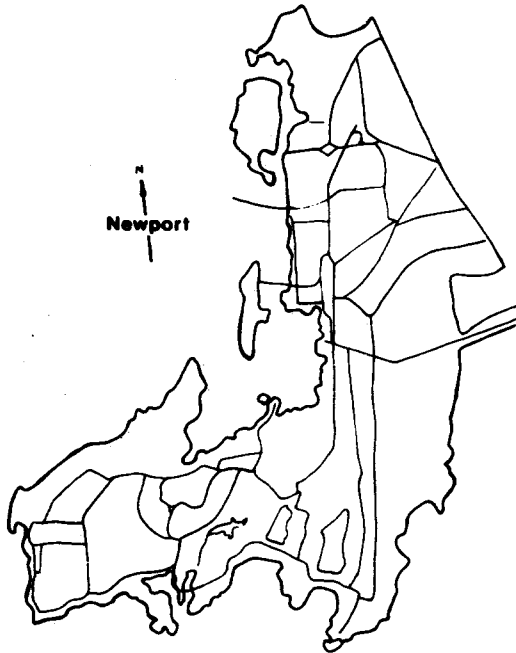


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**The Social and Economic Impacts
of Tourism on Newport:
A Case Study**

**Patt Manheim
Timothy J. Tyrrell**

**Resource Economics
The University of Rhode Island**

 **NOAA/Sea Grant
Marine Technical Report 90**

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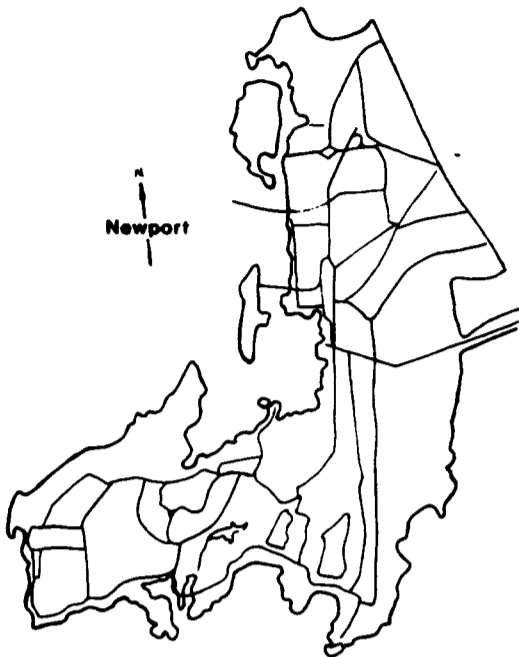
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PREFACE

The shoreline of the Northeast has been increasingly in demand for residential, commercial, and tourist-related purposes for the past several decades. This demand, combined with the reality of a fixed resource, has resulted in a growing number of conflicts between potential users -- individuals, developers, and regulators. Consequently, municipal officials and regional planners are often confronted with the difficult task of allocating limited coastal resources among these and other competing users.

The case study presented here focuses on tourism development in the Rhode Island coastal community of Newport, a community whose history chronicles the history of earliest America, and whose fame is international.

The case study approach adopted here was designed to gather information about the economic, social, and environmental impacts of tourism on this community. This research is limited to the impacts of tourism that occurs during the seasonal period between Memorial Day and Labor Day. The research uses a triangulated method of data collection -- that is, data is gathered from a variety of sources using a combination of quantitative and qualitative strategies -- which includes key informant interviews, content analysis, and synthesis of secondary data. This report is organized to summarize the data yielded by these different strategies. Part I provides a brief introduction to the city and a taste of its history. Part II provides a demographic profile of Newport, while Part III summarizes the direct impacts of tourism on the economy of Newport. Primary data sources here include 1970 and 1980 censuses, 1970 and 1980 population and demographic reports, R.I. Department of Employment Security wage and employment records, Department of State Wide planning reports and monographs, Department of Economic Development 1975 Visitor Study, city budget information, URI Travel and Tourism Research Reports and special research reports. Part IV of the report summarizes the social impacts of tourism on Newport. In addition to interviews with key informants, data was also drawn from analysis of local news coverage over a period of nearly ten years -- from 1975 through 1984. Content analysis, a method of analyzing written communication about a specific event, is a useful strategy because it does not depend on hindsight information but rather provides a timely view and thus timely data about the community. Implicit in the approach is the assumption that newspaper content is a reflection of community interest and values.

"Welcome to Newport -- America's first resort"
Newport Chamber of Commerce

I. INTRODUCTION

Indeed, much of the early history of Newport is chronicled through Newport's tourism industry. The city and its environs (see map) is richly scattered with landmarks important to early America, many of them predating the Revolution. The city claims more standing buildings built before 1800 than any other American community.

Newport was founded in 1639 by settlers in search of religious freedom. These settlers were also economically tied to the sea and Newport soon became a major seaport with beautiful sailing schooners and trade ships billowing into the harbor, crowding the timber docks. How ironic that this haven of religious tolerance became a part of the infamous Triangle Trade, exchanging African slaves for West Indian sugar and molasses to make Newport rum. Newport's seaport era ended with the island's occupation by British troops in 1776; in that first winter, a cruelly cold one, the city's timber wharves became firewood to warm the British sailors. Newport was never again to regain its prominence as a trade seaport.

In the years following the Revolutionary War, the city became a favorite spot among artists and writers. Gradually its natural beauty and cooling breezes attracted more and more of the nation's wealthy -- southern plantation owners and industrial giants -- as a place of leisure. In time, it became the seasonal playground of the Vanderbilts and Astors and their friends. Huge mansions -- "summer cottages" of the fabulously wealthy "400" -- dot the island coastline as a legacy of the opulent gilded age (1850s to 1920s). Considered the best of the existing homes of the period, many of these mansions have been purchased by the Preservation Society of Newport. They have become a major primary tourist attraction, hosting more than 500,000 visitors annually.

While the mansions now represent a very important focus of tourism in Newport, they by no means exhaust the list of leisure opportunities awaiting the visitor. Yacht races and regattas, boat shows, Newport Music Festival concerts, professional tennis at the historic Newport Casino, jazz at the JVC Jazz Festival, the Mercedes International Jumping Derby, restored Colonial homes, succulent seafood, and trendy waterfront boutiques are all part of the Newport experience.

