



**Louisville City FC
Tax Increment Financing Impact Analysis**

Submitted To:

Louisville City FC

Submitted By:

Commonwealth Economics

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I. EXECUTIVE SUMMARY

The Louisville City Football Club (“LCFC”) has determined that a new soccer stadium facility is necessary for their club to continue operating at an efficient level. LCFC has identified the Butchertown area, located in downtown Louisville, as the preferred development location. The LCFC Stadium District Development Project (“Project”) is expected to provide new hospitality options, high tech office space, and shopping and dining options within a short walking distance to the Project’s major attraction: a new 10,000-seat soccer stadium that will serve as the home field of Louisville City F.C.

However, this type of redevelopment comes at a high – and often prohibitive – cost. In order to make it more affordable, the Commonwealth of Kentucky has created several Tax Increment Financing (“TIF”) programs. TIF programs use the increase in state and local tax revenue created by new projects to help finance some of the high public infrastructure costs associated with them. By using the State’s TIF Program, LCFC may be able to offset certain out-of-pocket infrastructure expenditures associated with the development Project, making an otherwise unaffordable Project feasible.

This analysis examines the potential impacts of the LCFC Stadium District Development Project utilizing the TIF program locally and qualifying for TIF incentives at the State level, and provides quantitative analysis of the potential Project impacts given the proposed scope of the overall redevelopment Project.

Highlights

- **Major Attraction** - This Project has the potential to define the aesthetic and economic development environment around the Big Four Walking Bridge and serves to attract more out-of-state visitors while retaining in-state patrons. Currently, the area functions as an underutilized industrial zone and has very limited entertainment options. However, visitors from out-of-state would likely choose to spend their dollars in Kentucky when they have such an appealing set of major attractions, complete with the stadium, restaurants, stores, and other family-friendly venues.
- **Public Infrastructure Expenditures** - The LCFC stadium Project requires significant expenditures on infrastructure components. The Project includes several public infrastructure elements, such as; structured public parking,

street/sidewalk/utility/road improvements, and public spaces. This type of urban redevelopment project is specifically what the State's TIF Program is designed to incentivize.

- **Need for funding assistance** - Public Infrastructure costs can often make private development prohibitive and are expensive for a private developer and the local government to undertake alone. The Commonwealth's TIF program provides a mechanism to use some State tax revenues to help pay for these types of expenditures.
- **State incentives could be utilized** - The State Mixed-Use TIF Program is likely the best fit for The LCFC Stadium District Development Project. Under the State Mixed-Use TIF Program, sales tax, income tax, and occupational taxes are recoverable, in addition to property taxes. The use of this program could add state tax revenue contributions to local tax contributions in order to finance some of the public infrastructure costs.
- **Project could generate substantial economic and fiscal impacts** - This analysis estimates that the project elements could support 2,472 jobs statewide each year once complete, labor income of approximately \$1.8 billion over a 20-year period, and create approximately \$261.4 million in state and local tax revenue. Over the same 20-year period, the project is projected to generate, on-site, approximately \$155.9 million in TIF-eligible incremental tax revenue. Assuming 20% of these estimated revenues are retained by the State and Local governments, up to an estimated \$124.8 million could be available for infrastructure reimbursement through the program. Of this amount, approximately \$98.3 million is State tax revenue and \$26.4 million is Local tax revenue.

II. INTRODUCTION

The Louisville City Football Club (“LCFC”) is planning to build a new soccer-specific stadium in Louisville, KY, specifically the Butchertown district. A study conducted by Conventions Sports Leisure in 2016 determined that the viability of LCFC’s continued operations is dependent upon the development of a new stadium. As a part of its Project plan, LCFC has already identified several of the project’s biggest needs, goals, and objectives.

This major addition to the City of Louisville, which would include a new 10,000 seat soccer stadium, new office space, two new hotels, retail/restaurant and entertainment space, and a variety of necessary infrastructure improvements, comes at a prohibitively high cost. Without assistance and incentives being provided by the state and local governments, LCFC will not be able to complete this Project.

Tax Increment Financing

In order to help facilitate this type of development, the Commonwealth of Kentucky has created a number of different Tax Increment Financing programs. This analysis focuses on the Project’s economic and fiscal impacts and highlights the potential use of Tax Increment Financing (“TIF”) to fund a portion of The LCFC Stadium District Development Project (the “Project”).

Under Kentucky law, local governments have the authority to establish a “Development Area” (otherwise known as a TIF District) and pledge certain incremental local taxes in order to provide Redevelopment Assistance to an economic development project. Additionally, certain projects may also qualify under one of the Commonwealth’s state-level TIF programs, depending upon the overall capital investment and nature/scope of the project.

TIF programs use the increase in state and local tax revenues created after projects are developed (the “increment”) to help finance some of the prohibitively high infrastructure and redevelopment costs associated with certain projects. This financing is typically structured by the applicable local government issuing tax increment bonds - either as the guarantor or just as a conduit for the bonds. The proceeds of the bonds are used to pay for approved public infrastructure and redevelopment costs and the annual increment is then used to pay principal and interest on the bonds.

While receiving final TIF approval at the State level does not ensure that upfront financing will be available, it makes it much more likely that financing can be obtained since incremental revenues will be available to pay for or offset debt service costs. By using the State's TIF Program, LCFC may be able to recover some of the costly infrastructure expenditures, thus making the Project feasible.

This analysis examines the potential economic and fiscal impacts of the Project and its ability to utilize TIF incentives based on the proposed scope of the Project as provided to Commonwealth Economics.

Background

LCFC was established in 2014 and joined the third division United Soccer League ("USL"). Its former home of Orlando, FL was awarded a first division Major League Soccer ("MLS") franchise the same year, which prompted the move to Louisville.

LCFC's first year in the USL, 2015, was marked with great success. An average of 7,218 fans attended each regular season game, which ranked second highest out of the 24 USL teams. In addition, LCFC advanced to the USL's Eastern Conference Final in 2015 and again in 2016. Furthermore, LCFC's second year saw regular season ticket holder sales increase and a vision for a more viable long-term plan set in motion.

