threatened during the COVID-19 outbreak and economic slowdown. The potential impacts of this event are discussed in the addendum at the end of this report.

Follow-up analysis would be beneficial, and many aspects of this analysis are likely to increase in scale. The key to measuring the economic impact for now and the future will be finding ways to measure visitation, where those visitors are coming from, and how much they are spending in the region. Another measure of economic benefit that could be included in the future is the capturing of reduced leakage from local residents. Local officials note there is some indication that residents may now be choosing to attend events in Wilson County because of the park rather than leaving the county. The capturing this activity would require more advanced surveying work to understand local residents spending patterns before and after the creation of the park.



Many community members have donated their time and money to help the Whirligig Park.

This report and analysis was written by Ted Abernathy, Sara Casey, and Greg Payne of Economic Leadership LLC.

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## Addendum

### Coronavirus Impact & Recovery Addendum June 2020

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The coronavirus pandemic has pushed the world into a recession which appears to be "worse than the global financial crisis" according to the International Monetary Fund. Observers of America's economic shutdown are calling it the Great Pause, a near cessation of economic activity. A report by McKinsey & Company suggests that we might be in the midst of the largest drop in consumer demand since World War II. Unfortunately for the Whirligig Park and the downtown revitalization efforts, some of the hardest-hit sectors are tourism, community events/festivals, restaurants, retail, accommodation, and entertainment. Air travel in the United States has dropped by 95 percent. Public events, festivals, and gatherings have almost completely ceased. Many unknowns remain including how long the health and economic crisis will last.

Research by several groups indicates that the states likely to experience the sharpest economic decline are those where travel and tourism is most important: Nevada, Hawaii, and Florida. These states might also have the potential for the greatest turnaround after the crisis has subsided, but such a rebound is not assured. North Carolina has not been ranked at the top (or the bottom) of these economic decline forecasts.

Hotel and retail properties will be under considerable pressure, and chains might close weaker locations. Commercial real estate loan analysis by Trepp estimates that the loan default rate for lodging properties could soar to 35 percent, and for retail properties to 16 percent (while other

types of commercial property loans would have default rates no higher than 4 percent). Small businesses in general will likely see high rates of closure – a Drexel University researcher states that the average small business has enough funds to equal 27 days of cash flow. At the least, retail and restaurant tenants are likely to need rent reductions or abatement in order to stay afloat.

The most significant impacts on the American economy has been the dramatic rise in unemployment and reduced incomes. Moody's economist Mark Zandi estimates that 80 million jobs (more than half of the nation's total number of jobs) could be affected by layoffs, furloughs, hour cuts, or wage cuts. Leisure and hospitality jobs head his list. Various reports suggest 10 million or more vulnerable positions in food and beverage services, accommodation, travel, and attractions. Retail store jobs are also at great risk.

Reopening the economy has not been a guarantee of activity. Consumers and workers are still showing caution, keeping demand for non-essential services low. If this trend continues, personal and business finances can continue to be strained and contribute to a slow recovery. Most economists believe that these businesses that must operate within close proximity will not be able to return to pre-epidemic levels until there is a vaccine. What is expected between now and a vaccine is a "Masked Economy" operating at about 80 percent of capacity.

For the Whirligig Park, which receives many visitors from both outside the state and within the state and region via car travel, adjustments in behavior might not affect it as much as other attractions. Many Americans might shun air travel, cruises, theme parks, and foreign destinations in favor of closer-to-home attractions reachable by car. This represents an opportunity to market the park to as a regional attraction and generate even more visitors.

A more difficult issue could be the survival rate of local small businesses such as restaurants and retail shops. For Wilson to benefit from the park, it needs a critical mass of places for visitors to spend their money. Attrition from businesses unable to survive the coronavirus crisis would slow the positive momentum that downtown Wilson has experienced since the park opened.

Utah is stressing the need to "keep business of every kind operating" as much as possible and is praising local governments that delay business license renewals or ease business sign regulations. To help small businesses get through the crisis and recover afterwards, researcher Bruce Katz suggests the creation of "economic stabilization teams" including local governments, small business owners, banks, landlords, chambers of commerce, and foundations. These teams could work out the details of short-term relief such as reduced rent or lease extensions, deferred mortgage or loan repayments, utility bill and tax relief. Longer-term, these groups can develop joint strategies to help small businesses access financing and other resources, and fine-tune Wilson's marketing program to appeal to visitors during the Next Normal era.

Another threat to the Whirligig Park during this time is the resilience of the non-profit that manages the park. Much of their funding comes from donations from businesses and individuals in the community. If the community is struggling financially, donations to the park might be down. As this report shows, the park helps bring business to the town, if the park begins to struggle to raise funds to operate the park, the benefactors of the park may need to contribute to keep the park running.

Finally, communities and attractions can take steps to increase consumer confidence. Richmond Federal Reserve Bank President Tom Barkin notes how important TSA airport security screening was in reducing fears after September 11, 2001. TSA screening may be cumbersome, but Barkin believes it was “crucial” in restoring confidence in flying. Similarly, Wilson businesses and governments can boost the public’s confidence now. Possible steps include use of masks, gloves, frequent deep cleaning, quickly sending sick employees home, spacing requirements, and limiting the density of crowds in restaurants, bars, and at the park itself. Visible displays of prudence like these can reassure visitors and area residents that it is again safe to enjoy downtown Wilson and the whirligig park.