Both in its early history and today, the waterfront has played a major role in the growth and character of Newport. The vast fortunes accumulated during the trading era tied the image of wealth and the seaport tightly together.

The Revolutionary War shifted the focus from commerce to defense. Military historians claim the waters of Narragansett Bay as the birthplace of the U.S. Navy. The site of the Navy's

first recruit training station (1883) and the Naval War College (1884), the Newport naval facility has gained a reputation as the "Campus of the Navy" because of the numerous schools now housed there. Even today, more than ten years after a major reduction in the naval presence, the Navy remains the largest employer in Newport County (and second only to state government as the largest in Rhode Island).

Not all the seamen images, however, recall a "gentlemen's navy." The waterfront also suggests a rougher time, a harbor scene of boats, warehouses, and sailors' bars, a town where leave time was spent in hearty indulgence in wine, women, and song. Even now the contrasts persist as Newport's fleet of rusting lobster boats competes with elegant yachts for dock space.

The two parallel themes -- Newport as a city of wealth and Newport as a sailor's town -- have had a profound and unalterable effect on the city of today.

The importance of tourism to the economic well-being of Newport has increased dramatically over the past decade. No doubt the most important stimulus for this change was the decision by the Department of the Navy in 1972 to reduce substantially its military activities in Rhode Island by 1974. It has been estimated that the state lost approximately 28,000 jobs, and Newport was especially hard hit. The economic consequences threatened to be devastating, and the social fabric of the community dramatically changed. In response to the stress of the withdrawal of Navy personnel, local city officials focused their efforts on enhancement of the tourist industry. The outcome of their ten-year effort is a revitalized waterfront area that provides a lively commercial atmosphere with features attractive to an increasing number of vacation visitors and day visitors alike.

II. DEMOGRAPHIC PROFILE OF NEWPORT

Newport is an urban community of approximately 8 square miles of land area at the southern tip of Aquidneck Island on Narragansett Bay. Newport and its two neighboring communities of Portsmouth and Middletown represent a total land mass of approximately 43.9 square miles. The island itself is connected to the mainland at three points. The Newport Bridge, which brings traffic from the west to the immediate outskirts of the city of Newport, is but a few minutes from downtown; the Mount Hope Bridge, at the northern tip of the island, is approximately 20 minutes from downtown Newport; the bridge across the Sakonnet connecting to the east at Tiverton is also 20 minutes from downtown.

The resident population of Newport in 1980 was 29,259¹ (a 15 percent decrease from the 1970 census figure of 31,562), with a projected estimate of 29,571 for 1984.² The population density is estimated at 3,800 persons per square mile, compared to a statewide figure of 903 persons per square mile. Ethnic minorities comprise approximately 15 percent of the community, a figure nearly two times the comparable state figure.

There were an estimated 11,886 housing units in 1980, of which 43.9 percent were owner-occupied and 50.3 percent renter-occupied. Additionally, 62 percent of the housing units were multi-family dwellings. There were 109 units seasonally occupied. By 1983 the number of housing units had increased to approximately 13,000. In 1980, there were an estimated 835 hotel and motel rooms available in Newport; by 1983 that figure had jumped to 1,042, and Chamber of Commerce figures for 1985 show a total of approximately 1,500 rooms.

The median family income in 1980 was \$17,887. The total civilian labor force of approximately 12,265 workers was nearly evenly divided among the city's male and female population.

1980
1993

TABLE 1. Occupation of Newport Employees by Industry Code

Exec.	Prof.	Sales	Clerical	Services	Tech. and Supp.	Prot. Serv.
1,077	2,306	1,178	1,681	2,478	382	323
Crafts	Mach. Assm.	Material Movers	Laborers	Farm, Fish	Other	
1,161	630	299	195	180	272	

The city is governed under a modified city manager structure with a seven-member council, one of whom serves as mayor. A zoning ordinance, in effect since 1931, has undergone several modifications, the latest in 1984. The long-term effect of these changes has been to create an environment favorable to the development of tourism. A Comprehensive Community Plan, adopted in 1972 and revised in 1977, offers industrial, commercial, and circulation guidance to the city. Subdivision regulations have been in effect since 1948. Several redevelopment projects have been undertaken to restore the waterfront and historically significant sections of the city, and plans are currently under way to complete its "Gateway Project," a major phase of the long-range plan of development to attract and enhance tourism.

Municipal services provided by the community include full-time police and fire protection, and public water and sanitation service. Provision of a harbor master and harbor safety personnel are also a municipal responsibility.

Two health care facilities serve Newport residents; the U.S. Naval Regional Medical Center is limited to military personnel, while the Newport Hospital, a 252-bed facility, serves the larger Newport community as well as the unexpected needs of Newport visitors. Two private emergency medical facilities serve the needs of both residents and visitors.

Newport has two daily and five weekly newspapers. It has two radio stations, three major television networks, and one educational station. Buses provide service to and from all major cities in Rhode Island and connect with service to out-of-state destinations. Newport State Airport in neighboring Middletown provides private and charter plane service with feeder flights to Green State Airport (Warwick, R.I.), Boston, and New York. Green Airport (approximately 50 minutes by car or bus) is served by four major airlines providing connections to major airports throughout the country.

There is a wealth of recreational facilities available, including 17 parks and playgrounds, six public sandy beaches, two private and three public golf courses, two yacht clubs and ten marinas, indoor and outdoor tennis (including grass courts), two racquet and handball clubs, one movie theatre and one twin drive-in, a bird sanctuary, and a host of organized sports leagues. Newport has perhaps more points of interest than any community of similar size in the country.

Although an island community, easy access to Newport precludes the isolation sometimes characteristic of island communities. Highway access across the bridges at each end of the island makes auto travel to and from the city relatively easy. Newport is a common stop for travelers en route to Cape Cod, lying slightly more than halfway between New York City and Provincetown. Boston is approximately one and one-half hours to the north and easily accessible on interstates. Providence is less than an hour's travel time by car or bus, which means access to plane and train service virtually to the nation.

