

Executive Summary

On behalf of the Louisville Metro Government, Commonwealth Economics (“CE”) has prepared a detailed local economic impact analysis for three festivals, produced by Danny Wimmer Presents (“DWP”), which include: Louder Than Life (“LTL”), Bourbon & Beyond (“BB”), and a Country Music (“CM”) festival. The annual events will be hosted separately at Champions Park located in Louisville, KY.

Highlights

- **Louder Than Life** ~ A rock music festival which features a selection of bourbons, whiskey, craft beer and food. Lineup includes artists such as Ozzy Osbourne and Rob Zombie. CE estimates the annual economic impact of LTL, on Louisville, to be \$24.2 million. Furthermore, LTL is estimated to create total employment for 308 people or \$10.7 million in total wages. LTL is expected to generate an annual local fiscal impact of \$516,508.
- **Bourbon & Beyond** ~ An all-in-one bourbon, food and entertainment festival that honors the history of bourbon in Kentucky. Lineup includes artists such as Steve Miller Band and Stevie Nicks. CE estimates the economic impact of BB, on Louisville, to be \$19.5 million. Furthermore, BB is estimated to create total employment for 247 people or \$8.6 million in total wages. BB is expected to generate an annual local fiscal impact of \$414,949.
- **Country Music** ~ The description for this event will be determined at a later date by DWP. CE estimates the economic impact of CM, on Louisville, to be \$19.5 million. Furthermore, CM is estimated to create total employment for 247 people or \$8.6 million in total wages. CM is expected to generate an annual local fiscal impact of \$414,949.

CE estimates the combined annual economic impact of the festivals to be \$63.1 million.

Historically, LTL has eclipsed 50,000 in total attendance over two days (32,181 unique attendees). Of these, 68% reside outside of the Louisville area, and 49% lived outside the state of Kentucky. LTL festival grounds have featured 80+ vendors, also. DWP expects similar if not greater numbers for the upcoming BB and CM festivals it plans to host.

Danny Wimmer Presents – Company Overview

DWP was founded in 2011 by Danny Wimmer and is now one of the largest independent festival producers in the country. Overall, DWP’s commitments are four-fold: long-term growth, strong community relationships, unparalleled experience, and significant economic impact.

In connection with these commitments, DWP is comprised of industry professionals with collective experience in concert, food and beverage, brand partnership and music. In addition, DWP features big brands, festivals, and artists in the industry.

Festival Description

The festivals provide additional cultural attractions which may spur new interest and visitation to the area, while also continuing Louisville’s tradition as an internationally recognized festival city. CE has identified the following average festival expenditures, below, based upon historical data provided by DWP.

<p><i>Expenditures by Vendor (Inside Louisville)</i></p> <ul style="list-style-type: none"> ▪ Exhibit/Booth <ul style="list-style-type: none"> ○ Food and Beverage ○ Equipment Rental ○ Vendor Services ○ Technology Services ○ Other Expenses ▪ Promotion and Advertising ▪ Lodging ▪ Restaurants & Dining ▪ Transportation (Gas, Parking, Transit) ▪ Retail Purchases ▪ Entertainment ▪ Any Other Expenses <p>Total Estimated Expenditures Per Vendor ~ approximately <u>\$3,470</u>.</p>

<p><i>Festival Expenditures by Attendee</i></p> <ul style="list-style-type: none"> ▪ Food & Beverages ▪ Merchandise ▪ Camping ▪ Other Spending <p>Total Estimated Festival Expenditures Per Capita ~ approximately <u>\$230</u>.</p> <p><i>Non-Festival Expenditures by Attendee (Inside Louisville)</i></p> <ul style="list-style-type: none"> ▪ Restaurant & Dining ▪ Transportation (Gas/Parking/Transit) ▪ Retail Merchandise ▪ Lodging ▪ Entertainment ▪ Other Spending <p>Total Estimated Non-Festival Expenditures Per Capita ~ approximately <u>\$285</u>.</p>
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In addition, CE has established estimates for vendor and attendee numbers based upon information provided in a study commissioned by the Greater Louisville Convention & Visitors Bureau in 2015. It is important to note that CE impact estimates are based on three attendee categories: specific non-Louisville residents¹, random non-Louisville residents², and Louisville residents in order to capture new spending. Estimates are shown, on the next page, in Figures 1 and 2.

¹ Attendees from outside of Louisville who came to the area specifically for the festival.

² Attendees from outside of Louisville who did not come to the area specifically for the festival, but still attended the event at random.

