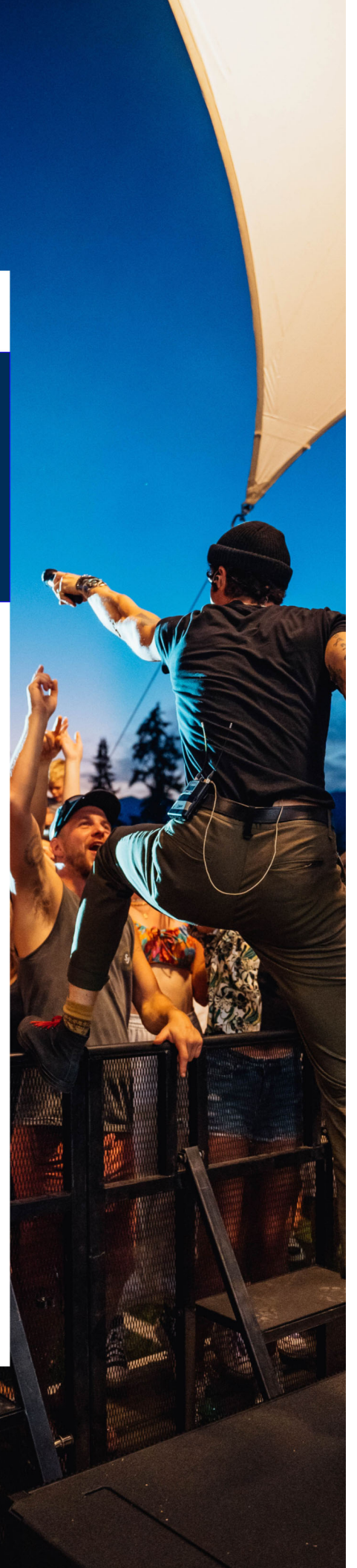




2022 Economic
Contributions of
*The Festival at
Sandpoint*

February 2023



2022 Economic Contributions of

The Festival at Sandpoint

Sponsored by
The Festival at Sandpoint

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February 19, 2023

Acknowledgments

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Disclaimer

This study was sponsored by the Festival at Sandpoint and prepared by Professor Steven Peterson, Dr. Timothy Nadreau, with contributions from Elli Sensing, and Gabriel Elsethagen. The results and opinions in the study are those of the authors alone and do not reflect on any associated institutions. The authors may be reached for questions or comments at stevenp@uidaho.edu.




Executive Summary

Overview of the Festival at Sandpoint




The Festival at Sandpoint (FAS) is a storied 40-year music festival that is a signature event in Sandpoint. FAS has been an important contributor to building the new Sandpoint/Bonner County economy that includes a strong, robust year-round tourism and recreational economy. FAS runs two weeks each year, from the end of July through the first week of August. It is held in War Memorial Field in downtown Sandpoint. FAS presents a wide range of music, from classical symphonic, jazz, and blues to folk, world, family, and popular music. FAS has a strong educational mission that provides music learning opportunities to thousands of children year-round. In addition to enhancing the cultural, educational, and recreational environment of Sandpoint, FAS is an important contributor to the regional economy.

2022 Study Update




This report is an economic assessment of the 2021-2022 FAS Summer Concert Series, and is an update of a previous study completed in 2012. It was sponsored by the Festival and completed in February 2023. The study team was lead by Steven Peterson, with support from Dr. Timothy Nadreau, Elli Sensing, and Gabriel Elsethagen.

World-Class Music and Events



The Festival produces a world class array of musicians each season. The music lineup over FAS's 40-year storied history is a who's who in the music industry, representing some of the most important musical talent over the last half century.

2022 Lineup

- The Revivalists with Ryan Montbleau Band
 - Chris Janson with LOCASH
 - Mt. Joy with The Moss
 - Pink Martini Featuring China Forbes
 - KALEO with Allan Rayman
 - The Beach Boys
 - Gregory Alan Isakov with Shook Twins
 - Lindsey Stirling with Carmen Jane
 - Lisa Livesay
 - The Spokane Symphony
- 



Executive Summary cont.

Strong Educational Mission

Since its inception 40 years ago, The Festival at Sandpoint has strongly emphasized musical education for students.

Elementary School Programs: FAS provides free fall master classes and spring outreach assemblies to elementary schools in the Lake Pend Oreille School District. In addition, The Festival provides no-cost music programs to area Pre-K schools.

Festival Youth Orchestra: FAS provides orchestral strings classes for students, at no cost, for all ages.

Outreach Concerts: FAS hosts world-class musical concerts across a wide range of music venues, from Broadway and Disney to classical music. FAS sponsors The Family concert and Grand Finale to the community each year as signature events.

Scholarships: FAS offers a total of \$6,500 in several annual scholarships for local high school students continuing their education in music.

Instrument Assistance Program: FAS has a number of low-cost instruments available to rent for the school year and summer.

Internships: FAS offers internships for anyone looking to learn about the music industry, how music festivals operate, and who is looking to build their professional and educational resume.

Nearly 30,000 Visitors and Travelers

FAS sold approximately 29,278 tickets in 2022, representing the equivalent of 59% of the Bonner County population (49,491), and averages 3.25 tickets per person as measured by Sandpoint's population (9,003).

New Revenues to Sandpoint: Majority of Patrons are Visitors (85%)

Of the 29,278 Festival ticket purchasers, approximately 15% originate from Bonner County (mostly Sandpoint), 58% travel from other parts of Idaho, 26% are from out-of-state, and 1% are foreign. These non-resident patrons bring new monies to the Sandpoint economy, creating substantial economic impacts.