III. DEVELOPMENT OF A TOURISM INDUSTRY

In only a decade Newport has made a remarkably smooth transition from a major naval center to a major tourist center. The fearful predictions of economic collapse that accompanied the naval departure from Newport in the 1970s have proved to be unfounded. Newport's economy did not collapse but has flourished in the wake of a tourist boom spurred by the promotion that surrounded events such as Operation Sails' Tall Ship spectacle and the America's Cup yachting competition. The bicentennial celebration is now long past, and Newport has lost the America's Cup (at least for now), yet the focus on tourism enhancement continues.

The city leaders have been consciously reflective about its development. Several studies have been commissioned to outline opportunities for directing the city's growth. Regulatory controls such as those provided through zoning, subdivision regulations, and other special legislation have been a frequent target of scrutiny. Authority to administer a 3 percent "room tax" to lodging establishments has been successfully argued in the legislature, and additional revenue-generating opportunities to redistribute the burden of services are regularly explored. The city has used these two mechanisms

-- exploration and regulation -- to assess both the benefits and the costs of investment in its tourism industry, and to find ways to mitigate those costs.

A. The Newport Waterfront

The diversity of experience that Newport offers to visitors is a large part of its attractiveness. (See TABLES 3 and 4.) This diversity is a mixture of historic sites, shops, restaurants, sport activities (primarily water-related), scenic coastline, and open spaces.

Newport's waterfront, however, continues to be the center of tourist activity. The host of ongoing activities compete for very limited available space, though in many ways these competitive uses are mutually supportive. Retail and service establishments, commercial marine, and fishing industry activities intermixed with residential uses blend together to create a seasonal cacophony of color and sound.

Control of waterfront development has been uneven. Physical access to the water has become of increasing concern to residents. Longtime community members recall the time when "every other alleyway led to the waterfront"; some believe development has usurped these pathways -- "you don't feel free to go down to the waterfront with all the hotels and condos." Of the 47 public rights-of-way existing in the 1960s, the city claims that only about 20 remain public. However, as part of an effort to balance the development of tourism, the city has included waterfront access as part of the negotiated items in the development package.⁵ Visual access to the waterfront is continuously threatened in the pressure for further development.

Traffic in the waterfront area increases dramatically during the summer. Consequently, waterfront streets, many of which are narrow residential streets with curbside parking, are often called upon to fulfill roles for which they were not intended.

Parking in the immediate area is limited and access to appropriate areas often interrupts the flow of traffic along heavily traveled routes. To the tourist, the congestion that results may be viewed as an inevitable inconvenience associated with visitor activity -- a cost the tourist is willing to incur in order to be in Newport. But for residents this congestion represents more than an inevitable consequence of tourism; it is also an intrusion, spawning daily inconvenience costs that occur over a longer time period and are seasonally recurring.

Development along the waterfront has meant additional costs for other municipal services to residents. Hotels and inns, condominiums, and restaurants increase the demand for municipal water, sanitation service, and sewage disposal. In addition, water quality in the Newport harbor suffers from the frequent failure of the sewage treatment plant and associated, often antiquated, facilities. Newport's facilities have been cited by the state as the second worst in Rhode Island. City

leaders have been actively involved in seeking relief from these failures, which, if not corrected, could result in a ban on sewer hookups until a permanent solution is found.⁶

Costs of municipal services, including those developed in anticipation of seasonal uses, are absorbed by residents through taxes, bond service, or similar financing mechanisms. Thus, the city leaders are presented with the dilemma of choosing between providing an infrastructure sufficient to handle the seasonal population and not burdening year-round residents with the costs of excess capacity during the off-season.

In addition to the obvious economic costs of attracting and then catering to large numbers of visitors, residents pay certain social costs as well: increased stress from traffic, noise, and congestion; the physical consequences of pollution; and perhaps conflict between the life-style⁷ preferences of the residents and those of the "summer colony."

B. The Newport Tourist

It is estimated⁸ that Newport hosts approximately 3 million visitors annually. These visitors may be separated into three types: vacation visitors, day trippers, and commercial and business groups. Of these 3 million annual visitors, approximately 60 to 65 percent will arrive in Newport during the summer season -- in Newport, a period of 123 days from May 15 through August 30 -- and are either vacation visitors or day trippers. This study focuses on these seasonal visitors.

The distinction between these two visitor types is defined by their overnight accommodations. Vacation visitors remain overnight in the numerous hotels, motels, inns, and guest houses in Newport. Also included in this group are boaters who remain on their boats overnight in harbor. Day trippers visit Newport for the day and/or evening, sightseeing and enjoying the numerous recreational offerings of the city, but do not remain overnight. The distinction is important because those staying overnight are likely to have much higher expenses (particularly for food and lodging) than those coming to Newport only for the day.

1. Overnight Visitors

a) Hotel, Motel, Inn, and Guest Houses. Newport's approximately 60 hotels, motels, inns, and guest houses can accommodate an estimated 3,135 visitors a night during the summer season (figure based on an average 80 percent capacity). These visitors travel from home states across the nation and from around the world, but the majority come from nearby states.

b) Boaters. Newport is a popular port for boaters up and down the eastern seaboard. It is a favorite destination for boaters from Long Island and the Cape, and is a special

favorite for weekend sailors from Connecticut and Rhode Island. Based on interviews, it is estimated that the harbor may be host to 2,000 or more boats at a given time. Some boaters stop in Newport for the weekend, while others spend longer periods of time, remaining in the harbor during the week as well. The season is different from that of land-based tourism; it is more responsive to the weather and begins somewhat later than for land travelers, usually after June 15, extending through the month of September. Note that these September visitors are not included in this study but are an important group in a study of annual visitor patterns. Using a conservative estimate of 1,215 boats and an average 3.7 persons per boat (R.I. Department of Environmental Management estimate of persons per boat), there are an estimated 4,495 boating visitors daily in Newport during the season.

2. Day Trippers

Day trippers arrive in Newport from areas within a few hours' drive of the city. They may include people who are vacationing elsewhere and who travel to Newport for the day only. The most frequent visitors are from Massachusetts, Connecticut, New York, New Jersey, and Rhode Island itself who travel by car to spend the day (and evening perhaps) but return to a destination outside of Newport to spend the night. Based on an average 2,120 passenger vehicles per day and assuming an average 3.1 persons per vehicle, Newport hosts an estimated 6,575 "day trippers" per day seasonally.

