



**Altech** **FEI**™

World Equestrian Games™

Kentucky 2010

# The Economic and Fiscal Impacts

*a projection*

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# Key drivers

- sponsorship and trade show rental revenues, and how these are spent: employees, advertising, equipment...
  - number of participants, spectators, and days at event
  - place of residence of participants, spectators; where will they sleep during event?
  - spending profile of nonresidents and residents: tickets, concessions, travel, hotels, restaurants, shopping, other
  - direct impact: how many net new dollars hit Kentucky?
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# On-site event dollars - projection

- World Games Operating Budget includes revenues from sponsorships, ticket sales, trade show rentals and merchandise receipts
  - Budget spent on equine quarantine, transportation, equipment rental, event employees, accommodations for competitors, marketing, advertising, administration
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# Anticipated participation, attendance, residency

16 days of events

Saturday, September 25 to Sunday, October 10, 2010

	Type of unique attendee or participant, advance sales				
	Paid attendee	Nonpaid attendee**	Competitor	Media	Total
<b>Place of residence</b>					
Lexington Regional Economy	6,875	1,000		50	7,925
other Kentucky	6,875	1,000		50	7,925
out-of-state daytripper *	4,987	1,000		0	5,987
beyond 200 miles, in North America	41,499	1,000	50	700	43,249
outside of North America	5,976	1,000	750	700	8,426
Total	66,211	5,000	800	1,500	73,511
<b>Average number of days attending</b>	5.0	7.0	10.0	14.0	
<b>Average ticket price per day</b>	\$89				
<b>Ticket sales, excluding one-day general admissions</b>	\$29,341,316				
<b>One-day general admission tickets</b>	<b>number</b>	<b>revenues</b>			
Kentucky residents	38,796	\$1,057,673			
Nonresident day-trippers	90,524	\$2,467,903			
Total	129,320	\$3,525,575			

....working assumption is 460,000 people-days (tickets);  
87% from out-of-state based on latest ticket sales

# Anticipated on-site spending

Ticket prices range from \$150 to \$25, depending upon event, access; average ticket price so far is \$88. Projected ticket sales = \$32.9 million of which **\$25.7 million** are to nonresidents

	Type of unique attendee or participant, advance sales				
	Paid attendee	Nonpaid attendee**	Competitor	Media	Total
<b>Food and merchandise sales on-site, resident and nonresident</b>					
Food per capita per day	\$12.00	\$12.00	\$12.00	\$12.00	\$48
Total food sales	\$5,058,936	\$420,000	\$96,000	\$252,000	\$5,826,936
Merchandise per capita per day	\$7.50	\$7.50	\$7.50	\$7.50	\$30
Total merchandise sales	\$3,161,835	\$262,500	\$60,000	\$157,500	\$3,641,835
Grand Total	\$8,220,771	\$682,500	\$156,000	\$409,500	\$9,468,771
<b>External sponsorship dollars to support event</b>					\$25,358,000
<b>Trade Fair booth rentals</b>					\$3,225,000
<b>Total On-Site Expenditures from outside KY</b>	\$32,596,577	\$409,500	\$156,000	\$382,200	<b>\$62,127,277</b>

....so, net new dollars on-site in tickets, food, merchandise, sponsorships, booths from out-of-state are \$62.1 million

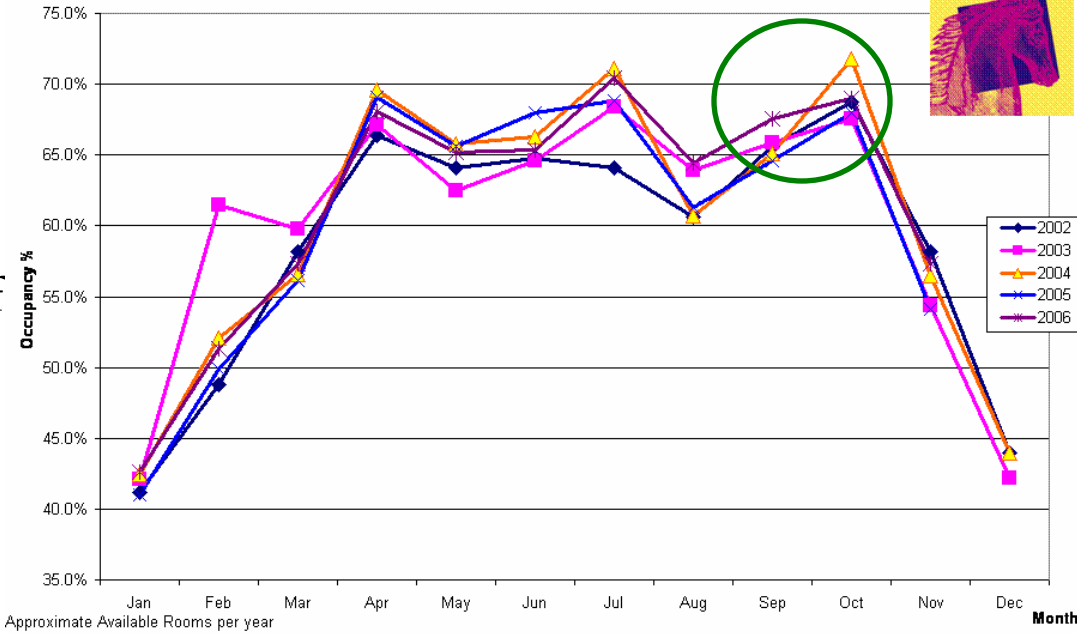
# Anticipated off-site spending profiles

