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## MEMORANDUM

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To: Guild Hall  
From: HR&A Advisors, Inc.  
Date: May 2022  
Re: The Economic and Fiscal Benefits of Guild Hall

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## OVERVIEW

The East End has a long tradition in the arts. In the 19th Century, the new Long Island Rail Road made a trip out East accessible for New Yorkers looking to trade the intensity of the city for natural landscapes and unique quality of light. By the mid-20th Century, the East End evolved into a home for Abstract Expressionism – drawing extraordinary talents who were to become household names from the de Koonings to Pollock and Krasner, who in turn invited their contemporaries to imagine and invent. This movement, complemented by the area’s natural beauty, helped to solidify the region’s greatest asset: its concentration of creative residents who continuously advance the East End arts ecosystem over time.

The East End is home to a remarkable full-time artist community that anchors the local arts ecosystem. These residents bring a creative energy that is further amplified by countless actors, visual artists, writers, and laureates who visit the area seasonally. Together, “big stage” talents share the same theaters, galleries, and community rooms that welcome K-12 student programs, multicultural film screenings, and amateur art exhibits. Visitors and year-round residents find community next to one another. The East End’s cultural institutions are the backbone that unite the talent, programs, jobs, and community that comprise the arts ecosystem.

The East End benefits tremendously from being an arts and culture hub. We know that the positive effects of culture and the creative economy ripple beyond the galleries, public spaces, and concert chambers of a region. A strong cultural landscape creates jobs, supports locally-owned shops and businesses, inspires youth, celebrates history, attracts visitors in the short term and talent in the long term, and provides creative outlets that help accelerate innovation across a range of industries. The arts ecosystem attracts tourists and visitor spending and is an invaluable resource to the region’s growing and increasingly diverse year-round community. Arts and cultural institutions are also important neighborhood amenities that strengthen local property values, thus generating increased tax revenue to pay for critical public services such as education and public safety.

Guild Hall, the long-established center for visual and performing arts in East Hampton, has brought the East End community to the arts – and the arts to the community – for nearly a century. Through Guild Hall, nearly everyone in the Hamptons is connected to the arts in some way. Take the findings of an ongoing, informal – yet undoubtedly clear – poll. When Executive Director Andrea Grover gives talks in the area, she asks the audience: “How many of you have performed on our stage or presented work in our galleries?” About

seventy-five percent of the people in the room raise their hands. She then follows with: “How many have a relative who has done so?” Nearly one hundred percent of hands go up.

Guild Hall is at the center of arts and culture on the East End. The institution helps to directly and indirectly support dozens of local arts organization and community groups and contributes to a broader range of how the community presents art. But for Guild Hall’s visionary leadership, robust program calendar, and facilities – home to the largest theater in the area, and performance space frequently rented to local organizations at subsidized rates – many of the East End’s other arts and culture organizations could not operate in their existing capacities nor support the community in the ways they do today. Long Island arts and cultural organizations spend \$1.8 billion annually<sup>1</sup>. If we assume that 50% of that spending takes place on the East End, and that Guild Hall is at the center of just 10% of all East End arts activity, Guild Hall accounts for **\$90 million in economic activity each year.**

Looking forward, and as Guild Hall seeks to grow its programmatic reach, we explore how Guild Hall will grow as a catalyst for economic and cultural prosperity, especially as people’s year-round and “work-from-anywhere” relocation to the Hamptons – further accelerated by COVID-19 – creates a new magnitude of activity in the region. The findings of this report begin to articulate and quantify just some of Guild Hall’s transformative economic and fiscal impacts.

### ***Summary of Economic & Fiscal Impact Findings***

This study quantifies Guild Hall’s direct and multiplier economic impacts to Suffolk County and tax revenue to Suffolk County and the State of New York from five overarching categories: Guild Hall’s capital renovations, Guild Hall’s operations, Main Street spending, A-Level event visitor spending, and incremental property tax value.