TABLE 2. Estimated Number of Seasonal Visitors by Type

Visitor Type	Per Day	Seasonal Visitor Days
1. Overnight Visitors		
a) Hotels, motels, inns	3,135	385,605
b) Time-sharing	397	49,150
c) Boaters	4,495	346,115*
2. Day Trippers	6,575	808,725
	-----	-----
	14,602	1,589,595

* (77 days)

C. VISITOR ATTRACTIONS

Attractions that draw visitors to Newport are classified in three categories: fixed spectator attractions, fixed recreational attractions, and variable attractions.

1. Fixed Spectator Attractions

Fixed spectator attractions are defined as those that are physically restricted to a particular site and where active participation is limited to observation. Newport has many major fixed spectator attractions, as identified in TABLE 3.

TABLE 3. Fixed Spectator Attractions

Mrs. Astor's Beechwood	Prescott Farm
The Breakers	Touro Synagogue
Marble House	Hunter House
Rosecliff	Belcourt Castle
The Elms	Hammersmith Farm
Chateau-sur-Mer	Kingscots
Green Animals Topiary	Emmanuel Church
International Tennis Hall of Fame	Naval War College
Newport Artillery Armory and Museum	Newport Art Museum
Old Colony Railroad	Newport Public Library
Samuel Whitebourne House	Norman Bird Sanctuary
Blithwold Gardens and Aboretum	Old Colony House
Castle Hill Coast Guard Station	Redwood Library
Ochre Court at Salve Regina	Newport Harbor
St. Mary's Church	Newport Jai Alai
Trinity Church	Whitehall
Newport Yachting Center	

2. Fixed Recreational Attractions

Fixed recreational attractions are defined as those that are physically restricted to a particular site but include the active participation of the visitor as part of the recreation experience. Newport is renowned as a shoppers' paradise, with contemporary specialty shops clustered around the harbor area, and tucked into well-preserved buildings along Colonial streets. Breathtaking views of the Atlantic shoreline await the sightseer along Cliff Walk and Ocean Drive. Swimming and sunbathing, fishing and sailing, are all part of the Newport experience.

3. Variable Attractions

Variable attractions are events that occur on a more or less regular basis, usually in association with an area that also has major fixed attractions. Newport has variable attractions in abundance. Yachting is one; for some, Newport

and yachting are nearly synonymous. Numerous racing and regatta events are held during the summer season, and until 1983 the Newport yachting season was highlighted every third year by the world-renowned America's Cup race. In addition, the Newport summer season includes music festivals, art festivals, and theatre. The summer calendar of events (see TABLE 4) is crowded with scheduled activities. The informal events that provide evening entertainment at the Newport bars and restaurants make Newport an exciting city by day and by night.

TABLE 4. Variable Attractions

May	Brenton Reef Yachting Series North American Small Boat Show, Newport Yachting Center Used Boat Show, Newport Yachting Center
June	Bermuda Single-Handed Race from Newport to Bermuda Newport Maxi Boat Regatta, Sail Newport Newport Charter Boat Show Annapolis to Newport Race Concert by the Bay Series N.E. Triathlon Series
July	Volvo Tennis Hall of Fame Championship Newport Music Festival Virginia Slims Tennis Tournament Newport Unlimited Regatta, Museum of Yachting Merril Lynch Golf Digest
August	The Wooden Boat Show N.E. Regional Croquet Tournament JVC Jazz Festival International Jumping Derby Classic Yacht Regatta, Museum of Yachting

D. Expenditures of Newport Tourists

Each type of Newport tourist participates in different activities, spends money on very different goods and services, and thus has a different kind of impact on the economy of the city. To examine the size of this impact, the number of tourists by type and their average expenditures for three categories of goods and services has been estimated. The aggregated categories for Newport are summarized below:

- 1) Retail Trade
 - a) Food and beverages, groceries
 - b) Other retail, such as gifts, souvenirs, licenses, and fees
- 2) Services
 - a) Lodging
 - b) Dockage
- 3) Transportation

Retail expenditures for food, beverages, and groceries are based on estimates of percent of total expenditures within this category from previous studies¹⁰ as well as estimates from key informants.

Lodging estimates are derived from interviews with hotel and room keepers in Newport, from self-reports in written survey form, and from previous studies.¹¹ The per-person per-day estimates are derived by dividing the average seasonal room rate (\$103.93) by average number of persons per party (2.5).

It has been speculated that the time-sharing development now underway in Newport, a relatively recent trend, is an attempt to meet the need for short-term accommodations by tourists.¹² There were approximately 106 units available in 1984, completed over the previous three-year period. Prices for these units vary from \$6,000 to \$20,000 according to the type of unit (number of bedrooms and other amenities such as the view, the number of weeks, and the season of the year). Several additional projects are in the planning stages which will significantly increase the number of time-sharing units available in Newport. Until more data is available it is difficult to estimate the true impacts of this group of visitors. This study estimates an average 3.7 persons per time-sharing unit, and assumes a 90 percent occupancy rate for the reported 106 units available in 1984.

Boat visitors are calculated based on an estimated average of 1,215 boats (90 percent of 1,350 probable dockage, anchorage, and mooring spaces for overnight visitors) and assumes an average 3.7 persons per boat.

Transportation expenditures are derived¹³ from estimates of costs of private transportation to Newport.

TABLE 5. Estimated Average per Person Daily Expenditures by Tourist Type

Visitor Type	Total	Food	Lodging	Transportation	Misc. Retail
1. Overnight	\$	\$	\$	\$	\$
a) Hotel, motel, inns	121.47	46.00	41.47	5.90	28.40
b) Time-sharing	*	*	*	*	*
c) Boaters	86.10	46.00	11.00	.70	*
2. Day Trippers	27.30	11.00	--	3.80	11.40

* not estimated

TABLE 6. Estimated Number of Tourists and Amount of Tourist Expenditures in Newport (1984)

Type of Tourist	Number of Tourist Days	Avg. Daily Expenditures	Total per Person Expenditures
A. Overnight Visitors		\$	\$
1) Hotels, motels, inns	385,605	121.47	46,839,439.5
2) Time-sharing	49,150	*	*
B. Boaters	346,115	61.10	21,147,626.5
C. Day Trippers	808,725	27.30	22,078,192.5
	<hr/>		<hr/>
Total	1,589,595		\$90,065,257.0

E. NEWPORT TOURIST INDUSTRY

Firms that receive tourist expenditures on items such as food, beverages, lodging, and other goods and services were defined as the tourist industry. To inventory all such firms in Newport, the R.I. Department Employment Security Quarterly Reports and the Chamber of Commerce Directory of Businesses were primary data sources.