Unfortunately, LCFC is operating at a loss due to the current facility configuration and lease agreement. The current lease arrangement restricts seating capacity, brings higher costs of operations, and makes continual hosting of soccer matches unfeasible. The completion of a soccer-specific outdoor sporting venue will allow LCFC to showcase continued market growth and will provide the area with an attraction that is currently missing in Louisville, while promoting and supporting additional development in the underutilized areas surrounding the stadium.

Project Description

The proposed LCFC stadium Project would promote the addition of a major attraction to the area through a mixture of public and private investment. The aim is to provide an additional cultural attraction which will spur additional interest and visitation to the area, while also providing the public infrastructure required to support additional density and vertical redevelopment.

In working with the state and local governments to help provide the infrastructure needed to support the development Project, it is anticipated that LCFC will provide new hotels, retail, and restaurant options for downtown patrons to enjoy in addition to the stadium, creating additional foot traffic in the area and spurring continued development interest. In working with various private parties and landowners, LCFC has identified the following as the most likely Project elements:

Vertical Improvements

- Butchertown Stadium ~ 10,000 seats. Estimated cost of \$44.5 million.
 - Hotel #1 ~ 166 rooms. Estimated cost of \$23.4 million.
 - Hotel #2 ~ 142 rooms. Estimated cost of \$19.8 Million
 - Retail Space ~ 20,000 (sq ft). Estimated cost of \$3.1 million.
 - Restaurant Space ~ 50,000 (sq ft). Estimated cost of \$8.5 million.
 - Office Space ~ 340,000 (sq ft). Estimated cost of \$63.5 million.
- Total estimated vertical costs of approximately \$162.8 million.

Public Infrastructure Improvements

- Land preparation and demolition
 - Roadway and pedestrian connectivity improvements
 - Expansion of sidewalks and additional streetscape improvements
 - New parking facilities expected to provide approximately 1,200 additional spots
 - Sewage and drainage system improvements
 - Utility improvements
 - Public Space improvements
- Total estimated infrastructure costs of approximately \$30.3 million

III. QUALIFYING PUBLIC INFRASTRUCTURE

If the Project successfully applies for participation through a State TIF Program, it may be eligible to recover up to 100 percent of Approved Public Infrastructure costs, certain soft costs and costs related to land preparation, demolition and clearance through the recapture of local and state incremental tax revenues. By law, these Approved Public Infrastructure costs may include:

- land preparation and demolition
- public buildings/structures
- sewers/storm drainage
- curbs, sidewalks, promenades, and pedways
- roads and street lighting
- provision/modification of utilities
- environmental remediation
- floodwalls/floodgates
- public spaces and parks
- parking
- easements of rights of way
- transportation facilities
- public landings
- amenities (fountains, benches, sculptures, etc.)
- river bank modifications
- related soft costs, legal fees, and contingencies;

All of the proposed public infrastructure Project elements discussed in the previous section should qualify under one of these categories of public infrastructure. While these costs may be recoverable, the funding of these anticipated public infrastructure improvements would be on a reimbursement basis that will require proof of the expenditure before funds will be released through the TIF program and that the amount available from State participation will be subject to an overall cap.

In addition, these funds will not be available until the Project meets a minimum spending threshold (discussed in the next section) and also begins to generate the incremental tax revenues that can then be used to make financing payments or reimburse the out-of-pocket expenditures on these elements.

IV. STATUTORY REQUIREMENTS

While there are three state TIF programs available, the program that best fits this Project is the State Mixed-Use TIF Program. If the Project qualifies for the “State Mixed-Use Program” it would be eligible to use a variety of incremental taxes to help finance certain qualifying public infrastructure costs:

- State Sales tax
- State Ad Valorem (real property) tax
- State Individual Income tax
- State Corporate Income tax
- Local Ad Valorem (real property) taxes
- Local Occupational taxes

All of the recovered taxes must be generated within the Project’s TIF Footprint.

State Mixed-Use TIF Requirements

The Project will need to meet a number of statutory requirements to qualify for participation in the State Mixed-Use TIF Program, including the following:

- It must have a net positive economic and fiscal impact to the Commonwealth.
- It must not include any retail establishment that exceeds twenty thousand (20,000) square feet of finished space.
- It must meet the required minimum capital investment of \$20,000,000 (and not exceed \$200,000,000).
- It must include pedestrian amenities and public space.
- The development area must be less than the maximum three square miles.
- The development must include at least two of the following: retail, residential, office, restaurant, or hospitality.
- The project must be located in an area with blighted conditions and inadequate public infrastructure.

Under the mixed-use TIF program, the tax recovery period is limited to 20 years.

V. FUTURE TIF-ELIGIBLE TAX REVENUE ESTIMATES

For the purpose of estimating the amount of potentially available TIF dollars generated within the footprint that may be available to finance bonds or otherwise repay any approved public infrastructure expenditures, it is necessary to calculate the expected tax revenue generated in the new footprint. Fiscal impact measures TIF-eligible tax revenues that result from the spending and income related to the activities at the Project. This analysis estimates the economic and fiscal impacts of the Project and the TIF-eligible tax revenues available as a result of these impacts. Only taxes that are eligible for participation in tax increment financing programs are used in this section of the analysis.

Below is a breakdown of the taxes used to determine the fiscal impacts of the Project:

- State taxes:
 - Property Tax \$0.122 per \$100 of assessed value
 - Sales Tax 6.00 percent of sales
 - Individual Income Tax 4.20 percent of income¹
 - Corporate Income Tax \$0.095 per \$100 of gross receipts
or \$0.75 per \$100 of profits²
- Local taxes:
 - Metro - Property Tax \$0.4792 per \$100 of assessed value
 - Metro - Occupational License Fees 1.25 percent of salaries³

¹ Although Kentucky has a graduated income tax, Commonwealth Economics is using an effective income tax rate of 4.2 percent on all income earned in the state.

² Corporate income tax rates are graduated and taxpayer-specific. The indicated rates reflect an alternative minimum calculation, used in this study for analytical purposes.

³ Assumes full participation from the City occupational license fees excluding: Louisville or Anchorage Public School Boards share of .0075 and Transit Authority of River City share of .0020 which are not eligible to participate.