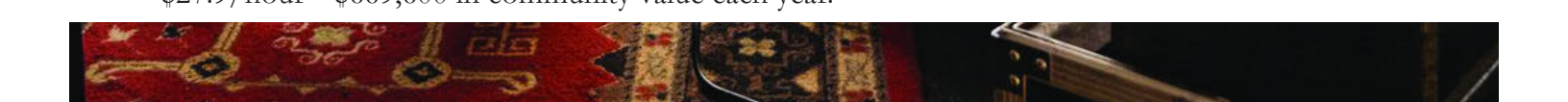
Robust Annual Operating Revenues and Expenditures

FAS revenue and expenditure data were provided for the fiscal years 2018 through 2022 (Excluding FY2020). Total FAS operating revenues were \$1.691 million in FY2021 (including COVID-19 funds) and are projected to be \$2.587 million in FY2022. Approximately 77% of the expenditures are spent on programs, 19% on administration, and 4% on fundraising. About 63% of the revenues are from ticket sales, 21% from grants, and 16% from fundraising.

The 2022 analysis builds on the results of the 2012 Festival study. Customer surveys obtained economic and demographic information needed to estimate the economic impacts of visitors' Festival-related spending. A total of 854 patrons/visitors were surveyed. Expenditures were adjusted for inflation where needed in the 2022 analysis.

Community Value of FAS Volunteers

FAS has a large cohort of members, sponsors, and volunteers that contribute to the success of the Festival. There are approximately 600 volunteers for the FAS that average 40 hours per person per year in volunteer time. The Independent Sector estimates the value of volunteer time at \$27.9 per hour (adjusted to 2022 dollars). Total volunteer hours of 600 volunteers *40 hours/volunteer * \$27.9/hour= \$669,600 in community value each year.



Executive Summary cont.

Substantial Contributions to the Regional Economy

A Bonner County IMPLAN input/output economic model was created to estimate the economic impacts of the FAS on the regional economy.

Contributions of Patron Community Spending

The economic impacts for FAS visitor spending include patron eating and drinking, retail purchases, and housing accommodations. Visitor spending impacts total \$2,158,221 in sales transactions, \$1,116,513 in gross regional product (a subset of sales), \$626,221 in total compensation (a subset of gross regional product), and 23 FTE jobs.

Contributions of FAS Annual Operations

Annual FAS operating impacts are \$1,603,778 in sales transactions, \$647,233 in gross regional product, \$446,938 million in total compensation, and 14 FTE jobs.

Grand Total FAS Contributions

The economic contributions are \$3,762,005 in sales transactions, \$1,763,746 in gross regional product; \$1,073,159 in total compensation, and 37 FTE jobs. These impacts include direct, indirect, and induced impacts (see Figure 1)

Regional Tax Contributions

Tax impacts were estimated by the IMPLAN input/output economic models. They calculate the taxes generated by the economic activity of the FAS primarily from the supply chain multiplier effects (indirect and induced impacts).

Total estimate taxes in Sandpoint, Bonner County, and the State of Idaho include income taxes (\$30,278), sales and excise taxes (\$88,716), property taxes (\$113,681), for a total of \$232,675

Figure 1: Sales, GRP, and Wage Contributions of the Festival at Sandpoint (\$ Millions) Including the Multiplier Effects

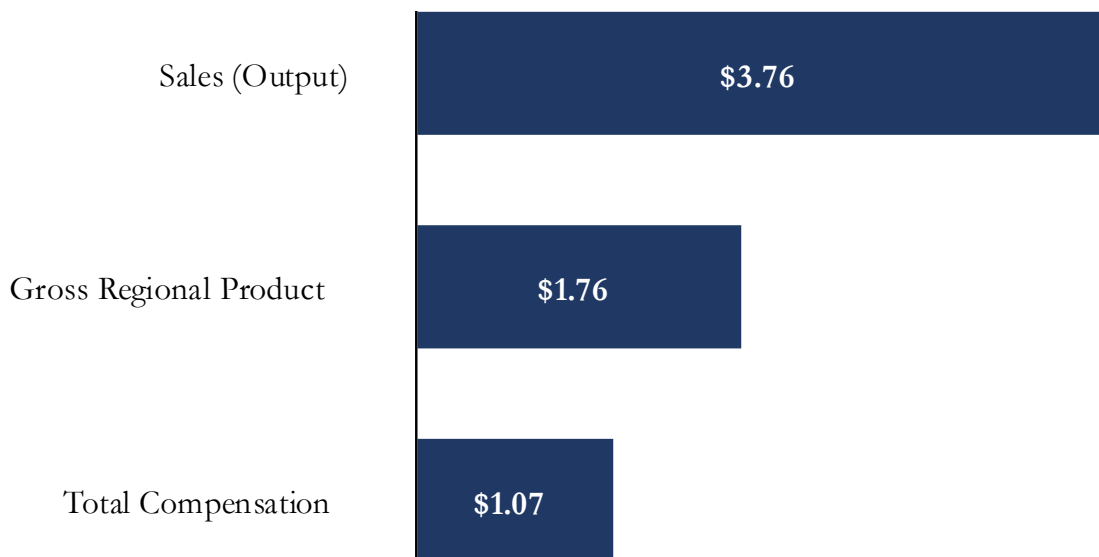


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1. Introduction and Background

The mission of FAS:

The Festival at Sandpoint strives to provide a rich music experience presenting a wide range of concerts in an intimate outdoor setting accessible to local and regional audiences, cultivate culture and ethnic diversity, foster a love of music through ongoing youth education programs, and stimulate economic growth for our community.¹

The Festival at Sandpoint (FAS) is a storied 40-year music festival that is a signature event in Sandpoint. FAS has been an important contributor to building the new Sandpoint/Bonner County economy that includes a strong robust year-round tourism and recreational economy. FAS runs two weeks each year at the end of July and the first week of August. It is held in War Memorial Field in downtown Sandpoint. FAS presents a wide range of music, from classical symphonic, jazz, and blues to folk, world, family, and popular music. FAS has a strong educational mission that provides music learning opportunities to thousands of children year-round. In addition to enhancing the cultural educational, and recreational environment of Sandpoint, FAS is an important contributor to the regional economy.