- **Jobs:** 209 construction jobs and 238 year-round and seasonal jobs at Guild Hall and other local businesses
- **Wages:** \$13.4 million in construction wages and \$7.8 million annually in year-round and seasonal job wages
- **Economic Output (spending):** \$39.0 million in total economic output from construction spending and \$24.5 million annually in economic output from ongoing Guild Hall operations and ancillary visitor spending
- **New York State Tax Revenue:** \$12.0 million in State tax revenue over 20 years
- **Suffolk County Tax Revenue:** \$7.9 million in County tax revenue over 20 years
- **Local Property Tax Revenue:** \$17.8 million in property tax revenue over 20 years generated in the Towns of East Hampton and Southampton

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<sup>1</sup> Newsday, “The business of art: LI cultural institutions spend \$1.8 billion a year”, 2018

## Community Network Map

Guild Hall was created as a civic space for the community, where the arts are an entwined part of life. Today, Guild Hall continues this commitment as a hub, an advocate, and a showcase for the entire East End Arts community. Guild Hall's commitment to the community is embodied through its programmatic ethos – Guild Hall's Museum exhibits focus on artists who have an affiliation with the region, the John Drew Theater serves as center stage for local groups without recital halls, and its educational programming is designed with a mission to help keep people on the East End and create more opportunities in the arts.

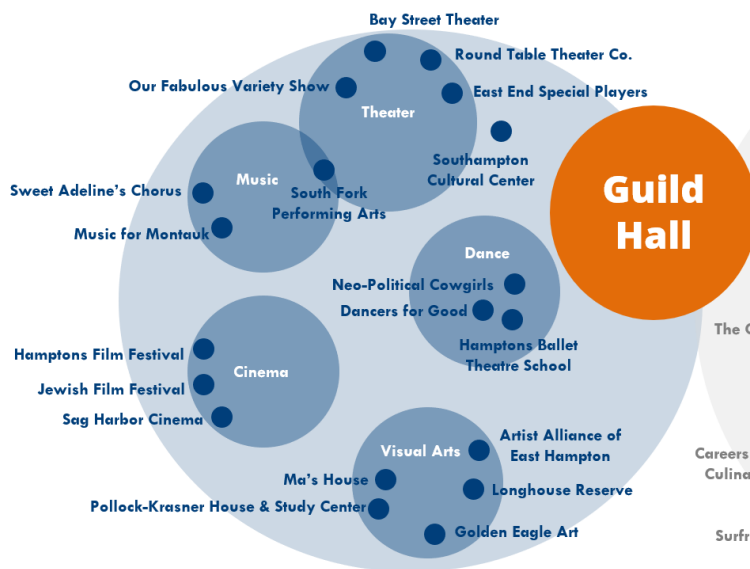
Guild Hall's reach extends far beyond its physical footprint. For some organizations, the ability to use Guild Hall's performance and exhibition space – such as the Hampton Film Festival's use of Guild Hall's 360-seat theater (the largest between Southampton and Montauk), or the Hampton Ballet Theater School's on-stage recitals – are key to serving the missions of the organizations themselves. For others, Guild Hall is an essential partner in creating regular and multi-disciplinary programming that supports local communities, cultivates a new generation of creative talent, and encourages greater participation in civic life. Guild Hall strengthens neighboring cultural assets though by generating collective visibility and visitation and plays a central role in affirming the East End's brand as a cultural destination.

The descriptive network map below highlights the range and diversity of nearly 50 local institutions that connect to, collaborate with, and use Guild Hall's facilities in different ways. The map illustrates Guild Hall's network of these programming partners. Please note that mapped partnerships include many of Guild Hall's programming and community relationships but may not represent all. A list of partner organizations can be found in Appendix B.

## Guild Hall Community Network Map

### Local Programming Partnerships

#### LOCAL ARTS ORGANIZATIONS



#### COMMUNITY GROUPS & SUPPORT SERVICES



## ECONOMIC AND FISCAL IMPACTS

### *Impact Categories Framework*

Guild Hall's economic and fiscal value derives from four broad categories. This study considers potential direct and multiplier economic impacts to Suffolk County and tax revenue to Suffolk County and the State of New York from the following activities:

- **Guild Hall Capital Renovations.** On the heels of its 90<sup>th</sup> anniversary, Guild Hall plans to undertake a significant capital renovation project to modernize the theater and museum for a new technological era. The \$25 million renovation project will make the John Drew Theater a singular space and provide state-of-the-art technology upgrades to increase programmatic opportunities. The renovation will also support structural improvements to Guild Hall and Guild House<sup>2</sup> and facility-wide landscaping. Guild Hall anticipates a construction timeline of about 24 months, finishing in 2024.
- **Guild Hall Operations.** Guild Hall injects money into the local economy through the wages it pays its workers and the money it spends on goods and services to operate, maintain, and program Guild Hall and Guild House. Guild Hall's operational spending also includes doing business with local vendors who supply the range of services needed to support its activities from landscaping, to plumbing, to event equipment rentals, and photography.
- **“Main Street” Spending.** Guild Hall is an interdisciplinary center for the arts and a lively hub of activities on the East End, projected to attract over a hundred thousand visitors post renovation. The museum features eight to ten exhibitions annually while the theater produces more than 100 programs—including plays, concerts, dance, screenings, simulcasts, and literary readings. Guild Hall additionally supports the next generation of artists with on-site and in-school education and thought leadership programs.