The proposed Project, as detailed in Section II, includes a variety of proposed vertical components, each of which has the potential to generate incremental future tax revenues that could be recovered under the Mixed-Use TIF Program to help pay for or partially offset the costs of the public infrastructure components.

Commonwealth Economics has analyzed these project components to estimate the potential annual fiscal impact. This type of redevelopment will add significantly to the tax base within the proposed footprint and provide additional incremental revenue recoverable under the Mixed-Use TIF Program.

Baseline Tax Revenue Calculation

In order to properly estimate the tax revenues that may actually be available for a mixed-use TIF project, it is necessary to subtract the baseline tax revenues from the expected future revenues. The baseline tax revenues currently generated within the proposed development area are likely significantly less than will be generated there after the LCFC Stadium Development Project is completed.

The baseline taxes for the anticipated footprint, for purposes of this analysis, are assumed to be minimal. Therefore, Commonwealth Economics has not included the value of the baseline taxes for land or operations and has calculated the increment assuming no increase in basis on the land. As such, the projected incremental property tax revenues are based off the future construction expenditures, alone, and do not include land value.

Figure 1, on the next page, summarizes the estimated annual fiscal impact of the new LCFC Project and the recoverable portion of those taxes that may be available for Approved Public Infrastructure repayment and Project redevelopment assistance during a 20-year period.

Figure 1

LCFC Stadium District Development Project										
Incremental Tax Revenue Estimates under the State Mixed-Use TIF Program										
	Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	20-Year Total
Estimated Incremental Tax Revenues from Project										
State Tax Revenues										
State Property Tax	\$3,256,619	\$78,373	\$102,675	\$115,949	\$115,949	\$152,354	\$183,586	\$183,586	\$183,586	\$3,256,619
State Sales and Use Tax	\$58,645,118	\$1,194,945	\$1,591,954	\$2,216,821	\$2,271,535	\$2,666,357	\$3,004,641	\$3,387,814	\$3,822,087	\$58,645,118
State Corporate/LLLET Tax Revenues	\$1,511,240	\$23,956	\$28,656	\$36,642	\$37,375	\$54,060	\$86,421	\$95,415	\$105,346	\$1,511,240
State Individual Income Tax	\$59,507,113	\$956,360	\$1,041,290	\$1,193,063	\$1,217,175	\$1,899,030	\$3,495,783	\$3,861,647	\$4,266,148	\$59,507,113
Total State Tax Revenues	\$122,920,090	\$2,253,633	\$2,764,574	\$3,562,475	\$3,642,033	\$4,771,800	\$6,770,431	\$7,528,461	\$8,377,166	\$122,920,090
Local Tax Revenues										
Local Property Tax Revenues	\$12,791,573	\$307,838	\$403,295	\$455,432	\$455,432	\$598,425	\$721,100	\$721,100	\$721,100	\$12,791,573
Local Occupational License Tax	\$20,229,183	\$324,557	\$357,667	\$416,148	\$424,545	\$655,288	\$1,184,446	\$1,308,325	\$1,445,264	\$20,229,183
Total Local Tax Revenues	\$33,020,756	\$632,396	\$760,962	\$871,580	\$879,977	\$1,253,713	\$1,905,546	\$2,029,425	\$2,166,364	\$33,020,756
Total Estimated Incremental Tax Revenues	\$155,940,847	\$2,886,029	\$3,525,536	\$4,434,054	\$4,522,010	\$6,025,513	\$8,675,977	\$9,557,887	\$10,543,530	\$155,940,847
Estimated Incremental Tax Revenues										
(-) Retained by State	\$24,584,018	\$450,727	\$552,915	\$712,495	\$728,407	\$954,360	\$1,354,086	\$1,505,692	\$1,675,433	\$24,584,018
(-) Retained Locally	\$6,604,151	\$126,479	\$152,192	\$174,316	\$175,995	\$250,743	\$381,109	\$405,885	\$433,273	\$6,604,151
Net Incr. Tax Rev. Available from Project	\$124,752,677	\$2,308,823	\$2,820,429	\$3,547,243	\$3,617,608	\$4,820,411	\$6,940,782	\$7,646,309	\$8,434,824	\$124,752,677
Incr. Tax Rev. Available from State TIF Program	\$98,336,072	\$1,802,907	\$2,211,659	\$2,849,980	\$2,913,627	\$3,817,440	\$5,416,345	\$6,022,769	\$6,701,733	\$98,336,072
Incr. Tax Rev. Available from Local Participation	\$26,416,605	\$505,916	\$608,770	\$697,264	\$703,982	\$1,002,970	\$1,524,437	\$1,623,540	\$1,733,091	\$26,416,605

As shown in Figure 1, over the allowable 20-year TIF period, the new development may be expected to produce an estimated \$155.9 million in additional state and local TIF-eligible tax revenues.

These calculations involve several assumptions regarding the timing of Project components being completed and the revenue generated by each component of the LCFC Stadium Development Project. Commonwealth Economics has used information provided by LCFC, as well as certain industry averages to produce this model. The total economic and fiscal impacts of the Project will ultimately depend upon many different variables.

The estimated fiscal impacts of each project component are conservatively inflated at the rate of 2% per year over the 20-year life of the TIF.

VI. ECONOMIC & FISCAL IMPACT ESTIMATES

When construction of the primary elements for the proposed LCFC stadium project is complete, the stadium, hotels, restaurants, retail stores, office space, and various activities and transactions occurring within the improved overall area will generate on-going annual economic and fiscal impacts to the local economy. Initial transactions occurring within the stadium, hotels, retail stores, restaurants, and offices will ripple throughout the economy and generate indirect spending, induced spending, increased earnings, and employment, as well as various tax revenues. It is important to understand that these impacts include economic and fiscal activity that may take place outside of the Project footprint, and therefore, are not all recoverable through the TIF program. These impact estimates, however, assist in quantifying the Project's overall economic value to the Commonwealth.

For analytical purposes, annual impact is estimated based on component type, such as the stadium, hotel, retail, restaurant, or office space. Conceptually, annual economic impact would include the "ripple effects" generated from direct spending made by the shoppers and restaurant patrons. This direct spending would then result in indirect spending, induced spending, increased earnings, and employment.