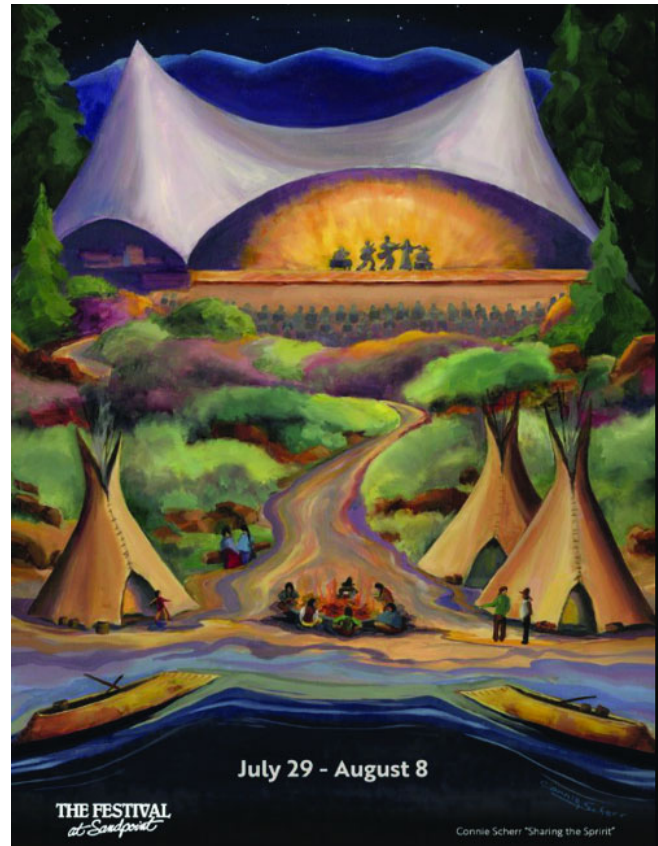
The festival produces a world class array of musicians each season across all music venues. The music lineup over the FAS 40-year storied history is a who's who in the music industry representing some of the most important music talent over the last half century.

The beginnings of the FAS are modest, beginning as a classical music festival centered around the Spokane Symphony Orchestra. It was focused on bringing classical music, music education, and music culture to a very rural region of Idaho in Bonner County. The economy was heavily natural resource based and in the beginning of a transition to a more mixed economy that included recreation, tourism, the arts, and professional services. The FAS co-evolved with the economy, community of Sandpoint, and the greater Bonner County area. The FAS is now a world-class music festival attracting visitors from around the globe.



2022 Lineup

- The Revivalists with Ryan Montbleau Band
- Chris Janson with LOCASH
- Mt. Joy with The Moss
- Pink Martini Featuring China Forbes
- KALEO with Allan Rayman
- The Beach Boys
- Gregory Alan Isakov with Shook Twins
- Lindsey Stirling with Carmen Jane
- Lisa Livesay
- The Spokane Symphony



FAS Vision

Through the medium of music, we will unite people from different backgrounds, ethnicities, and belief systems and help our community connect, cooperate and care for each other.

Strong Educational Mission

Since its inception forty-years ago, The Festival at Sandpoint has strongly emphasized musical education for students.

Elementary School Programs: FAS provides free fall master classes and spring outreach assemblies to elementary schools in the Lake Pend Oreille School District. In addition, The Festival provides no-cost music programs to area Pre-K schools.

Festival Youth Orchestra: FAS provides orchestral strings classes for students, at no cost, for all ages.

Outreach Concerts: FAS hosts world-class musical concerts across a wide range of music venues, from Broadway and Disney to classical music. FAS sponsors The Family concert and Grand Finale to the community each year as signature events.

Scholarships: FAS offers a total of \$6,500 in several annual scholarships for area, high school students continuing their education in music.

Instrument Assistance Program: FAS has a number of low-cost instruments available to rent for the school year and summers.

Internships: FAS offers internships for anyone looking to learn about the music industry, how music festivals operate, and who are looking to build their professional and educational resume.

Purpose of Study

This study will provide information to the Festival and its supporters concerning how its operations affect the local and regional economy. It will also assist in future strategic planning for the Festival's improvement and expansion.

Board of Directors

The FAS has a community-based Board of Directors. The 2022 FAS Board of Directors are listed below.

Officer	Position
Bob Witte	President
Jason Hicks	Vice President
Hali Karr	Secretary
Jacob Styer	Treasurer
Grant Nixon	Past President
Kara Berlin	Director
Amy Bistline	Director
Chris Blanford	Director
Cari House	Director
Marcella Nelson	Director
Kendon Perry	Director
Dan Meulenberg	Director

Currently FAS has five full time employees and 22 part-time employees.

Executive Staff

- Ali Baranski, Executive Director
- Paul Gunter, Production + Education Manager
- Cienna Roget, Marketing + Office Manager
- Veronica Knowlton, Operations Manager
- Tess Howell, Finance Manager

2. Regional Economy

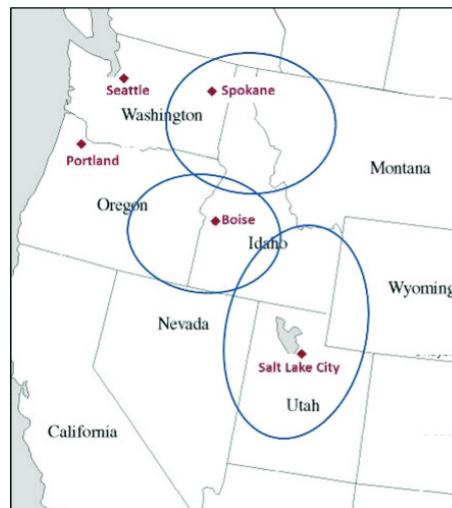
Idaho's Economy at a Glance

Urban Versus Rural

Idaho is a tale of two worlds: One urban — one rural. Geographically, the state is one of the most rural in the U.S. However, the state has pockets of rapidly increasing urban populations. The economy also reflects two contrasts: One based on agriculture and other natural resource industries; and one based on rapidly growing high technology, service, tourism, and other emerging industries. These two separate realities and economies reflect the past, present, and future of all of Idaho. They complement and compete with each other for resources. Bonner County and the greater Sandpoint region also reflect these two realities as they transition from a historic natural resource economy, (primarily wood products), to one based on tourism, high technology, light manufacturing industries, and retail trade. The Festival at Sandpoint has been an important contributor to that transition to a tourism, recreation, and professional services economy.