This analysis captures the “dinner and show” effect, which is the economic activity that occurs when Guild Hall's attendees patronize other local establishments – such as restaurants, lodging and accommodations, and retail shops – before or after, and catalyzed by, their visit to Guild Hall.

- **A-Level Event Visitor Spending.** Guild Hall has long hosted “A-Level” events – “unignorable” performances, exhibits, and gatherings defined through their strong partnerships, dedicated resources, and multi-year planning. These marquee events attract non-local visitors who travel specifically to participate in Guild Hall's programming and then stay to enjoy other attractions and amenities on the East End. See Appendix A for specific examples of Guild Hall's pre-pandemic A-Level events.

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<sup>2</sup> Guild House (also known as “12 Dunemere”) is a Guild Hall owned and operated artist-in-residence hall located directly east of the museum and theater.

## Future Growth

**Guild Hall's future is expansive.** Together Guild Hall's capital renovation investment and its ambitions to grow the breadth and scope of its programs are all but certain to amplify the economic and community value that Guild Hall generates.

Guild Hall expects to attract more visitors and grow its operations over the next several years. Guild Hall, in partnership with the DeVos Institute of Arts Management at the University of Maryland, recently developed a Strategic Plan to set the direction for the institution's evolution through 2025. This analysis captures the growth articulated by the Strategic Plan, as related to local economic spending, plus a release of pent-up demand related to the East End's transformation as a rapidly and permanently growing year-round community<sup>3</sup>. HR&A assumes that the lasting cultural effects of COVID-19 will accelerate this transition and grow demand for arts programming at Guild Hall well beyond pre-pandemic levels.

Specifically, this analysis assumes that Guild Hall's capital renovation and implementation of its Strategic Plan will unlock:

- A **10-15%** increase in regular event attendees and **50-60%** increase in A-Level event attendees compared to 2019.
- **\$5.7 million** operating expense budget (**22%** increase over 2019 expenses), including:
  - 4-5 additional<sup>4</sup> full-time positions, including development, guest services, finance, John Drew Theater technical support, and program staff;
  - Increased direct spending on exhibition activity; and
  - New programmatic initiatives, such as enhanced educational and thought leadership programs and interdisciplinary theme-based festivals at least once a year.

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<sup>3</sup> For purposes of this analysis, we have assumed post-COVID demand to result in a 15% increase in Guild Hall attendance, above and beyond Strategic Plan attendance estimates.

<sup>4</sup> From Q2 2021 staffing levels.

## Projected Economic Benefits

**Guild Hall's planned renovations will infuse \$39 million into the local economy. The institution's operations and ability to attract thousands of attendees results in an additional \$24.5 million of economic output each year.** This analysis quantifies the one-time (construction-related) and ongoing (annual) benefits associated with (1) planned capital renovations at Guild Hall (2) spending associated with operating Guild Hall (3) ancillary spending on "Main Street" by Guild Hall visitors (4) visitor spending by non-local A-Level event attendees. These benefits are categorized as:

- **Jobs:** either one-time construction jobs-years or year-round and seasonal full-time equivalent employees employed at Guild Hall and other local businesses
- **Wages:** equal to wages received by employees
- **Economic output (spending):** defined as the total value of goods or services across all industries and equivalent to the aggregate spending

### One-Time Economic Impacts (2022\$)

Suffolk County, NY

	Jobs	Wages	Economic Output
<b>Renovation</b>			
Direct	125	\$9,010,000	\$24,480,000
<u>Multiplier</u>	<u>84</u>	<u>\$4,370,000</u>	<u>\$14,500,000</u>
<b>One-Time Economic Total</b>	<b>209</b>	<b>\$13,380,000</b>	<b>\$38,980,000</b>