Economic Impact- Definitions

Economic impact reflects the "ripple effect" or "multiplying effect" from initial transaction, or "direct spending," that occurs as a direct result of a project being developed. In the case of the LCFC project, one example of initial transactions are the shoppers' expenditures in the stores. 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. For example, a patron's direct expenditure at a restaurant requires the establishment to purchase goods, services, and other items from suppliers (food, napkins, uniforms, etc). The portion of these store purchases that are within the state economy is counted as an indirect economic impact.
- **Induced Impact** – represents changes to in-state consumption due to the personal spending by employees whose incomes are affected by the project. For example, a newly-employed waiter at a restaurant will spend money on clothes,

food, gas, etc. The amount of the increased income the waiter spends in Kentucky’s economy is considered an induced impact.

- **Labor Income** - measures the change in total personal income, state-wide, that results from the initial spending activities occurring within the project.
- **Total Employment** - measures the change in number of jobs, state-wide, that result from the initial spending activities that occur within the project.

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.

One-Time Construction Impact

In addition to the operational aspects of the Project, the initial construction spending will generate a one-time impact to the local community and State. Figure 2 shows the estimated economic impacts created solely by the construction of the Project and its ripple effects throughout the economy.

Figure 2

LCFC Stadium District Development Project Estimated Construction Impact Summary				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	1,440	\$71,056,252	\$94,151,732	\$193,100,000
Indirect Effect	287	\$14,994,444	\$24,563,387	\$49,330,261
Induced Effect	503	\$20,522,379	\$36,199,509	\$65,231,154
Total Effect	2,230	\$106,573,075	\$154,914,628	\$307,661,415

The construction impacts estimated in Figure 2, assume a total construction expenditure of \$193,100,000. The impacts associated with this initial injection into the local economy are estimated to create \$307.7 million in total economic impact, including total employment for 2,230 people or \$106.6 million in total wages during construction.

Annual Impact from Operations

Economic and Fiscal Impact of the Hotels

Figure 3 shows the estimated annual impact of the two anticipated hotels, as well as the multipliers and tax rates utilized for the various impact calculations, and the 20-year total. Spending by the patrons at the hotels is subject to state sales tax, the impacts of this direct spending will ripple throughout the economy, and it is estimated that 50% of the induced spending is also subject to state sales tax. Net profits received by the hotel are subject to state corporate income tax. Total labor income is subject to state individual income tax and hotel salaries are subject to the local occupational license tax. Additionally, these estimates include local transient room taxes.

In order to estimate the revenues generated by the two hotels, which are expected to be located in close proximity to LCFC's new stadium, regional averages for daily room rate and occupancy rate were examined. Based on the similar hotels in the region and the foot traffic that the new stadium may be able to bring to the area with the availability of hotel rooms close to the stadium, it is estimated that both hotels will operate at an average daily rate of \$129. The first hotel is projected to reach occupancy rates of 72% within 2 years and the second hotel is projected to reach the same in year 5.

Economic and Fiscal Impact of Restaurant Space

Figure 4 shows the estimated annual impact of the anticipated restaurant space, as well as the multipliers and tax rates utilized for the various impact calculations, and the 20-year total. Spending by the patrons at a restaurant is subject to state sales tax, the impacts of this direct spending will ripple throughout the economy, and it is estimated that 50% of the induced spending is also subject to state sales tax. Net profits received by the restaurant tenants are subject to state corporate income tax. Total labor income is subject to state individual income tax and restaurant workers' salaries are subject to the local occupational license tax.

Based on average sales per square foot in the region and the types of restaurant tenants that are expected to locate within the Project, it has been estimated that the restaurant components of the Project will generate \$350 per square foot in year 1.

Economic and Fiscal Impact of Retail Space

Figure 5 shows the estimated annual impact of the anticipated retail space, as well as the multipliers and tax rates utilized for the various impact calculations, and the 20-year total. Spending by the patrons at the retail establishments is subject to state sales tax, the impacts of this direct spending will ripple throughout the economy, and it is estimated that 50% of the induced spending is also subject to state sales and use tax. Net profits received by the retail space tenants are subject to state corporate income tax. Total labor income is subject to state individual income tax and retail workers' salaries are subject to the local occupational license tax. It should also be noted that the retail impact calculations use a retail margin to calculate the output generated by the retail stores. Because the retail trade experiences a large amount of leakage, a margin is applied to the price paid by a customer (total revenues) in order to estimate direct output generated by the establishment. The impact multipliers are then calculated based on this reduced direct impact. Sales tax, however, is still calculated based on the total store sales (prices paid at the register).

Based on average sales per square foot in the region and the types of retail tenants that are expected to locate within the Project, it has been estimated that the retail components of the Project will generate \$325 per square foot in year 3.

Economic and Fiscal Impact of Office Space

Figure 6 shows the estimated annual impact of the office space, as well as the multipliers and tax rates utilized for the various impact calculations, and the 20-year total. Revenues generated by the operations of businesses occupying the office space are not subject to state sales tax, but the impacts of this direct output will ripple throughout the economy and it is estimated that 50% of the induced spending will be subject to state sales tax. Total labor income generated as a result of the office operations is subject to state individual income tax and the workers' salaries are subject to the local occupational license tax.

Based on the types of tenants that are expected to locate in these brand-new office spaces, it has been estimated that the office components of the Project will generate approximately \$335 per square foot in revenue in year 1.

Economic and Fiscal Impact of Stadium

Figure 7 shows the estimated annual impact of the new major stadium attraction, as well as the multipliers and tax rates utilized for the various impact calculations, and the 20-year total. Spending at the stadium is subject to state sales tax, the impacts of this direct spending will ripple throughout the economy, and it is estimated that 50% of the induced spending is also subject to state sales and use tax. Net profits received by the stadium are subject to state corporate income tax. Total labor income is subject to state individual income tax and stadium workers' salaries are subject to the local occupational license tax.

Information gathered through interviews has been used in order to estimate the revenues generated directly by the new stadium. Discussions have indicated that the new stadium will directly support an estimated 126 new jobs. This information was used in conjunction with the IMPLAN software in order to estimate the economic and fiscal impacts associated with the development.