Economic Versus Political Boundaries

Political boundaries and economic boundaries are sometimes very different. Idaho is a quintessential example of this phenomenon. Idaho's economy is divided into three integrated regional economic areas that spill into six surrounding states. The regional economic area for northern Idaho is centered in the Coeur d'Alene, Idaho—Spokane, Washington corridor and includes northern Idaho, eastern Washington, western Montana, and a portion of Canada. The Boise economic area is the largest in the state and includes parts of eastern Oregon, northern Nevada, and north-western Utah. The economy of southeastern Idaho is centered in Salt Lake City, Utah. It includes the cities of Pocatello, Idaho Falls, and parts of western Wyoming and southern Montana.



Idaho's political boundaries bear little relationship to its economic boundaries (Figure 1). Spokane, Washington; Boise, Idaho; and Salt Lake City, Utah, all represent the “central place” of the surrounding communities. The central place is the focus of economic activity for each hub. It is where major industries are located, where most shopping and retail trade establishments exist, and where medical centers and other vital services are located. Sandpoint and Bonner County are situated in the Spokane, Washington –Coeur d'Alene central place.

Idaho has a mix of urban and rural regions. It is one of the most rural states in the country, with approximately 22.3 persons per square mile (ppm) in 2020. Comparatively, the state of Rhode Island has a density of 1061.4 ppm. Bonner County has a population density of 27.2 ppm and is made up of rural regions punctuated by several urban centers, of which Sandpoint is the largest.

Idaho's Fast Population Growth Rate

Idaho's economic performance over the last decade has made it one of the nation's fastest-

growing states, and this trend will likely continue into the next decade. From 2010 and 2020, Idaho’s population increased by 271,525. During these ten years, Idaho was the second fastest-growing state in the U.S., reaching 1,839,106 people and representing a population growth of 17.3%. Only Utah had a faster growth rate at 18.4%. During the past year (from 2020 to 2021), Idaho’s population grew 2.9%, making it the fastest-growing state in the U.S., followed by Utah (1.7%), Arizona (1.7%), and Montana (1.4%). Idaho’s population has been fast growing since 1990, ranking in the top five fastest-growing states annually, interrupted only occasionally by recessions.

Bonner County Population Growth Rate

Idaho’s spectacular growth has been unevenly distributed throughout the state. While most growth occurred in the urban regions, rural county population growth has been mixed, with some rural regions growing quickly and others growing slowly or exhibiting negative economic growth. Bonner County experienced rapid growth. Bonner County’s population growth ranked seventh in the state cumulatively from 2010 to 2021 at 21%. From 2020 to 2021 Bonner County also ranked seventh in the state with a 4.43% annual growth rate. In 2021, Bonner County reached a population of 49,491. Table 1 presents the Bonner County population by city from 2010 to 2020. Sandpoint’s population growth was 17.3% over the decade. Priest River is the second largest city (1,696), followed by Ponderay (1,289) and Kootenai (941), which was the fastest growing city at 38.8%.

Table 1 Population by City 2010 to 2020

City	2020 Census	2010 Census	% Change
Sandpoint	8,639	7,365	17.3%
Priest River	1,696	1,751	-3.1%
Ponderay	1,289	1,137	13.4%
Kootenai	941	678	38.8%
Dover	752	556	35.3%
Clark Fork	513	536	-4.3%
East Hope	229	210	9.0%
Oldtown	221	184	20.1%
Hope	98	86	14.0%

Source: U.S. Census

Sandpoint and the Greater Bonner County Economy

Sandpoint and the greater Bonner County economy is a mirror image of the economic changes occurring in Idaho. Bonner County has been transitioning from a natural resource-based economy to a more mixed economy based on light manufacturing, tourism, recreation, and services. The wood products industry is still important and has increased jobs by 108, from 372 to 480, from 2010 to 2021, a 29% increase (Table 2). There are three significant economic opportunities for the region. The first is expanding manufacturing: The manufacturing sector has increased employment from 1,977 jobs in 2010 to 2,166 jobs in 2022, an increase of 189 jobs (10%). Major manufacturing firms include the Idaho Forest Group (wood products), Litehouse Inc. (food products manufacturer), Quest Aircraft (airplane manufacturer), Unicep Packaging (plastic applicators), and many others. The second is tourism, arts, recreation, and related service expansion. Bonner County is rich in natural amenities. Sandpoint is the home of both Schweitzer Mountain Resort, a world-class ski resort that brings in tourism in the winter, and Lake Pend Oreille, a large natural lake that attracts tourists the rest of the year. Sandpoint’s strong emerging arts community complements its growing reputation as a recreation and tourism center. The



amusement, arts, and recreation industry employed 433 workers in 2021, making it collectively one of the largest sources of jobs in the county. Sandpoint has also supported the construction industry with the construction of many nonresident second homes in the region. The third is the expansion of professional and technical services such as Bonner General Health and related healthcare professional offices (Table 3). Finally, there are important retail and service industries in the county that are expanding. Total Bonner County employment in 2010 was 14,382 and increased to 16,914 in 2022, a net increase of 2,532 jobs (18%).