Figure 1: Festival Vendor Estimates³

	Assumption (%)	Vendors (LTL)	Vendors (BB)	Vendors (CM)	Combined Total
Vendors					
Non-Local	72%	64	64	64	191
Local	28%	24	24	24	73
Total		88	88	88	264

Figure 2: Festival Attendee Estimates⁴

	Assumption (%)	Unique Attendees (LTL)	Unique Attendees (BB)	Unique Attendees (CM)	Combined Total
Attendees					
Specific Non-Louisville Residents	63%	31,474	25,179	25,179	81,833
Louisville Residents	32%	15,900	12,720	12,720	41,340
Random Non-Louisville Residents	5%	2,626	2,101	2,101	6,827
Total		50,000	40,000	40,000	130,000

Economic & Fiscal Impact Estimates

Economic impact reflects the “ripple effect” or “multiplying effect” from initial transaction, or “direct spending,” that occurs as a direct result of an event or project being completed. In the case of the three festivals, one example of initial transactions are the attendee expenditures. The “ripples” from these initial transactions include the following:

- **Indirect Impact** – consists of spending that occurs, typically by a business, to generate the initial or direct output.
- **Induced Impact** – represents changes to in-state consumption due to the personal spending by employees whose incomes are affected by the event.
- **Labor Income** – measures the change in total personal income, state-wide, that results from the initial spending activities occurring within the event.
- **Total Employment** – measures the change in number of jobs, state-wide, that result from the initial spending activities that occur within the event.

Indirect impact, induced impact, labor income, and total employment impacts are estimated using multiplier factors. IMPLAN is a nationally recognized model commonly used to estimate economic impact. An input-output model analyzes the commodities and income that normally flow through the various sectors of the economy. CE used Louisville area IMPLAN data in order to estimate the local economic impact of the three festivals.

³ Vendor and Attendee percentage assumptions are based upon a survey regarding the 2015 Louder Than Life festival, commissioned in 2015 by the Greater Louisville Convention & Visitors Bureau.

⁴ Total attendee numbers for LTL and BB are based upon DWP projected ticket sales for 2017. Total attendee numbers for CM are based upon DWP projected ticket sales for 2018.

Festival Impact

CE has estimated the potential annual impact from the festivals to the city of Louisville based upon information provided by DWP. Figure 3 summarizes the annual total economic and fiscal impact from the three festivals.

Figure 3: Estimates of Annual Economic & Fiscal Impact⁵

	LTL	BB	CM	Annual Total
Economic Impact (Multiplier Effects)				
Direct	\$13,633,828	\$10,963,003	\$10,963,003	\$35,559,834
Indirect	\$4,528,424	\$3,643,235	\$3,643,235	\$11,814,894
Induced	\$6,049,582	\$4,863,340	\$4,863,340	\$15,776,262
Total Output	\$24,211,834	\$19,469,578	\$19,469,578	\$63,150,990
Labor Income	\$10,738,271	\$8,632,629	\$8,632,629	\$28,003,529
Total Employment	308	247	247	802
Fiscal Impact (Tax Revenues)				
Local Tax Revenues	\$516,508	\$414,949	\$414,949	\$1,346,406

As shown in Figure 3, the three festivals combined may be expected to produce an annually estimated \$63.1 million in additional economic impact for the city of Louisville. Furthermore, the festivals are estimated to create total employment for 802 people or \$28 million in total wages. The fiscal impacts associated with these events are estimated to include \$1.3 million in total local tax revenues.

Conclusion

Danny Wimmer Presents is positioned to continue to host the Louder Than Life festival in the City of Louisville and add two brand new events: Bourbon & Beyond and a TBD Country Music festival. Preliminary estimates show that the three events may generate approximately \$63.1 million in total annual economic impact or \$1.3 million in total local tax revenues. As stated previously, the estimate only includes the annual economic impact generated by specific non-Louisville residents in order to capture new spending to the area. Figure 4 below contains sample demographics of the percentage of specific non-Louisville residents who traveled from a few of the major surrounding cities in order to attend the Louder Than Life festival.

Figure 4: LTL Sample Demographics⁶

Cincinnati	Lexington	Columbus	Dayton	Nashville	Indianapolis
14.9%	11.1%	4.9%	4.1%	3.9%	3.8%

⁵ The Local Tax impact estimate includes the following IMPLAN categories: Tax on production and imports, Households, and Corporations.

⁶ Sample demographics are based upon a survey regarding the 2015 Louder Than Life festival, commissioned in 2015 by the Greater Louisville Convention & Visitors Bureau.