Figure 3
LCFC Stadium District Development Project
Hotel
Estimates of Annual Economic and Fiscal Impact

Rate/ Assumption	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	20-Year Total
Sources of Impact									
Hotel #1 ~ Available Rooms	0	166	166	166	166	166	166	166	166
Hotel #2 ~ Available Rooms	0	0	0	0	142	142	142	142	142
Total Available Rooms	0	166	166	166	308	308	308	308	308
Vacancy Rate		28%	28%	28%	28%	28%	28%	28%	28%
Total Revenue per room	\$0	\$7,816,110	\$7,972,432	\$8,131,881	\$15,389,829	\$16,991,615	\$18,760,116	\$20,712,684	\$20,712,684
Total Room Revenue	\$0	\$5,627,599	\$5,740,151	\$5,854,954	\$11,080,677	\$12,233,963	\$13,507,284	\$14,913,133	\$14,913,133
Estimated Net Profit	\$0	\$562,760	\$574,015	\$585,495	\$1,108,068	\$1,223,396	\$1,350,728	\$1,491,313	\$1,491,313
Hotel Employment	0	56	56	56	109	109	109	109	109
Average Salaries	\$0	\$28,079	\$28,640	\$29,213	\$29,797	\$32,899	\$36,323	\$40,103	\$40,103
Direct Labor Income	\$0	\$1,561,332	\$1,592,559	\$1,624,410	\$3,262,414	\$3,601,968	\$3,976,864	\$4,390,779	\$4,390,779
Economic Impact (Multiplier Effects)									
Direct	\$0	\$5,627,599	\$5,740,151	\$5,854,954	\$11,080,677	\$12,233,963	\$13,507,284	\$14,913,133	\$223,758,608
Indirect	\$0	\$1,724,094	\$1,758,576	\$1,793,747	\$3,394,721	\$3,748,046	\$4,138,145	\$4,568,847	\$68,551,582
Induced	\$0	\$1,626,866	\$1,659,403	\$1,692,591	\$3,203,280	\$3,536,680	\$3,904,780	\$4,311,193	\$64,685,705
Total Output	\$0	\$8,978,559	\$9,158,130	\$9,341,293	\$17,678,678	\$19,518,688	\$21,550,209	\$23,793,172	\$356,995,894
Labor Income	\$0	\$2,653,790	\$2,706,866	\$2,761,003	\$5,225,282	\$5,769,133	\$6,369,589	\$7,032,541	\$105,517,175
Total Employment	0	81	81	81	160	160	160	160	160
Fiscal Impact (Tax Revenues)									
State Tax Revenues									
State Sales and Use Tax	\$0	\$373,110	\$380,572	\$388,183	\$734,649	\$811,112	\$895,533	\$988,741	\$14,835,196
Induced Spending	\$0	\$48,806	\$49,782	\$50,778	\$96,098	\$106,100	\$117,143	\$129,336	\$1,940,571
State Transient Room Tax	\$0	\$56,276	\$57,402	\$58,550	\$110,807	\$122,340	\$135,073	\$149,131	\$2,237,586
State Individual Income Tax	\$0	\$111,459	\$113,688	\$115,962	\$219,462	\$242,304	\$267,523	\$295,367	\$4,431,721
State Corporate Income and LLE Tax	\$0	\$4,221	\$4,305	\$4,391	\$8,311	\$9,175	\$10,130	\$11,185	\$167,819
Total State Tax Revenues	\$0	\$537,596	\$548,348	\$559,315	\$1,058,520	\$1,168,691	\$1,290,330	\$1,424,628	\$21,375,307
Local Tax Revenues									
Local Transient Room Tax	\$0	\$534,622	\$545,314	\$556,221	\$1,052,664	\$1,162,226	\$1,283,192	\$1,416,748	\$21,257,068
Local Occupational License Fee	\$0	\$46,730	\$47,665	\$48,618	\$96,151	\$106,158	\$117,207	\$129,406	\$1,935,191
Total Local Tax Revenues	\$0	\$581,352	\$592,979	\$604,839	\$1,148,815	\$1,268,385	\$1,400,399	\$1,546,154	\$23,192,259
Total Tax Revenues	\$0	\$1,118,948	\$1,141,327	\$1,164,153	\$2,207,335	\$2,437,076	\$2,690,729	\$2,970,782	\$44,567,566

Figure 4

LCFC Stadium District Development Project Restaurant Space									
Estimates of Annual Economic and Fiscal Impact									
Rate / Assumption	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	20-Year Total
Sources of Impact									
Available Sq Footage	40,000	40,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Vacancy Rate	5%	5%	5%	5%	5%	5%	5%	5%	5%
Total Revenue Per Sq Foot	\$350	\$14,280,000	\$18,207,000	\$18,571,140	\$18,942,563	\$20,914,120	\$23,090,878	\$25,494,196	\$25,494,196
Total Revenue w/ Occupancy	\$13,300,000	\$13,566,000	\$17,296,650	\$17,642,583	\$17,995,435	\$19,868,414	\$21,936,334	\$24,219,486	\$24,219,486
Estimated Net Profit	10%	\$1,330,000	\$1,356,600	\$1,729,665	\$1,764,258	\$1,799,543	\$2,193,633	\$2,421,949	\$2,421,949
Restaurant Employment	22.838	304	304	395	395	395	395	395	395
Average Salaries		\$20,306.79	\$20,713	\$21,127	\$21,550	\$21,981	\$24,268	\$26,794	\$29,583
Direct Labor Income	0.464	\$6,167,968	\$6,291,327	\$8,345,509	\$8,512,419	\$8,682,667	\$9,586,366	\$10,584,123	\$11,685,727
Economic Impact (Multiplier Effects)									
Direct		\$13,300,000	\$13,566,000	\$17,296,650	\$17,815,550	\$18,350,016	\$21,272,698	\$24,660,887	\$28,588,727
Indirect	0.309	\$4,109,501	\$4,191,691	\$5,344,405	\$5,504,738	\$5,669,880	\$6,572,945	\$7,619,844	\$8,833,488
Induced	0.422	\$5,609,488	\$5,721,678	\$7,295,139	\$7,513,993	\$7,739,413	\$8,972,101	\$10,401,124	\$12,057,753
Total Output		\$23,018,988	\$23,479,368	\$29,936,194	\$30,834,280	\$31,759,309	\$36,817,743	\$42,681,855	\$49,479,968
Labor Income	0.689	\$9,157,595	\$9,340,747	\$11,909,453	\$12,266,736	\$12,634,738	\$14,647,125	\$16,980,032	\$19,684,511
Total Employment	28.038	373	373	485	485	485	485	485	485
Fiscal Impact (Tax Revenues)									
State Tax Revenues									
State Sales and Use Tax	6.00%	\$798,000	\$813,960	\$1,037,799	\$1,068,933	\$1,101,001	\$1,276,362	\$1,479,653	\$1,715,324
Induced Spending	50% Taxable	\$168,285	\$171,650	\$218,854	\$225,420	\$232,182	\$269,163	\$312,034	\$361,733
State Individual Income Tax	4.20%	\$384,619	\$392,311	\$500,197	\$515,203	\$530,659	\$615,179	\$713,161	\$826,749
State Corporate Income and LLE Tax	0.095% or 0.75%	\$9,975	\$10,175	\$12,972	\$13,232	\$13,497	\$14,901	\$16,452	\$18,165
Total State Tax Revenues		\$1,360,879	\$1,388,096	\$1,769,823	\$1,822,788	\$1,877,339	\$2,175,605	\$2,521,301	\$2,921,970
Local Tax Revenues									
Local Occupational License Fee	2.20%	\$164,955	\$168,254	\$221,654	\$226,087	\$230,609	\$254,611	\$281,111	\$310,369
Total Local Tax Revenues		\$164,955	\$168,254	\$221,654	\$226,087	\$230,609	\$254,611	\$281,111	\$310,369
Total Tax Revenues		\$1,525,834	\$1,556,351	\$1,991,476	\$2,048,875	\$2,107,948	\$2,430,216	\$2,802,411	\$3,232,339
									\$49,241,731