### Ongoing Annual Economic Impacts (2022\$)

Suffolk County, NY

	Jobs	Wages	Economic Output
<b>Guild Hall Operations</b>			
Direct	63	\$1,620,000	\$5,700,000
<u>Multiplier</u>	<u>25</u>	<u>\$1,020,000</u>	<u>\$3,930,000</u>
<b>Sub-Total</b>	<b>88</b>	<b>\$2,640,000</b>	<b>\$9,630,000</b>
<b>"Main Street" Spending</b>			
Direct	64	\$1,950,000	\$5,050,000
<u>Multiplier</u>	<u>17</u>	<u>\$850,000</u>	<u>\$2,870,000</u>
<b>Sub-Total</b>	<b>80</b>	<b>\$2,800,000</b>	<b>\$7,920,000</b>
<b>A-Level Event Visitor Spending</b>			
Direct	55	\$1,610,000	\$4,450,000
<u>Multiplier</u>	<u>15</u>	<u>\$740,000</u>	<u>\$2,540,000</u>
<b>Sub-Total</b>	<b>70</b>	<b>\$2,350,000</b>	<b>\$6,990,000</b>
<b>Total Ongoing Impact</b>			
Direct	182	\$5,180,000	\$15,200,000
<u>Multiplier</u>	<u>56</u>	<u>\$2,610,000</u>	<u>\$9,340,000</u>
<b>Ongoing Economic Total</b>	<b>238</b>	<b>\$7,790,000</b>	<b>\$24,540,000</b>

## Projected Fiscal Benefits

**Guild Hall will conservatively generate \$12.0 million in State tax revenue and \$7.9 million in County tax revenue over the next 20 years.** In addition to stimulating economic activity on the East End, both the State and County stand to gain additional tax revenue through sales, income, and property taxes.

Fiscal benefits of Guild Hall to New York State and Suffolk County are threefold. Sales and use tax revenue includes tax revenues earned on associated spending activity, such as ancillary Main Street spending, and visitor spending, per current sales tax rates. Personal income tax revenues are attributable to jobs created through the renovation and operations of Guild Hall, plus the spin-off attendee spending, per the effective tax rate. Property tax revenues are due to the local property value increment that can be attributed to arts and cultural institutions, including Guild Hall. This analysis does not quantify business operating taxes due to Guild Hall's tax-exempt status.

### One-Time Fiscal Impacts (2022\$)

	State of New York	Suffolk County*
<b>Renovation</b>		
Personal Income Tax Revenue	\$622,000	N/A
<b>One-Time Fiscal Total</b>	<b>\$622,000</b>	<b>N/A</b>

\*Note: Suffolk County residents do not pay personal income tax to the County

### Ongoing Fiscal Impacts (2022\$)

	State of New York		Suffolk County*	
	Annual	20-Year NPV**	Annual	20-Year NPV**
<b>Guild Hall Operations</b>				
Sales & Use Tax Revenue	\$9,000	\$120,000	\$10,000	\$140,000
Personal Income Tax Revenue	\$121,000	\$1,760,000	N/A	\$0
<b>Sub-Total</b>	<b>\$130,000</b>	<b>\$1,880,000</b>	<b>\$10,000</b>	<b>\$140,000</b>
<b>“Main Street” Spending</b>				
Sales & Use Tax Revenue	\$228,000	\$3,320,000	\$264,000	\$3,840,000
Personal Income Tax Revenue	\$129,000	\$1,880,000	N/A	\$0
<b>Sub-Total</b>	<b>\$357,000</b>	<b>\$5,200,000</b>	<b>\$264,000</b>	<b>\$3,840,000</b>
<b>A-Level Event Visitor Spending</b>				
Sales & Use Tax Revenue	\$230,000	\$3,350,000	\$266,000	\$3,880,000
Personal Income Tax Revenue	\$108,000	\$1,570,000	N/A	\$0
<b>Sub-Total</b>	<b>\$338,000</b>	<b>\$4,920,000</b>	<b>\$266,000</b>	<b>\$3,880,000</b>
<b>Total Ongoing Impact</b>				
Sales & Use Tax Revenue	\$467,000	\$6,790,000	\$540,000	\$7,860,000
Personal Income Tax Revenue	\$358,000	\$5,210,000	\$0	\$0
<b>Ongoing Fiscal Total</b>	<b>\$825,000</b>	<b>\$12,000,000</b>	<b>\$540,000</b>	<b>\$7,860,000</b>