Table 2: Top Fifteen Largest Industries in Bonner County

Rank	Description	2010 Jobs	2021 Jobs	2010 - 2021 Change	2010 - 2021 % Change	2021 Average Earnings
1	Local Government	1,951	2,026	75	4%	\$65,570
2	Food Services/Drinking	1,041	1,452	410	39%	\$23,841
3	Ambulatory Health Care	469	876	407	87%	\$49,281
4	Specialty Trade Contractors	575	751	175	30%	\$47,954
5	Food and Beverage Stores	418	612	193	46%	\$31,018
6	Professional, Scientific, Tech.	492	598	106	22%	\$73,171
7	Construction of Buildings	354	547	193	55%	\$49,895
8	Wood Product Manufacturing	372	480	108	29%	\$74,547
9	Food Manufacturing	357	438	81	23%	\$77,208
10	Building Materials, a Dealers	292	435	143	49%	\$43,184
11	Amusement, Arts, Recreation	469	433	(35)	(7%)	\$34,304
12	Transportation Equip. Manu.	276	364	88	32%	\$71,147
13	General Merchandise Stores	386	346	(40)	(10%)	\$36,112
14	Federal Government	376	343	(32)	(9%)	\$66,603

Source: Lightcast (Emsi)

Regional Unemployment Rates

The Bonner County unemployment rate has been consistently above the Idaho unemployment rate and has been of concern for some time. As of August 2022, the Bonner County unemployment rate was 4.0% as compared to Idaho's 2.7% and the national rate of 3.7%. One important relatively recent factor was the unexpected closure of Coldwater Creek, once Sandpoint's largest employer that disrupted the workforce and the regional economy. The economy is now reboundingⁱⁱⁱ from that closure.

Table 3: Region’s Largest Employers

Employer	Industry Description	City	Employee/ Size Range
Lake Pend Oreille School Dist.	Public schools	Sandpoint	600-699
Bonner General Health	Hospital	Sandpoint	400-499
Bonner County Government	County government	Sandpoint	300-399
Lighthouse Inc.	Manufacturer, food products	Sandpoint	300-399
Walmart	Retail, general	Ponderay	300-399
Federal Government	Federal government/Forest Service	County	200-299
Schweitzer Mountain Ski Resort	Ski resort	Sandpoint	200-299
West Bonner County School District	Public schools	Priest River	200-299
Life Care Center of Sandpoint	Nursing home	Sandpoint	150-199
Idaho Forest Group	Lumber & wood products	Laclede	150-199
Stimson Lumber	Lumber	County	100-149
US Forest Service	Federal government	County	100-149
Unicep Packaging	Manufacturer of microdose app.	County	100-149
Yoke’s Fresh Market	Grocery store	Ponderay	100-149
Quest Aircraft	Manufacturer of Kodiak planes	Sandpoint	100-149
City of Sandpoint	City government	Sandpoint	100-149
Encoder Products	Manufacturer, electronics	Sandpoint	100-149
Home Depot	Building materials store	Ponderay	100-149

Source: Greater Sandpoint Chamber of Commerce

Housing Challenges

A housing crisis emerged throughout the U.S. in the last five years. For example, from July 2018 to July 2021, U.S. home prices increased 29%, according to the Case-Shiller (C-S) home price index. U.S. housing prices are now 44% higher than their previous peak in 2006, suggesting a possible bubble. The U.S. median home price reached \$374,900 by the second quarter of 2021, increasing 16.2% over the previous year.

Idaho ranked 10th in the nation in overall housing prices at an average home price of \$429,145. This is significant because Idaho has been known for affordable housing prices. From August 2018 to August 2021, Idaho had the fastest growing single-family housing prices in the U.S., increasing 67.3% during these three years. Idaho was followed by the states of Arizona, Utah, Washington, and Maine.

The price of a “typical” home in Bonner County was \$639,000 in September 2022, up from about \$300,000 in 2016, reflecting a 113% increase in prices. Inflation has risen sharply in the U.S. in the last year and stood at 8.2% in September, levels not seen since the early 1980s. The Federal Reserve has been increasing interest rates over most of 2022 to combat inflation. This has increased the 30-year fixed mortgage rate, which stood at 7.08% in October 2022 (up from under 3% about a year ago), and it will likely increase further. Home prices are starting to fall in some parts of the country, but in the overall market, it has not yet occurred in Bonner County. Like Coeur d’Alene, Bonner County has additional housing pressure from nonresidents purchasing second homes, which adds upward pressure on prices.

Summary and Implications

Sandpoint and Bonner County are transitioning from a natural resource-based economy to a mixed economy that includes natural resources, tourism, recreation, arts, manufacturing, and high technology and professional services. FAS has been an important contributor to this transition process. The economy is becoming increasingly recreation, tourism, and professional services based.



3. Data Sources, Methodology, and Study Approach

Data Sources

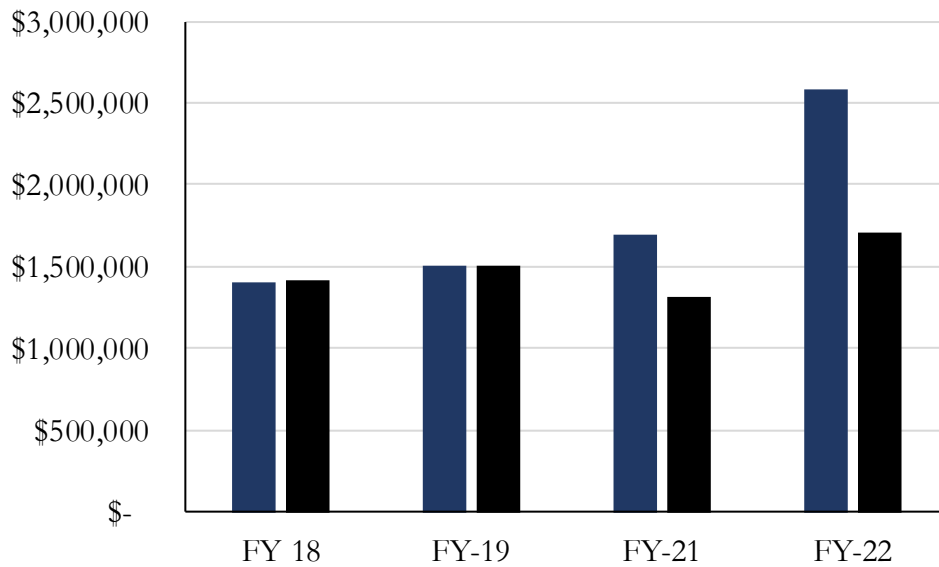
Primary data was supplied by The Festival at Sandpoint (FAS) which maintains and supports a database on its current and past activities. The data included the revenues and expenses for each fiscal year 2021-2022 and ticket sales by zip code.