Figure 5

LCFC Stadium District Development Project Retail Space									
Estimates of Annual Economic and Fiscal Impact									
Rate/ Assumption	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	20-Year Total
Sources of Impact									
Available Sq Footage	0	0	20,000	20,000	20,000	20,000	20,000	20,000	
Vacancy Rate	100%	100%	5%	5%	5%	5%	5%	5%	
Total Revenue Per Sq Foot	\$325	\$0	\$6,762,600	\$6,897,852	\$7,035,809	\$7,768,102	\$8,576,612	\$9,469,273	
Total Revenue w/ Occupancy	\$0	\$0	\$6,424,470	\$6,552,959	\$6,684,019	\$7,379,697	\$8,147,781	\$8,995,809	
Output w/ Retail Margin	\$0	\$0	\$2,942,407	\$3,001,255	\$3,061,281	\$3,379,901	\$3,731,684	\$4,120,081	
Estimated Net Profit	\$0	\$0	\$642,447	\$655,296	\$668,402	\$737,970	\$814,778	\$899,581	
Retail Employment	0	0	44	44	44	44	44	44	
Average Salaries	\$0	\$0	\$27,020	\$27,561	\$28,112	\$31,038	\$34,268	\$37,835	
Direct Labor Income	\$0	\$0	\$1,183,783	\$1,207,459	\$1,231,608	\$1,359,795	\$1,501,324	\$1,657,583	
Economic Impact (Multiplier Effects)									
Direct	\$0	\$0	\$2,942,407	\$3,001,255	\$3,061,281	\$3,379,901	\$3,731,684	\$4,120,081	\$63,003,743
Indirect	\$0	\$0	\$1,023,875	\$1,044,353	\$1,065,240	\$1,176,111	\$1,298,521	\$1,433,673	\$21,923,539
Induced	\$0	\$0	\$1,159,282	\$1,182,468	\$1,206,117	\$1,331,651	\$1,470,250	\$1,623,275	\$24,822,908
Total Output	\$0	\$0	\$5,125,565	\$5,228,076	\$5,332,637	\$5,887,663	\$6,500,455	\$7,177,028	\$109,750,190
Labor Income	\$0	\$0	\$1,893,745	\$1,931,620	\$1,970,252	\$2,175,318	\$2,401,727	\$2,651,700	\$40,549,461
Total Employment	0	0	60	60	60	60	60	60	60
Fiscal Impact (Tax Revenues)									
State Tax Revenues									
State Sales and Use Tax	\$0	\$0	\$385,468	\$393,178	\$401,041	\$442,782	\$488,867	\$539,749	\$8,253,766
Induced Spending	\$0	\$0	\$34,778	\$35,474	\$36,184	\$39,950	\$44,107	\$48,698	\$744,687
State Individual Income Tax	\$0	\$0	\$79,537	\$81,128	\$82,751	\$91,363	\$100,873	\$111,371	\$1,703,077
State Corporate Income and LLE Tax	\$0	\$0	\$4,818	\$4,915	\$5,013	\$5,535	\$6,111	\$6,747	\$103,172
Total State Tax Revenues	\$0	\$0	\$504,602	\$514,694	\$524,988	\$579,629	\$639,958	\$706,565	\$10,804,702
Local Tax Revenues									
Local Occupational License Fee	\$0	\$0	\$40,177	\$40,981	\$41,800	\$46,151	\$50,954	\$56,258	\$860,284
Total Local Tax Revenues	\$0	\$0	\$40,177	\$40,981	\$41,800	\$46,151	\$50,954	\$56,258	\$860,284
Total Tax Revenues	\$0	\$0	\$544,779	\$555,675	\$566,788	\$625,780	\$690,912	\$762,823	\$11,664,986

Figure 6
LCFC Stadium District Development Project
Office Space
Estimates of Annual Economic and Fiscal Impact