	Type of unique attendee or participant, advance sales				
	Paid attendee	Nonpaid attendee**	Competitor	Media	Total
<b>Lodging</b>					
percentage of overnigheters staying in hotel	90%	90%	75%	100%	
person per room	2.5	2.5	2.0	1.0	
average room rate, Lexington and surrounding	\$273	\$273	\$273	\$100	
room-nights	85,455	5,040	3,000	19,600	113,095
lodging expenditures	\$23,287,346	\$1,373,450	\$817,530	\$1,960,000	<b>\$27,438,327</b>
adjusted down for what would've been booked w/o FEI	\$16,182,813	\$1,373,450	\$817,530	\$1,960,000	<b>\$20,333,794</b>
hotel sales taxes - Kentucky state (6%+1%)	\$1,039,519	\$88,225	\$52,515	\$125,903	\$1,306,162
hotel taxes - local governments	\$970,969	\$82,407	\$49,052	\$117,600	\$1,220,028
<b>Air and ground transportation, taxes</b>					
air passengers flying into Lexington	5,508	315	84	147	6,054
Cincinnati	19,895	1,225	280	508	21,908
Louisville	5,053	420	109	154	5,736
Total	30,457	1,960	473	809	33,698
car rental revenues at Lexington	\$248,984	\$19,933	\$7,594	\$18,604	\$295,115
Cincinnati	\$899,255	\$77,518	\$25,312	\$64,229	\$1,066,314
Louisville	\$228,400	\$26,578	\$9,808	\$19,490	\$284,277
Total	\$1,376,639	\$124,029	\$42,714	\$102,324	<b>\$1,645,705</b>
local car rental taxes at Lexington	\$43,510	\$3,483	\$1,327	\$3,251	\$51,571
Cincinnati	\$211,774	\$9,922	\$3,240	\$8,221	\$233,158
Louisville	\$86,731	\$2,950	\$1,089	\$2,163	\$92,933
Total	\$342,015	\$16,356	\$5,656	\$13,636	\$377,663
KY State sales tax on car rentals (6%)	\$82,598	\$7,442	\$2,563	\$6,139	\$98,742