Secondary data sources were also utilized in the study and included data from the U.S. Department of Commerce, Bureau of Economic Analysis (BEA), Idaho Department of Labor; U.S. Department of Labor, Bureau of Labor Statistics; IMPLAN, and Lightcast (formally Emsi).

Revenues and Expenditures

Festival revenue and expenditure data was provided by FAS for fiscal years FY 2018 through forecasted 2022 (excluding FY2020 COVID-19). This data can be seen in Figure 2. Festival revenues averaged \$1.53 million over those four years and expenditures averaged \$1.44 million. FY21 included \$0.453 million in COVID-19 relief funds. FY 2022 was based on the budgeted revenues and expenditures because the final data results were not yet available. Approximately 74% of the expenditures are spent on programs, 22% on administration, and 4% on fundraising. About 49% of the revenues are from ticket sales, 28% from grants, and 23% from fundraising.

Figure 2: FAS Revenues and Expenditures FY 18, FY19, FY21, FY22



Source: FAS

Visitors and Patrons

The Festival data also included ticket sales by county, state, and country.

Table 4: 2022 Ticket Buyer Originations

Region	Number	%
Bonner County	4,398	15%
Rest of Idaho	17,010	58%
Out-of-State	7,503	26%
Foreign	367	1%
<i>Total</i>	<i>29,278</i>	<i>100%</i>

Approximately 15% of the total patrons (4,398) are from Bonner County, as measured by ticket sales. About 17,010 (58%) come from other counties in Idaho, out of state 7,503 (26%), and 367 from abroad (1%) (Table 4). Visitors originate from 48 U.S. states and five foreign countries. Since about 85% of the patrons are from outside Bonner County, they represent new revenues to the economy and are included in the calculations of the economic contributions. It is new money generation to regional economies that drives economic impacts and contributions.

FAS sold approximately 29,278 tickets in 2022, representing the equivalent of 59% of the Bonner County population (49,491), and averages 3.25 tickets per person as measured by Sandpoint’s population (9,003).

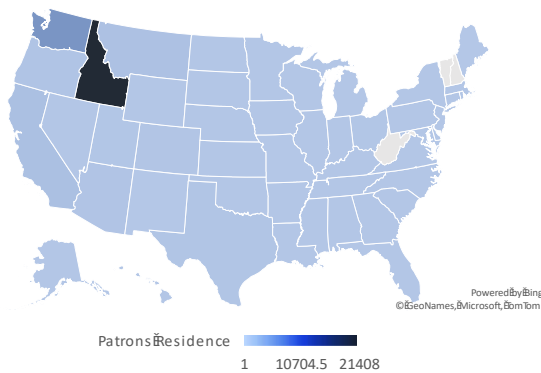


Table 5: Top Fifteen U.S. State Origination for Ticket Purchases

Rank	State	Ticket Count	Total Revenue	% of Revenue
1	ID	21,408	\$626,487.18	58.6%
2	WA	4636	\$273,773.91	25.6%
3	CA	656	\$40,552.40	3.8%
4	MT	513	\$30,444.65	2.8%
5	OR	249	\$15,077.55	1.4%
6	AZ	197	\$11,236.20	1.1%
7	TX	178	\$10,001.10	0.9%
8	CO	159	\$9,477.05	0.9%
9	UT	90	\$5,135.90	0.5%
10	OH	86	\$5,075.70	0.5%
11	WI	68	\$4,101.60	0.4%
12	TN	65	\$3,676.75	0.3%
13	FL	58	\$3,577.10	0.3%
14	AK	57	\$3,642.15	0.3%
15	IL	49	\$2,682.55	0.3%

Source: FAS

Figure 3: Patrons Visiting from 47 States and DC



Approximately 21,408 ticket purchasers are from Idaho, representing 59% of the U.S. total, 4,636 visitors (25.6%) are from Washington State, and 656 (3.8%) are from California. Table 4 reports the top 15 state ticket purchases for 2022. Figure 3 presents visitors geographically. FAS had visitors from all states and Washington, D.C., except for West Virginia, Vermont, and New Hampshire.

Internationally, visitors came from the U.S., Canada, Belgium, France, and Germany.

Figure 4: Visiting Patrons by Country

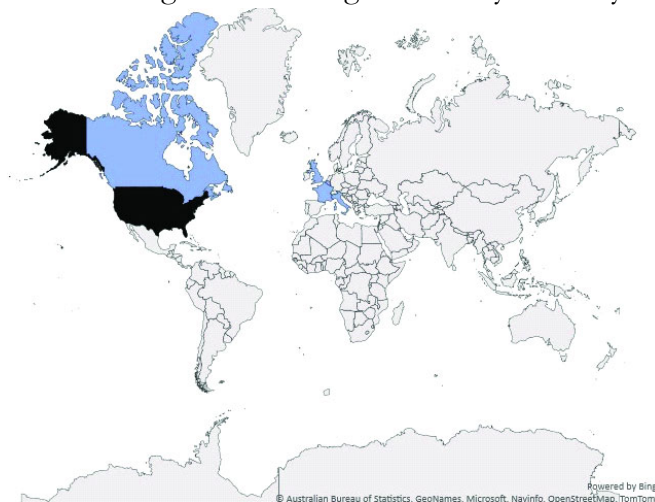


Table 6: Employees and Volunteers of the FAS

Type of Employment	Jobs/Vol.
Full time employees	3
Part time employees	22
Independent Contractors	1
Volunteers	400-500

The FAS directly employs three full-time employees, 22 part-time employees and independent contractors, and 400-500 volunteers (Table 6). There are approximately 450 volunteers for the FAS that average 40 hours per year in volunteer time. The Independent Sector estimates the value of volunteer time at \$26.7 per hour (adjusted to 2022 dollars). Total volunteer hours of 450 volunteers *40 hours/volunteer * \$27.9/hour= \$501,768 in community value each year.

