THE ECONOMIC ACTIVITY IN BALTIMORE CITY GENERATED BY THE OPERATIONS AND PROPOSED CAPITAL EXPANSION OF THE GARRETT-JACOBS MANSION 11 W. MOUNT VERNON PLACE BALTIMORE, MD 21201

the GARRETT JACOBS MANSION at Mount Vernon Place

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Introduction

The Garrett-Jacobs Mansion Endowment Fund retained the Jacob France Institute (JFI) to prepare a report on the economic activity generated in Baltimore City by the catering and event operations within the Mansion managed by the Engineer's Club. The Endowment Fund and Club have undertaken an $8 – 10 million capital project to restore and improve the Mansion.

The Garrett-Jacobs Mansion is located on the West Park of Mount Vernon Place: it is a contributing structure to the Mount Vernon Historic District, a national historic landmark. The Garrett-Jacobs Mansion the finest legacy of Baltimore's Golden Age. Created by the Garrett Family, it is the largest and grandest of the townhouses built by the merchant and industrial leaders of Baltimore in the latter half of the 19th and early part of the 20th century.

The Engineer's Club leased the building from the city, which had planned to destroy the building as part of an urban renewal and expansion project for the Walters Art Gallery. In a public referendum, the bond bill providing the funding for the destruction of Mansion was defeated. In 1962, the Club purchased it outright and began a dedicated effort to preserve and maintain the historic structure. In 1971, the Maryland Historic Trust officially recognized the Mansion's significance. In 1992, the Garrett-Jacobs Mansion Endowment Fund, a 501(c)(3) organization was established to ensure the future of this unique landmark.

The Engineers Club was created in 1905 after the Great Baltimore Fire of 1904 as a common meeting place where engineers could exchange technical ideas and foster camaraderie. Although designed originally as an organization for engineers, the Club has opened its doors to men and women from all professions. A celebrated social center and meeting place, the Mansion welcomes more than 30,000 visitors annually, a figure expected to significantly increase with the completion of the capital project.

The Economic Impact of the Event and Catering Operations

The Mansion hosted 225 events in fiscal 2007 and had revenues of $2,796,545. Using the IMPLAN model to estimate its economic importance to the City, the $2.8 million in event and catering activities occurring in the mansion support $4.1 million in economic activity in the City with an associated 54 jobs (45 in the Engineer's Club) earning nearly $1.3 million in employee compensation. The City economic activity supported by operation of the Engineer's Club and event and catering activities generates $248,411 in combined State and Local tax revenues.

Because of the limited time available for the JFI to prepare this report, it was not possible to conduct a survey of visitors to the mansion to collect information on their expenditures on parking, retail purchases, visiting cultural amenities or other local spending. Thus, the economic contribution described above can be considered conservative.

Table 1
Economic Contribution of The Engineer's Club Operations and Event and Catering Activities To the City of Baltimore Economy

Economic Impact	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Economic Output ($s)	$2,796,545	$786,493	$544,815	$4,127,853
Employment (# of Jobs)	45	5	4	54
Employee Compensation ($s)	$953,962	$213,674	$172,732	$1,340,368
Total State and Local Fiscal Impact				$248,411

Source: JFI and IMPLAN

The Economic Impact of the Garrett-Jacobs Mansion's Capital Expansion/Renovation

The total estimated budget for the capital expansion and renovation of the mansion is $9.0 million. Again using the IMPLAN model, these construction expenditures will generate $13.7 million in economic activity in the City and support 114 jobs (76 in the construction sector) earning $5.6 million. The City economic activity estimated a being generated by the planned the Mansion's renovation will generate $482,447 in combined State and Local tax revenues.

Table 2
Economic Contribution of The Engineer's Club Capital Expansion Expenditures To the City of Baltimore Economy

Item	
Total Construction Budget	$9,000,000

Economic Impact	Direct Impact	Indirect Impact	Induced Impact	Total Impact
Economic Output ($s)	$9,000,000	$2,203,490	$2,479,972	$13,683,462
Employment (# of Jobs)	76	18	20	114
Employee Compensation ($s)	$4,067,118	$755,016	$786,229	$5,608,363
Total State and Local Fiscal Impact				$482,447

Source: JFI and IMPLAN

Methodology

This analysis used the IMPLAN model to estimate the contribution made to the City of Baltimore's economy by the operations and a planned capital expansion and renovation of the Garrett-Jacobs Mansion.[1] The primary input to this effort was data on revenues and expected construction spending provided by renovation to the Mansion. An economic contribution analysis examines the effects of an economic activity using input-output analysis. Input-output analysis is based on the use of multipliers, which describe the response of an economy to a change in demand or production. Multiplier effects occur as an initial round of spending is spent and re-spent in the City's economy. For example, an industry pays a worker a salary, a portion of which is then spent on goods and services from City companies, which in turn becomes income for other workers and supplier firms. Thus, each dollar of spending creates more than one dollar in economic impact, as that spending is earned and, in turn, spent by others in the City. This economic contribution analysis differs from a traditional economic impact study in that it does not attempt to estimate the potential substitution by other meeting and hospitality venues for the services to the public provided by the Mansion.

An input-output analysis examines the relationships among businesses and among businesses and final consumers. The IMPLAN model allows the estimation of three effects:

- Direct effects, which represent the changes in economic activity, in this case food service and provision of conference and meeting space, in the industries to which a final demand change was made;
- Indirect effects, which represent the changes in inter-industry purchases, for example the purchase of raw materials from a local supplier, in response to the new demands from the directly affected industries; and
- Induced effects that reflect changes in spending from households as income and population increases (or decreases) due to changes in production.

The total effects show the combined impact of the spending associated with the operation and renovation the Garrett-Jacobs Mansion, plus the multiplier -- indirect and induced – effects.

An input-output model allows the estimation of several different economic impacts. This analysis estimated the total, direct, indirect, and induced economic output, employment, and employee compensation effects of the Engineer's Club.

- Economic output represents the value of production by a particular industry, in this case hospitality services sector, in an economy over a given period of time.
- Employment is the total number of wage and salary earning employees and self-employed individuals in a region.
- Employee compensation consists of wage and salary payments paid to employees by employers. Employee compensation includes all benefits and non-cash compensation paid to employees.

[1] For a description of input-output analysis and the IMPLAN modeling process, please reference: The Minnesota IMPLAN Group, Inc., IMPLAN Pro Users Guide, (Stillwater, MN: MIG, Inc, 1997) pp. 77-104.

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