\*Note: Suffolk County residents do not pay personal income tax to the County

\*\*Note: 20-year net present values (NPV) assume a discount rate of 6%

**Guild Hall generates \$1.2 million in annual property tax revenue and \$17.8 million in local property tax revenue over 20 years in the Towns of East Hampton and Southampton.** Numerous empirical studies

have demonstrated the positive impacts arts and cultural institutions have on local property values.<sup>5</sup> HR&A conservatively estimates that arts and cultural institutions on the East End contribute an increment of 2% to local property values, and, consistent with the methodology outlined above, Guild Hall is responsible for 10% of East End arts activities, and thus a 0.2% increment in local property values. As shown in more detail below, this increment has tangible impacts in annual ongoing local property tax revenue, generating much-needed revenue for education, public safety, and public works.

**Property Tax Impacts (2022\$)**

	<b>Towns of East Hampton and Southampton</b>	
	Annual	20-Year NPV*
<b>Property Value Increment</b>		
Property Tax Revenue	\$1,226,000	\$17,848,000
<b>Total Ongoing Property Tax Revenues</b>	<b>\$1,226,000</b>	<b>\$17,848,000</b>

\*Note: 20-year net present values (NPV) assume a discount rate of 6% and year-over-year growth in tax revenue of 3%.

<sup>5</sup> Stephen Sheppard, Kay Oehler, and Blair Benjamin, “Buying into Bohemia: The Impact of Cultural Amenities on Property Values,” *Center for Creative Community Development*; Stephen Sheppard, “Museums in the Neighborhood: the Local Economic Impact of Museums,” 2013.



## Methodology

This analysis uses IMPLAN, an industry-standard input-output model, to evaluate the economic impacts to Suffolk County associated with Guild Hall renovations, annual ongoing theater, museum, education, and residence hall operations, annual ancillary spending by Guild Hall visitors, and weekend spending generated by A-Level event attendees. For each dollar spent in the economy, IMPLAN traces the pattern of commodity purchases and sales between 546 industries within the specified geography.

The analysis is predicated on the concept of the “multiplier effect”, where direct, new economic activity in an area’s economy – such as new spending on a building’s roofing – generates further spending and job creation because businesses and individuals in a regional economy are interdependent and purchase goods and services from each other. Indirect impacts are defined as the change in spending or employment by businesses that supply the directly affected industry. Induced impacts represent the change in household spending of employees who are compensated for working in the directly and indirectly affected industries. The multiplier impacts in this report equal the sum of indirect and induced impacts.

## Key Assumptions

HR&A sourced model inputs from Guild Hall’s internal operating data and HR&A analysis of local economic factors. The figures below are rounded.

- Guild Hall expects to spend \$25 million for capital renovations. *Source: Guild Hall*
- By the year 2025, Guild Hall expects to spend \$5.7 million in operating expenses annually, including approximately \$3.7 million in program services (theater, museum, education, and Guild House operations) and \$1.9 million in support services (management, capital campaign, membership, fundraising). *Source: Guild Hall*
- By the year 2025 and following renovations, Guild Hall expects to host 111,000 attendees annually, based on a regular year-round schedule of theater programs, museum exhibits, educational programs, special events, and community events. Attendance will include approximately 91,000 regular event attendees and 20,000 A-Level event attendees. *Source: Guild Hall*
  - HR&A anticipates that the impacts of COVID-19 will generate an additional 15% demand for Guild Hall, boosting total estimated annual attendance to 128,000 visitors (105,000 regular event attendees and 23,000 A-Level event attendees). *Source: HR&A*
  - For both regular and A-Level events, about 50% of Guild Hall attendees are local to Long Island’s East End while 50% are visiting from outside the area. *Source: Guild Hall*
- To estimate Main Street spending, this analysis conservatively assumes that 60% of event attendees would dine locally and 25% would spend money at local retail before or after attending Guild Hall, based on findings from a literature review. Event attendees for this calculation include regular event patrons plus the A-Level attendees who are local to the East End (approximately 50% of all A-Level attendees). *Source: HR&A analysis of RetailDive, Fox Theater Study (2012), Arlington Theatre Study (2009)*