Rate/ Assumption	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	20-Year Total
Sources of Impact									
Available Sq Footage	100,000	100,000	100,000	100,000	180,000	340,000	340,000	340,000	340,000
Vacancy Rate	5%	5%	5%	5%	5%	5%	5%	5%	5%
Total Revenue Per Sq Foot	\$19,622,378	\$20,014,826	\$20,415,122	\$20,823,425	\$38,231,808	\$79,731,899	\$88,030,459	\$97,192,739	\$97,192,739
Total Revenue w/ Occupancy	\$18,641,259	\$19,014,085	\$19,394,366	\$19,782,254	\$36,320,217	\$75,745,304	\$83,628,936	\$92,333,102	\$92,333,102
Estimated Net Profit	\$1,864,126	\$1,901,408	\$1,939,437	\$1,978,225	\$3,632,022	\$7,574,530	\$8,362,894	\$9,233,310	\$9,233,310
Office Employment	275	275	275	275	535	1,094	1,094	1,094	1,094
Average Salary	\$49,834	\$50,831	\$51,847	\$52,884	\$53,942	\$59,556	\$65,755	\$72,599	\$72,599
Direct Labor Income	\$13,680,000	\$13,953,600	\$14,232,672	\$14,517,325	\$28,850,941	\$65,128,029	\$71,906,606	\$79,390,704	\$79,390,704
Economic Impact (Multiplier Effects)									
Direct	\$18,641,259	\$19,014,085	\$19,394,366	\$19,782,254	\$36,320,217	\$75,745,304	\$83,628,936	\$92,333,102	\$1,256,437,635
Indirect	\$3,828,542	\$3,905,113	\$3,983,215	\$4,062,879	\$7,459,446	\$15,556,570	\$17,175,711	\$18,963,373	\$258,047,161
Induced	\$11,395,346	\$11,623,253	\$11,855,718	\$12,092,832	\$22,202,440	\$46,302,877	\$51,122,117	\$56,442,949	\$768,056,557
Total Output	\$33,865,147	\$34,542,450	\$35,233,299	\$35,937,965	\$65,982,104	\$137,604,751	\$151,926,764	\$167,739,424	\$2,282,541,353
Labor Income	\$18,606,382	\$18,978,509	\$19,358,079	\$19,745,241	\$36,252,262	\$75,603,584	\$83,472,466	\$92,160,347	\$1,254,086,840
Total Employment	395	395	395	395	769	1,572	1,572	1,572	1,572
Fiscal Impact (Tax Revenues)									
State Tax Revenues									
State Sales and Use Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Induced Spending	\$341,860	\$348,698	\$355,672	\$362,785	\$666,073	\$1,389,086	\$1,533,664	\$1,693,288	\$23,041,697
State Individual Income Tax	\$781,468	\$797,097	\$813,039	\$829,300	\$1,522,595	\$3,175,351	\$3,505,844	\$3,870,735	\$52,671,647
State Corporate Income and LLE Tax	\$13,981	\$14,261	\$14,546	\$14,837	\$27,240	\$56,809	\$62,722	\$69,250	\$942,328
Total State Tax Revenues	\$1,137,309	\$1,160,056	\$1,183,257	\$1,206,922	\$2,215,908	\$4,621,246	\$5,102,229	\$5,633,273	\$76,655,672
Local Tax Revenues									
Local Occupational License Fee	\$341,971	\$348,810	\$355,786	\$362,902	\$714,625	\$1,599,456	\$1,765,929	\$1,949,728	\$26,131,634
Total Local Tax Revenues	\$341,971	\$348,810	\$355,786	\$362,902	\$714,625	\$1,599,456	\$1,765,929	\$1,949,728	\$26,131,634
Total Tax Revenues	\$1,479,280	\$1,508,866	\$1,539,043	\$1,569,824	\$2,930,534	\$6,220,702	\$6,868,158	\$7,583,001	\$102,787,306

Figure 7
LCFC Stadium District Development Project
Stadium Facility
Estimates of Annual Economic and Fiscal Impact

	Rate/ Assumption	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 15	Year 20	20-Year Total
Sources of Impact										
Occupied Space Per Season	Seats	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000	190,000
Estimated Revenue Per Seat	\$19.50	\$19.50	\$19.89	\$20.29	\$20.69	\$21.11	\$23.30	\$25.73	\$28.41	\$28.41
Total Ticket Revenue		\$3,519,750	\$3,590,145	\$3,661,948	\$3,735,187	\$3,809,891	\$4,206,427	\$4,644,235	\$5,127,611	\$5,127,611
Other Events Ticket Revenue		\$216,000	\$220,320	\$224,726	\$229,221	\$233,805	\$258,140	\$285,007	\$314,671	\$314,671
Concession Revenue		\$2,330,000	\$2,376,600	\$2,424,132	\$2,472,615	\$2,522,067	\$2,784,566	\$3,074,386	\$3,394,370	\$3,394,370
Merchandise Revenue		\$550,000	\$561,000	\$572,220	\$583,664	\$595,338	\$657,301	\$725,713	\$801,246	\$801,246
Total Stadium Revenue		\$6,615,750	\$6,748,065	\$6,883,026	\$7,020,687	\$7,161,101	\$7,906,434	\$8,729,342	\$9,637,899	\$9,637,899
Estimated Stadium & Soccer Employment		126	126	126	126	126	126	126	126	126
Direct Labor Income		\$2,922,500	\$2,986,350	\$3,051,747	\$3,118,735	\$3,187,361	\$3,556,780	\$3,975,058	\$4,450,156	\$4,450,156
Economic Impact (Multiplier Effects)										
Direct		\$6,615,750	\$6,748,065	\$6,883,026	\$7,020,687	\$7,161,101	\$7,906,434	\$8,729,342	\$9,637,899	\$160,745,324
Indirect	0.393	\$2,597,119	\$2,649,061	\$2,702,042	\$2,756,083	\$2,811,205	\$3,103,797	\$3,426,843	\$3,783,511	\$63,103,149
Induced	0.417	\$2,758,913	\$2,814,092	\$2,870,373	\$2,927,781	\$2,986,336	\$3,297,157	\$3,640,328	\$4,019,216	\$67,034,337
Total Output		\$11,971,782	\$12,211,217	\$12,455,442	\$12,704,551	\$12,958,642	\$14,307,387	\$15,796,512	\$17,440,625	\$290,882,810
Labor Income	0.679	\$4,491,876	\$4,581,713	\$4,673,348	\$4,766,815	\$4,862,151	\$5,368,208	\$5,926,935	\$6,543,815	\$109,140,771
Total Employment	29.497	195	195	195	195	195	195	195	195	195
Fiscal Impact (Tax Revenues)										
State Tax Revenues										
State Sales and Use Tax	6.00%	\$396,945	\$404,884	\$412,982	\$421,241	\$429,666	\$474,386	\$523,760	\$578,274	\$9,644,719
Induced Spending	50% Taxable	\$82,767	\$84,423	\$86,111	\$87,833	\$89,590	\$98,915	\$109,210	\$120,576	\$2,011,030
State Individual Income Tax	4.20%	\$188,659	\$192,432	\$196,281	\$200,206	\$204,210	\$225,465	\$248,931	\$274,840	\$4,583,912
State Corporate Income and LLE Tax	0.095% or 0.75%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total State Tax Revenues		\$668,371	\$681,739	\$695,373	\$709,281	\$723,466	\$798,765	\$881,902	\$973,691	\$16,239,662
Local Tax Revenues										
Local Occupational License Fee	2.20%	\$64,295	\$65,700	\$67,138	\$68,612	\$70,122	\$78,249	\$87,451	\$97,903	\$1,596,923
Total Local Tax Revenues		\$64,295	\$65,700	\$67,138	\$68,612	\$70,122	\$78,249	\$87,451	\$97,903	\$1,596,923
Total Tax Revenues		\$732,666	\$747,438	\$762,512	\$777,893	\$793,588	\$877,015	\$969,353	\$1,071,594	\$17,836,585