The 420 firms identified as tourist-related are found primarily in the categories of Eating and Drinking and Lodging, followed by Miscellaneous Retail Goods, Food, Personal Services, Amusement and Recreation. They are grouped according to the three aggregate categories in TABLE 7.

TABLE 7. Average Number of Employees by Quarter by Aggregated Tourist Industry Group (1984)

	Q1	Q2	Q3	Q4
Transportation	514	564	614	590
Retail	2,376	3,415	3,366	2,699
Service	881	1,637	1,529	883
SIC 1-99 TOTAL	10,110	12,866	12,526	10,640

F. TOURISM AND GOVERNMENT FINANCE

1. Public Revenues Related to Tourism

The major economic impact of tourism in Newport is measured by sales to tourists by private businesses. These sales indirectly generate state government revenues through sales taxes and personal income taxes. Some of these are returned to the city. The state tax of 6 percent applies to all expenditures in restaurants, bars, and lodging places (this assumes that all stays are less than 30 days). Grocery sales are exempt, although a good deal of merchandise sold in grocery stores is taxed. Also exempt are sales of clothing, cigarettes, magazines, and services provided by barbers, beauty parlors, cleaners and laundries. Gasoline is taxed at a rate of \$.11 per gallon. The city government receives revenue in the form of property taxes on seasonal residences, tourism-related commercial properties, boats kept in Newport waters, fees, fines, and penalties. A 3 percent tax, based on normal room rates, is remitted to the city by hotels, motels, and inns having 10 or more units. The city retains 33.3 percent of these room tax revenues, and invests 66.6 percent on behalf of the Newport Tourism and Convention Authority. These funds are used for tourism promotion and service programs. The primary focus of the promotional effort is to attract out-of-town visitors to Newport during the off-season.¹⁴ Service investments include public facilities and conveniences such as restrooms and shuttle bus service, trash removal and parking.

2. Costs of Public Services Related to Tourism

Local communities need to know the costs of the services provided to the burgeoning seasonal populations. While an expenditure analysis is not included in this study, certain estimated costs are identified in TABLE 8.

TABLE 8. Expenditures for Selected Tourist-Related Services in Newport, 1984

	\$	Percent of total
Police		
Vice control	33,007.50	50%
Traffic Enforcement		
Parking-related		
Traffic aids	33,227.00	100%
Uniforms	2,121.00	100%
Central services	65,929.00	50%
Staff		
Salary		
100 including	2,173,868.00	50%
55 uniformed		
police		
Other salary	110,440.00	
Special Detail:	27,818.00	
Vehicle & foot patrol		
Traffic		
Special events		
Crime		
Administration		
Fire Protection		
Rescue squad		
Vehicle/capital cost (annual)	7,500.00	
Maintenance	5,000.00	
Harbor Master		
Split position for year	40,133.00	
(1983-84)		
Solid Waste/Contract Services	85,820.00	10%
Water Pollution Control		
Debt service	728,675.00	
Prior bond	538,000.00	
Anticipation	95,000.00	
Other Public Works		
Parking lots		
Salary--summer manager	24,000.00	100%
Restrooms (43 weeks)	16,856.00	
Section repairs: Cliff Walk	7,000.00	
including insurance and		
liability		
Newport Beach		
Capital improvements	165,223.00	
Match-debt service	70,000.00	
Traffic Control		
Signs	5,000.00	
Seasonal Workers		
Temporary staff	38,930.00	
(movement over minimum		
wage due to tourism-		
related job-competition)		

Several studies¹⁵ have explored the appropriate allocation of service costs to residents, seasonal residents, visitors, and day tourists and have developed useful estimates of how much service is used by visitor types and how much revenue is provided by them. There is a general recognition that each type of tourist group uses different services, or similar services in different amounts. Seasonal residents will use sewer and water services for only a fraction of the year, while year-round residents need these services all year. Overnight visitors will require even a smaller fraction of services during their overnight accommodations. Day visitors are less likely to require hospital facilities or fire protection services (beyond emergency rescue services) than either overnight guests of hotels or seasonal residents. Tourists whose visits do not include boat-related activity are unlikely to require harbor services and thus do not add to the costs of providing them. Allocation of the cost of services is a function of expenditures based on the demand for services. This demand is expressed through the number of individuals present in the city over a given period of time. Usually, existing tax structures place disproportionate responsibility on residents and seasonal residents for support of these services. Overnight visitors and day trippers pay little in revenue to the community in exchange for municipal services. Thus, some communities attempt to redistribute costs more equitably through user fees levied to these groups.

IV. TRENDS OF PAST TEN YEARS

How well a community is able to capture the benefits and control the costs of tourism is a function not only of the physical attributes of the area but of its formal and informal institutional characteristics as well -- the leadership present in the public, private, and volunteer sectors. The literature suggests that communities that are able to marshal the leadership resources necessary to identify and mitigate costs to themselves will be more successful in developing a tourism industry. Where consensus is unattainable or efforts are fragmented, community dissatisfaction may eventually reduce an area's desirability both as a place to live and as a place to visit.

In developing the Rhode Island community case studies a unique research tool has been applied. Called "content analysis," it is a method of gathering data from written sources -- in this case, a sampling of daily newspapers. Using a set of indicators that measure presence or absence of an item of interest or the frequency of its mention, a profile of community attitudes toward tourism has been developed.

Newport has had to address a number of major issues over the past ten years. In 1975, questions about the promotion of tourism focused not on whether or not tourism was a desirable option, for the general attitude was overwhelmingly

supportive. Rather, attention focused on how to develop the industry as quickly as possible. The economic malaise of the city (reflective of the state as a whole) was its leaders' primary concern. The unemployment rate was high throughout the state (16.2 percent) and unemployment benefits were a frequent news topic. Tourism was the industry of "salvation" to city leaders. As shown in TABLE 9, articles on tourism development (37), tourism (46), and events comprise 103 of the 225 articles reviewed in the content analysis, all of which were pro-tourism in perspective. Only 4 articles with the foci of tourism development (2), tourism (1), and events (1) were critical of tourism.