- Analysis conservatively assumes that these individuals would spend an average of \$65 per person at local dining options and \$40 per person at local retail. A review of dining options in East Hampton shows an average entree cost of \$35 per plate, plus an allowance for drinks and/or other food items and service tips. *Source: HR&A Analysis*
- About 50% of A-Level event attendees are non-local visitors, assumed not to ordinarily travel to or stay on the East End but for Guild Hall’s “cannot miss” programming. These out-of-town visitors generate economic activity, with average spending of, \$500 per capita throughout the duration (i.e., weekend) of their trip. *Source: HR&A Analysis of Tourism Economics “The Economic Impact of Visitors in New York 2019 (Long Island Focus)”, East Hampton Airport Preliminary Economic Impact Analysis.*

## APPENDIX A

### Guild Hall A-Level Events, 2019

Event	Date(s)
Academy of the Arts Achievement Awards Dinner	March 11
Tony Oursler: Water Memory (Museum)	June 8 - July 21
Guitar Masters: Buddy Guy, Allman Betts Band, and Rosanne Cash	July 5-7
Stan the Man Starring Alec Baldwin, Blair Underwood, and Rob Morrow	July 11-12
GE Smith Presents PORTRAITS featuring DAWES	July 25
Clothesline Art Sale	July 27
David Sedaris	Aug 2
The Hamptons Institute: Talks on the Youth Climate Movement, Latino Immigration on the East End, and the Future of Women in Leadership	Aug 5, 12, 19
Guild Hall Summer Gala	Aug 9
Ugo Rondinone: Sunny Days (Museum)	Aug 10 - Oct 14
New York City Ballet	Aug 16
Philip Glass	Aug 17-18
Celebrity Autobiography w/ Rob Reiner	Aug 23
Maidstone Club Golf Outing	Sept 5

## APPENDIX B

### Local Programming Partnerships: Organizations that Use Guild Hall's Facilities (2017-2022)

This list is visualized in the Community Network Map on page 3

Organization	Org Type & Community Role
<b>LOCAL ARTS ORGANIZATIONS</b>	
Hamptons Film Festival	Cinema
Jewish Film Festival	Cinema
Sag Harbor Cinema	Cinema
Dancers for Good	Dance
Hamptons Ballet Theatre School	Dance
Neo-Political Cowgirls	Dance
Music for Montauk	Music
Sweet Adeline's Chorus	Music
Bay Street Theater	Theater
East End Special Players	Theater
Our Fabulous Variety Show	Theater
Round Table Theater Co	Theater
South Fork Performing Arts	Theater, Music
Southampton Cultural Center	Theater, Dance, Music, Visual Arts
Artist Alliance of East Hampton	Visual Arts
Golden Eagle Art	Visual Arts
Longhouse Reserve	Visual Arts
Ma's House	Visual Arts
Pollock-Krasner House & Study Center	Visual Arts
<b>COMMUNITY GROUPS &amp; SUPPORT SERVICES</b>	
Artists & Writers Softball Game	Civic Life & Philanthropy
Eastville Historical Society	Civic Life & Philanthropy
Ladies Village Improvement Society	Civic Life & Philanthropy
Paddlers for Humanity	Civic Life & Philanthropy
Artful Home Care	Community, Health, Wellness & Care
Planned Parenthood Hudson Peconic	Community, Health, Wellness & Care
Southampton Hospital	Community, Health, Wellness & Care
The Retreat	Community, Health, Wellness & Care
Bridgehampton Childcare & Recreational Center	Early Learning & Empowering Children
Children's Museum of the East End	Early Learning & Empowering Children
East Hampton Library	Early Learning & Empowering Children
Eleanor Whitmore Early Childhood Center	Early Learning & Empowering Children
Hamptons PK-12 Schools	Early Learning & Empowering Children
East Hampton High School	Early Learning & Empowering Children

East Hampton Middle School	Early Learning & Empowering Children
John M. Marshall Elementary School	Early Learning & Empowering Children
Amagansett School	Early Learning & Empowering Children
Ross School	Early Learning & Empowering Children
Hayground School	Early Learning & Empowering Children
Springs School	Early Learning & Empowering Children
Montauk School	Early Learning & Empowering Children
iTri	Early Learning & Empowering Children
Project Most	Early Learning & Empowering Children
Surfrider Foundation	Environmental Justice & Exploration
The Hamptons Observatory	Environmental Justice & Exploration
Ola (Organization Latino America) of Eastern Long Island	Immigrant Advocacy
Dan's Papers	Publications
East Hampton Star	Publications
The Purist	Publications
Careers through Culinary Arts	The Maker Movement
The Church	The Maker Movement