Summary of Annual Impacts

Figure 8 summarizes the total economic and fiscal impact from business activities occurring over the 20-year period and is shown by specific project components and total combined operational tax revenues for the entire Project. Projections assume an annual inflation rate of two (2) percent.

Figure 8

LCFC Stadium District Development Project 20-Year Total Estimates of Total Annual Economic and Fiscal Impact						
	Retail	Restaurant	Stadium	Office	Hotels	20-Year Total
Economic Impact (Multiplier Effects)						
Direct	\$63,003,743	\$431,857,294	\$160,745,324	\$1,256,437,635	\$223,758,608	\$2,135,802,604
Indirect	\$21,923,539	\$133,437,426	\$63,103,149	\$258,047,161	\$68,551,582	\$545,062,857
Induced	\$24,822,908	\$182,142,723	\$67,034,337	\$768,056,557	\$64,685,705	\$1,106,742,229
Total Output	\$109,750,190	\$747,437,443	\$290,882,810	\$2,282,541,353	\$356,995,894	\$3,787,607,690
Direct Labor Income	\$25,347,540	\$191,155,937	\$72,587,408	\$1,062,157,780	\$65,587,360	\$1,416,836,026
Direct Employment	44	395	126	1,094	109	1,768
Labor Income	\$40,549,461	\$297,351,453	\$109,140,771	\$1,254,086,840	\$105,517,175	\$1,806,645,700
Total Employment	60	485	195	1,572	160	2,472
Fiscal Impact (Tax Revenues)						
State Tax Revenues						
State Property Tax	\$66,412	\$198,531	\$1,019,983	\$1,136,688	\$835,006	\$3,256,619
State Sales and Use Tax	\$8,253,766	\$25,911,438	\$9,644,719	\$0	\$14,835,196	\$58,645,118
Induced Spending	\$744,687	\$5,464,282	\$2,011,030	\$23,041,697	\$1,940,571	\$33,202,267
State Transient Room Tax	\$0	\$0	\$0	\$0	\$2,237,586	\$2,237,586
State Individual Income Tax	\$1,703,077	\$12,488,761	\$4,583,912	\$52,671,647	\$4,431,721	\$75,879,119
State Corporate Income and LLE Tax	\$103,172	\$297,920	\$0	\$942,328	\$167,819	\$1,511,240
Total State Tax Revenues	\$10,871,114	\$44,360,932	\$17,259,645	\$77,792,360	\$24,447,900	\$174,731,950
Local Tax Revenues						
Local Property Tax	\$645,771	\$1,930,469	\$9,918,077	\$11,052,891	\$8,119,410	\$31,666,618
Local Transient Room Tax	\$0	\$0	\$0	\$0	\$21,257,068	\$21,257,068
Local Occupational License Fee	\$860,284	\$5,079,331	\$1,596,923	\$26,131,634	\$1,935,191	\$35,603,362
Total Local Tax Revenues	\$1,506,055	\$7,009,800	\$11,515,000	\$37,184,525	\$31,311,668	\$88,527,048
Total Tax Revenues	\$12,377,168	\$51,370,731	\$28,774,644	\$114,976,885	\$55,759,568	\$263,258,997

As shown in Figure 8, over a 20-year period, the total impact of the business activity occurring within the anticipated development is estimated to include \$3.8 billion of total output, \$1.8 billion of labor income, support for 2,472 jobs annually throughout the Commonwealth, and \$172.9 million of state tax revenues and \$88.5 million of local tax revenues.

VII. CONCLUSION

This Project would provide extensive benefits to the City of Louisville and surrounding region of Kentucky and should be able to meet the statutory qualifications of the State's Mixed-Use TIF Program. The LCFC Stadium District Development Project is positioned to provide a brand new outdoor stadium facility to the region, two new hospitality options within a short walking distance to the stadium and Waterfront Park, new entertainment (retail/restaurant) options, and provide high tech office space in an area of town that is uniquely positioned but significantly underutilized.

This mixed-use development project will only be made possible through a partnership between the public sectors and LCFC in order to provide support for the necessary infrastructure costs. The improved streetscapes, public spaces, utilities, will encourage additional development in the area by making it a more appealing destination and a more feasible investment.

It is important that the State Mixed-Use TIF Program allow LCFC's Project to use the increase in tax revenue generated within its footprint to help alleviate the high costs associated with qualifying public infrastructure needs. Preliminary estimates show that approximately \$155.9 million in TIF-eligible incremental tax revenue could be generated within the TIF footprint. If 20 percent is retained by both the State and Local governments, approximately \$124.7 million of this incremental tax revenue could be available over 20 years to cover costs that qualify as approved public infrastructure.

This Project is certainly worthy of significant public assistance and tax incentives. Due to its redevelopment of a blighted area, creation of new jobs, new tax revenue, and entertainment options located on the Kentucky side of the Louisville Big Four Walking Bridge, the Project represents an enormous benefit to the city of Louisville and the Commonwealth of Kentucky.