TABLE 9. Focus of Issues in Newspaper Articles by Perspective

Issue	1975			1980			1985		
	pro	con	ttl	pro	con	ttl	pro	con	ttl
Community									
Development	8	1	9	3	2	5	14	7	21
Tourism									
Development	37	2	39	13	52	65	28	7	35
Tourism	46	1	47	20	4	24	18	3	21
Congestion	1	1	2	0	1	1	5	2	7
Services	12	0	12	3	4	7	6	1	7
Public Policy	8	2	10	2	2	4	10	6	16
Events	103	1	104	65	8	73	52	0	52
Other	2	0	2	0	0	0	1	0	1
Total	217	8	225	106	73	179	134	26	160

By 1980 a very different theme was developing. Of 98 tourism-focused articles, 92 were pro-tourism in perspective, while 64 were critical of tourism, with tourism development (52) receiving the largest criticism. Some types of tourism were clearly unacceptable -- jai alai was approved, but casino gambling was rejected by a four-to-one margin. The costs of tourism appeared to outweigh the benefits. The lack of adequate parking for tourists and residents alike, waterfront development that constrained access to the water, development that threatened the unique character of the mansions -- all of these generated conflict. The fear of uncontrolled change prompted measures that included the ban on condominium development in the south end of the city as a means of protecting the mansions from commission pressures (toward condominium conversion) and restraining clauses in major development permits to close doors to casino activity. This is reflected in the 52 articles that were critical of the development of tourism; only 13 were supportive.

Summer activities were restrained: events accounted for only 71 articles, of which 8 were critical. Concerts and music festivals, popular in earlier years, were nearly nonexistent; concert proposals were either rejected outright or subjected to conditions untenable to promoters. The America's Cup went on throughout the summer, as did other boat races. The Cup races themselves drew the expected crush of visitors, but the impact was limited to the relatively short duration of the race. Other events such as Christmas in Newport and the Holiday for Seniors, initially designed to promote and extend the tourism industry, received much less attention than in earlier years.

Whether this apparent lack of support for the promotion of tourism is tied directly to the issue of casino gambling or is independent of the issue is not clear. However, the substance of the articles and information provided by key informants indicate that the casino issue did serve to divide the community, with middle and upper socioeconomic groups vehemently opposed and lower-income groups weakly supportive because of perceived tax benefits and new jobs -- the same arguments that often surround the promotion of tourism.

By 1984 another shift -- less sharply defined -- seems to have occurred. Tourism had become part of the Newport life-style. Increasingly, attention was focused on regulation and control rather than on unbridled development.

The city adopted a lodging tax -- the 3 percent room tax -- initially proposed to pass on to tourists some of the service costs formerly borne by residents. The actual disbursement of funds has led to an uneasy relationship between the city administration and the Tourism and Convention Authority, established to administer the tax revenues, from which several issues of community conflict have emerged. These conflicts widened the schism between local tourist promoters and residents but illustrate the strength of support within the community that can be generated for both perspectives.

Parking remained and still is a pervasive problem. A system of residential parking stickers was one solution adopted, expansion of a shuttle bus service for in-town service another. Alternatives to the problem were the focus of studies funded both by the city and by private sources.

The threat of overdevelopment remained a concern, but, again, the emphasis was on regulation and control rather than on discouragement. Perhaps this was a "realistic" recognition of the city's importance to the state's tourism interests and the pressure of this interdependence.

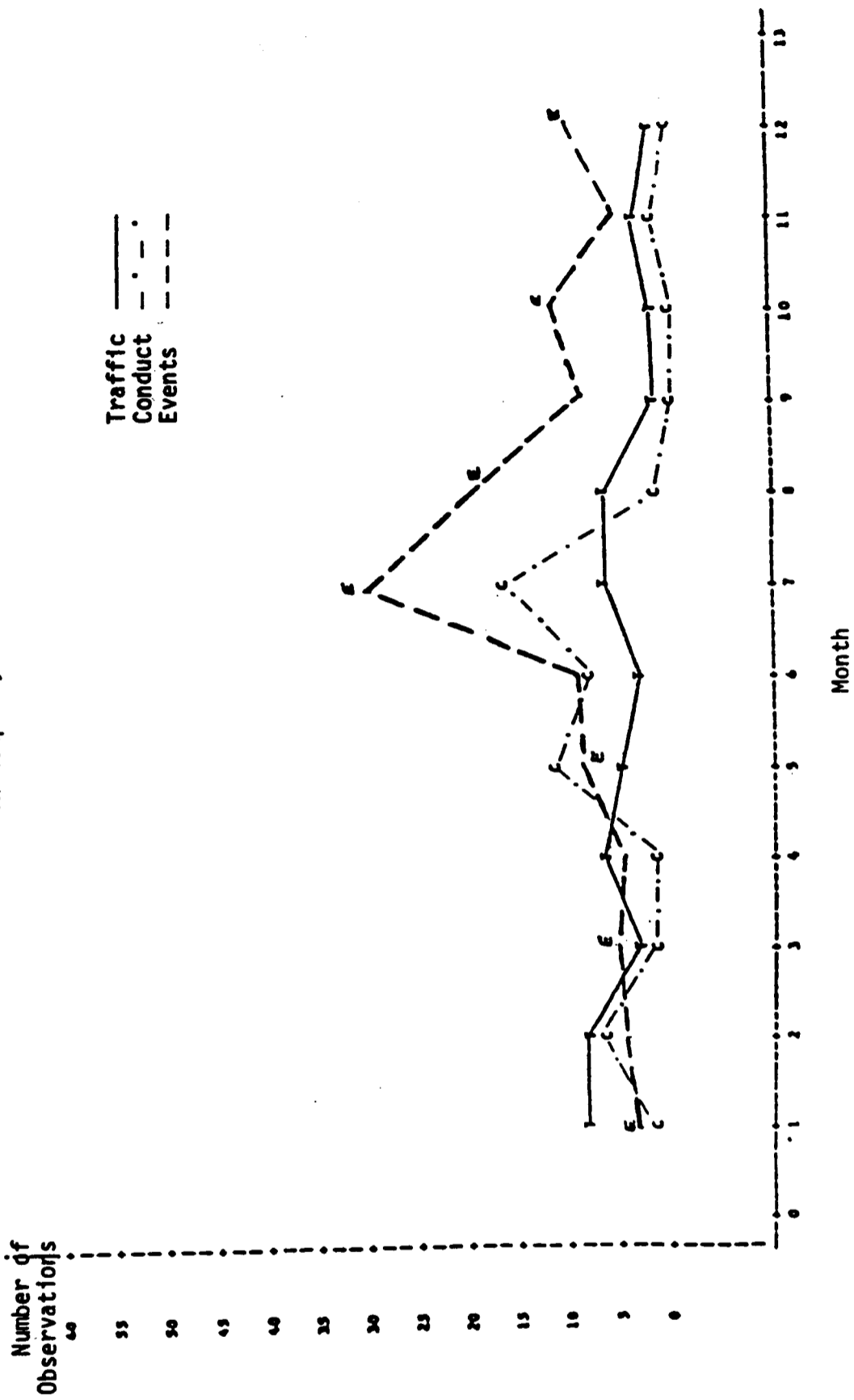
The loss of the America's Cup to Australia in 1983 became a challenge. "Yachting," rather than "the Cup," seems to be the new promotional theme.