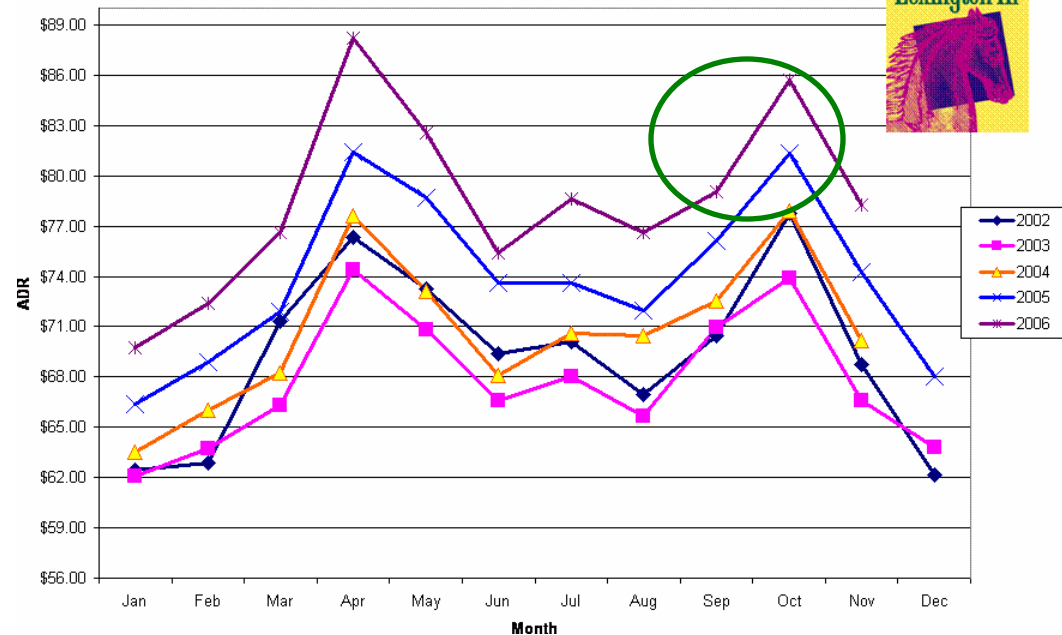
# Hotels

- displacement effect: the Lexington market has roughly 7,500 hotel rooms, with average occupancy in late September and early October of 69%, and average room price of \$86, so about \$7 million in sales already there for these 16 days
- Average room rates will likely triple, and occupancy will be around 90%
- the increased demand will generate spillover business up and down Interstates 75 and 64, particularly Cincinnati-Northern KY, Louisville, Frankfort, Shelbyville
- We subtract the \$7 million Lexington would have had from our FEI lodging estimates

Lexington/Fayette County Hotel Occupancy Comparisons



Lexington Area Average Daily Rate Comparisons by Month



<b>Direct new spending, payroll and jobs</b>			
	<b>Sales</b>	<b>Payroll</b>	<b>Job-years</b>
Event on-site	\$62,127,277	\$20,977,750	1,583.1
Lodging - hotels and motels	\$20,333,794	\$5,890,285	257.5
Other accommodations, including campgrounds	\$2,654,000	\$800,707	37.9
Meals off-site	\$6,021,493	\$1,830,263	114.1
Retail - general merchandise	\$3,010,746	\$1,298,485	56.9
Retail - gasoline	\$723,831	\$251,459	12.8
Transportation	\$1,645,705	\$574,960	25.0
<b>Total Direct Impacts</b>	<b>\$96,516,846</b>	<b>\$31,623,909</b>	<b>2,087.3</b>

**Total new  
spending hitting  
regional economy**

# Spin-off and total impacts

- economic multipliers for the region:  
27 Kentucky counties in and between the Lexington, Louisville and Cincinnati markets
- fiscal impacts: sales taxes, income taxes, occupational taxes, hotel taxes, car rental taxes
- less tangible impacts: branding, TV exposure, local experience for next event, consolidate Lexington as equine center, attract more equine organizations

Anderson	Jefferson
Boone	Jessamine
Bourbon	Kenton
Bracken	Meade
Bullitt	Nelson
Campbell	Oldham
Carroll	Owen
Clark	Pendleton
Fayette	Scott
Franklin	Shelby
Gallatin	Spencer
Grant	Trimble
Harrison	Woodford
Henry	

\* all KY counties in Lexington, Louisville and Cincinnati MSAs, plus connector counties

# Regional Economic Multipliers

Some industry-specific economic multipliers for the impact region		
IMPLAN sector	Industry	Value of output
326	Retail stores - gasoline stations	1.437
329	Retail stores - general merchandise	1.526
332	Air transportation	1.477
336	Transit and ground passenger transportation	1.553
403	Spectator sports companies	1.836
404	Promoters of performing arts and sports, and agents	1.659
411	Hotels and motels, including casino hotels	1.534
412	Other accommodations	1.644
413	Food services and drinking places	1.588
Source: IMPLAN Professional regional input-output modeling system; model constructed for 27 county region.		

For example, \$1 million in new demand for hotel rooms leads to \$1,534,000 in new sales by all firms in the 27 county region - \$1 million to hotels, and \$534,000 to other firms.

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# Total economic impacts (projection)

Total Projected Impacts in Kentucky		
Sales	Payroll	Job-years
\$167,350,537	\$52,606,470	2,893.4

## Fiscal impacts

Payroll induced taxes - KY income and sales (8% effective)	\$4,208,518
Payroll induced taxes - Fayette County occupational tax (2.5% effective)	\$1,315,162

..... plus the hotel, restaurant, car rental taxes listed above (\$2.02 million to state government, \$1.60 million to local governments)

for a **Grand Total of \$6.2 million to state government, and \$2.9 million to local governments**

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