Methodology

2012 Survey Data and Updates for 2022

The 2022 study utilized the 2012 patron survey data updated for inflation using the Consumer Price Index. These survey metrics were incorporated into the 2022 study analytics to maintain consistency between the two studies. The 2012 Festival customers were surveyed to obtain the economic and demographic information needed to estimate the economic contributions of their spending at the Festival. The surveys were conducted in person at all but two of the of the 2012 concerts running from August 5 through August 9th (Appendix 4). In total, 854 patrons/visitors were surveyed. The response rate in terms of purchasers (3,232) was 26%. In terms of total tickets sold, the response rate was about 5%. The surveys were conducted in person while ticket-holders waited in line for the gates to open. The questionnaire was designed to be completed within five minutes to reach as many ticket-holders as possible. The survey can be seen in Appendix 5. The patrons/visitors waited in groups of family and friends and most likely included the ticket purchaser. Thus, a narrow approach was adopted to treat the ticket purchasers as the universe of 2012 respondents (3,231) rather than the 2012 individual ticket holders (18,000), which averages about 5.6 persons per group. This increased the robustness of the results and likely understated the true economic contributions, making the estimates more conservative.



For food and drink items in 2012, 114 purchasers surveyed spent less than \$10 per person, 470 (\$10-\$50), 146 (\$50-\$100), 52 (\$100-200), and 66 (more than \$200). In terms of shopping, 350 purchasers surveyed spent less than \$10 per person, 254 (\$10-\$50), 110 (\$50-\$100), 55 (\$100-200), and 55 (more than \$200).

In 2012, approximately 33.8% of FAS purchasers had household incomes of over \$100,000 per year, and 24.5% of the purchasers had household incomes between \$60,000 and \$100,000. The highest proportion of the high-income purchasers were nonresidents, bringing new spending into the community. This data suggests that FAS draws a considerable number of high-income and high-spending patrons to the community, creating considerable value-added spending in the regional economy.





2022 Data Adjustments and Inputs to Economic Model

There were three sources of base activities that created economic contributions. First are the direct expenditures from FAS. It was determined that these expenditures were mostly base activities because over 85% of the patrons live outside Bonner County, and it is these visitors that drive nearly all of the expenditure flows of FAS. FY2021 expenditures were modeled to measure the FAS operating contributions to the Bonner County economy. Payments and royalties to artists were excluded (\$518,627) because those funds leak out of the regional economy. Total direct expenditures included in the analysis from operations were \$718,916. Food and drink vendor expenditures of \$181,825 within the venue during performances were also included in the contribution analysis.

The second type of expenditure was visitor eating and drinking and retail purchases. Community patron spending calculations only include visitors from outside Bonner County, representing new monies to the regional economy, totaling 24,880 visitors in 2021. It is estimated from the surveys (and updated for inflation) that the average purchaser per group spent \$82. Given 5,971 visitors multiplied by \$82 equals \$490,100. These dollars are the inputs to the economic model. The average group size in the analysis was 4.2 adults, which was estimated from the 2021 ticket purchases. A similar analysis was used on retail trade. Total average spending on retail trade was estimated at \$65 per person, totaling \$388,460. Retail trade expenditures are margined in the analysis, and the portion of those goods produced outside of the county are excluded from the calculations.

The third type of expenditure was accommodations. We estimated about 2,200 filled FAS accommodation rooms in Bonner County from motels, hotels, bed and breakfasts, RV camping, etc. We assumed a nightly rate of \$200, given peak season.

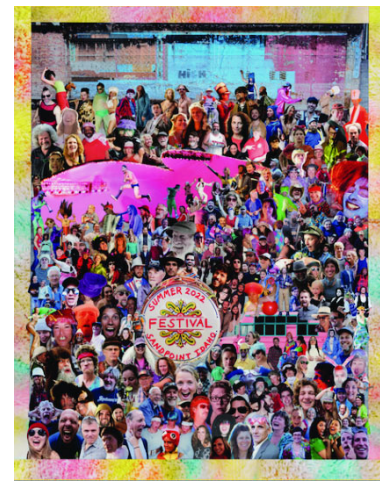
Study Approach

Economic Model

A Bonner County IMPLAN input/output model was created to measure the economic impacts of the FAS. IMPLAN is the most widely used economic modeling software and data source. A similar IMPLAN model was also employed in the 2012 study.^{viii}

Economic Base Assessment

This analysis is founded on economic base theory. A local or regional economy has two types of industries: base industries and non-base industries. Any economic activity that brings money into the local economy from the outside is considered a base industry. A base industry is sometimes identified as an export industry, which is defined as an industry that brings new monies into the community from outside. For example, base industries can include high-technology companies, medical services, retail trade services, federal government operations, as well as other manufacturing and service firms. Firms providing services to individuals living outside the region's trade center, such as medical and legal services, are included in the region's base. Payments from state and federal governments (including Social Security, Medicare, university funding, and welfare payments) are sources of outside income to businesses and residents. These are counted as part of the economic base.