Revitalization of the commercial fishing industry also appears to have gained support. The competition for limited waterfront space was eased with the successful negotiation of a permanent space for commercial boats.

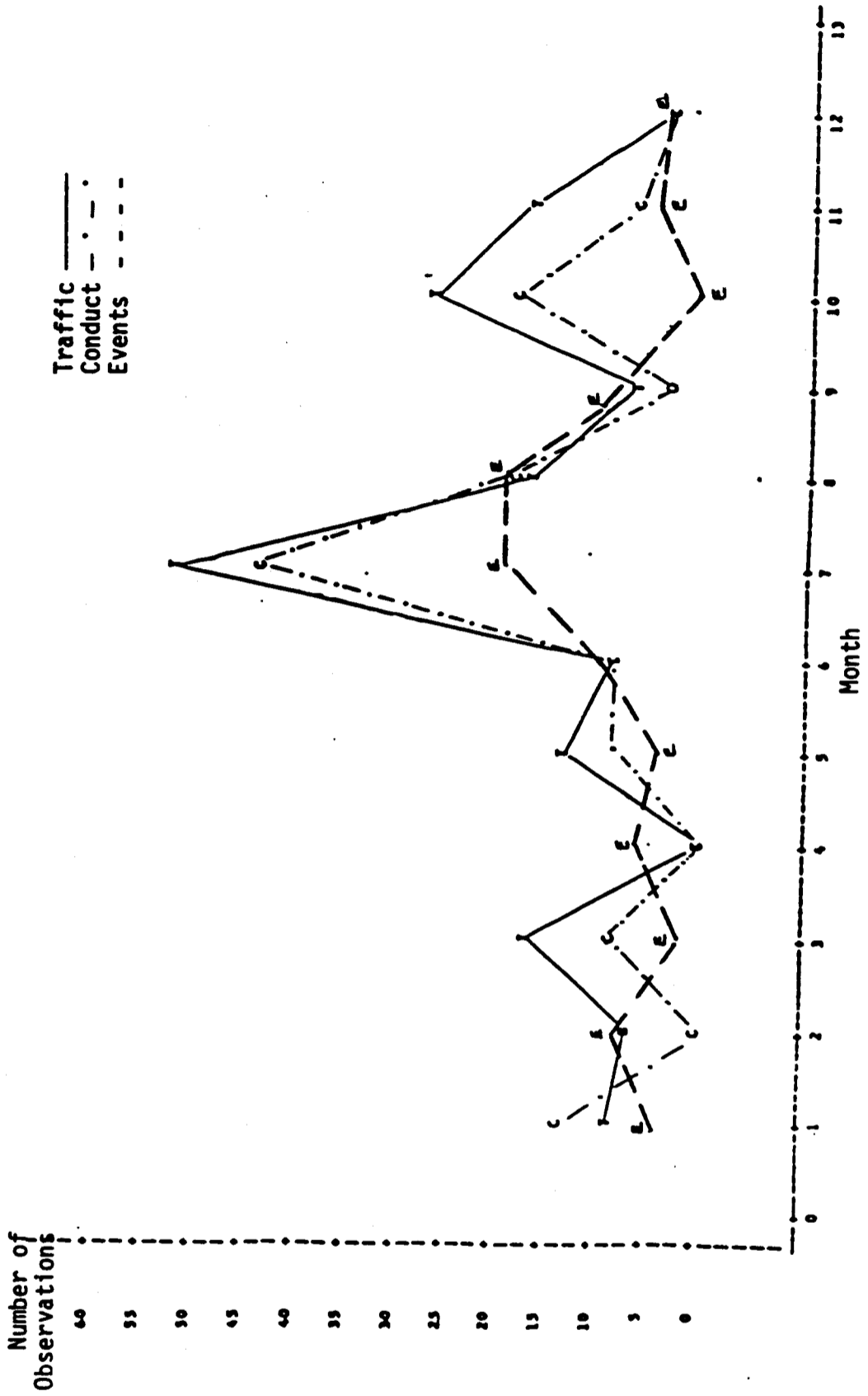
Figures 1, 2, and 3¹⁶ describe the total number of reported incidents tallied from the police log, by month, for three selected years: 1975, 1980, and 1984-85. In 1975, no seasonal pattern of traffic activity is apparent. This lack of seasonality may be due to the still limited response to early promotional efforts in Newport. The flat character of the plot suggests a stable year-round pattern of traffic congestion normal for communities similar in size to Newport. A limited seasonal response to conduct-related activity in 1975 is, again, probably typical of most eastern seaboard communities during the warm summer months. The dramatic pattern of other activities appears to be a response to the economic and social stress of the time, experienced not only in Newport but throughout the nation. Reports of the period included suicide, drug traffic, and aggressive crime -- robbery, burglary, and assault with intent.

By 1980, Newport had changed. The plots show a clear pattern of seasonality to traffic-related and conduct-related activity for the years 1980 and 1984-85. There are many more reported incidents during the months of high visitor activity -- May through October -- than in other months. The plots of "other" activity do not show the same pattern of seasonality observed with traffic and conduct. Although related, the patterns indicate that these activities are a response to other, not yet identified community factors.

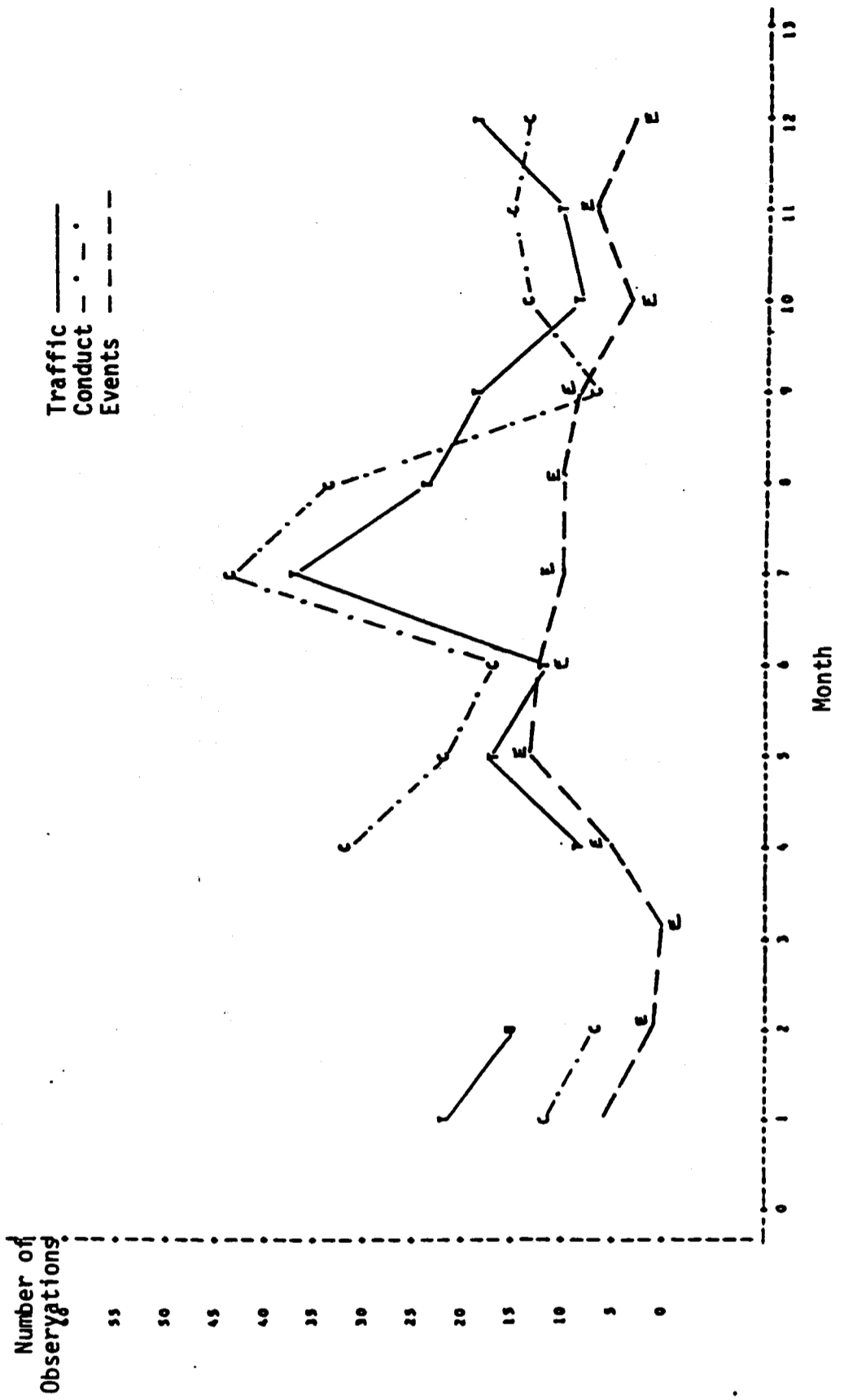
Summary of Police Log and Tourism Events
in Newport, RI 1975



Summary of Police Log and Tourism Events
in Newport, RI 1980



Summary of Police Log and Tourism Events
in Newport, RI 1984



NOTES

1. ----City of Newport: Monograph. R.I. Department of Economic Development, 1984.
2. ----Monthly Progress Reports. R.I. Department of Statewide Planning, 1984.
3. ----"Newport: A Complete Guide to Newport, R.I." Newport Daily News Publication, 1984.
4. Bender, Bruce D., et al., "A Plan for the Newport Waterfront." Community Planning and Area Development, Marine Bulletin #35, University of Rhode Island, 1980; Tyrrell, Timothy J., "The Economic Impact of the Major Boating Events at the Newport Yachting Center in 1982 on the City of Newport." Marine Technical Report #86, University of Rhode Island, 1984; Crutchfield, Stephen R., "The Economic Impact of the Activities of the Preservation Society of Newport County on the City of Newport and the State of R.I.," University of Rhode Island, 1984.
5. ----Providence Journal, 17 September 1982.
6. Crutchfield, 1984.
7. Crutchfield, 1984; Tyrrell, Timothy J., "The Economic Impacts of Tourism on Westerly, R.I." AES 433, University of Rhode Island, 1982.
8. Tyrrell, 1982.
9. Crutchfield, 1984; "R.I. Visitors Study." R.I. Department of Economic Development, 1975.
10. Koziara, John, "An Economic Analysis of Tourism on Selected Industries in Newport, R.I." Unpublished paper, University of Rhode Island, 1984.
11. Tyrrell, 1982; Koziara, 1984; Crutchfield, 1984.
12. Koziara, 1984.
13. Key informant; Crutchfield, 1984.
14. Key informant, 1984 (interview).
15. Cole, Gerald, and Gregory Kuserk, "The Impact of Tourism on Public Services in Selected Delaware Shore Communities." AES Bulletin, University of Delaware, 1984.
16. Traffic-related reports include vehicle accidents, vehicle-pedestrian accidents, drunken driving, auto theft, and vandalism.
Conduct-related reports include brawling and fighting, exposure, public drunkenness, public disturbance and rowdiness, loitering, etc.
Other reports also include missing child reports, water main breaks, and downed power lines.

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