Non-base industries are defined as economic activities within a region that support local consumers and businesses within the base sector. They re-circulate incomes generated within the region from the base industries. Such activities include shopping malls that serve the local population, business and personal services consumed locally, medical services consumed locally, and local construction contracts. Non-base industries support the base industries.

Base industries are sometimes confused with non-base industries. For example, some county economies have large retail trade sectors that produce a paradox: they employ a substantial percentage of the workforce but actually contribute little economic impact because most of the retail sales are local. They bring little new money into the community. Based on the size of the retail trade sector, it appears to contribute a large amount to employment and earnings in the economy. Most of this employment and earnings activity is allocated or attributed to other local "export" industries that bring revenues into the community from outside sales. From a "size" perspective, the retail trade sector appears large. However, from an economic base perspective the retail trade sector is much smaller. Only the retail trade activities serving visitors from outside the area can be counted as economic base activity and employment.

Economic base analysis is important for identifying the vital export industries of a region. Non-base industries, on the other hand, are essential to keeping money within a region and stimulating local economic activity for residents. In this respect, non-base industries can function in the same manner as an export industry. For example, suppose an Idaho patron elects to visit a local arts

festival instead of traveling to one in Seattle, Washington. The substitution of local services for an imported service represents an increase in the demand for local business services. Keeping income in the community enhances the multiplier effects of the export industries. The overall effect of import substitution can be viewed as analogous to an increase in demand for an export industry. Our economic models are founded on economic base theory. This signifies that visitors from outside the respective counties or core economic area are counted as base, as well as local visitors who would have traveled outside the regional economy in the absence of the FAS.

Defining and Explaining Economic Impacts

Economic contributions and impacts measure the magnitude or importance of the expenditures of basic (export) industries. Our economic model estimates multipliers for each industrial and service sector. Suppose you have a (hypothetical) multiplier of 1.45 (the grand average across all models used in this study). Every dollar of direct expenditures creates \$1.45 of total new spending in the community economy.

Contributions and impacts are apportioned into two levels. The first level is the direct impact of the FAS expenditures on each respective county economy – the jobs, payroll and earnings, gross regional product, and sales that are directly created by the FAS as an export business. The second is comprised of two parts: a) the impacts on other regional businesses that provide goods or services to the Festival – the indirect impacts - and b) the effect of employee and related consumer spending on the economy – the induced impacts. The indirect and induced impacts are the so-called “ripple” or multiplier effects of the FAS in the economy. The multiplier or ripple effects are driven by the exports of an economy. The new money coming into an economy (called exports) sets off a web of transactions as each business seeks to fulfill the demands of their customers. The FAS’s impact upon the economy is thus comprised of the magnitude of the multiplier(s) and the magnitude of the exports. The sum of the direct, indirect, and induced effects measures the



4. Results



Metrics Measuring Economic Contributions

The economic contributions are reported in Table 7. These contributions include the direct contributions of FAS-related expenditures and the backward linkages of that spending as it circulates throughout the economy, i.e., the multiplier effects. It also includes the impacts of consumer spending relating to this economic activity. The following economic model outputs are reported:

1) Sales (Output) – reflects the total transactions from all sources by direct, indirect, and induced economic activity (i.e., including the multiplier effects). It represents the broadest measure of economic impacts.

2) Gross Regional Product- (sometimes referred to as value-added) is the regional equivalent of gross state product and is a subset of sales transactions. It represents net additions to a regional economy (including the multiplier effects). GSP is a subset of sales.

3) Total Compensation (Payroll and Benefits) – includes wage, salary, and other income payments to workers in addition to fringe benefits (including the multiplier effects). It is a subset of gross regional product.

4) Employment – represents the total employment resulting from economic activity (including the multiplier effects), measured on a full-time equivalent basis.

FAS Contributions to the Regional Economy

Contributions of Patron Community Spending

The economic impacts for FAS visitor spending include patron eating and drinking, retail purchases, and housing accommodations. They total \$2,158,221 in sales transactions, \$1,116,513 in gross regional product (a subset of sales), \$626,221 in total compensation (a subset of gross regional product), and 23 FTE jobs.

Contributions of FAS Annual Operations

For FAS operations, the economic impacts are \$1,603,778 in sales transactions, \$647,233 in gross regional product (a subset of sales), \$446,938 million in total compensation (a subset of gross regional product), and 14 FTE jobs.

Grand Total FAS Contributions

The economic contributions are \$3,762,005 in sales transactions, \$1,763,746 in gross regional product (a subset of sales), \$1,073,159 in total compensation (a subset of gross regional product), and 37 FTE jobs. These impacts include direct, indirect, and induced impacts. The three-reporting metrics measuring economic contributions – sales (output), gross regional product, and total compensation all tell similar stories of the contributions of the FAS. Sales is the

broadest metric, but it is a gross metric and not as accurate as gross regional product which is a net contribution. Total compensation measures the wage, salary, proprietor income, and benefits but excludes non-wage sources of income that are included in gross regional product. Each of these metrics can be used together to tell a comprehensive story or separately as stand-alone contributions. One caution, they are not directly additive (Table 7).

Tax Contributions

Table 7: 2022 Economic Contributions of the Festival
Includes the Direct, Indirect, and Induced Impacts

Product	Sales (Output)	Gross Regional Product	Total compensation	Jobs
Visitors	\$2,158,277	\$1,116,513	\$626,221	23
Operations	\$1,603,728	\$647,233	\$446,938	14
<i>Total</i>	<i>\$3,762,005</i>	<i>\$1,763,746</i>	<i>\$1,073,159</i>	<i>37</i>

Tax impacts were estimated by the IMPLAN input/output economic models. They calculate the taxes generated by the economic activity of the FAS primarily from the downstream multiplier effects (indirect and induced impacts).

Total estimated taxes in Sandpoint, Bonner County, and the State of Idaho include income taxes (\$30,278), sales taxes (\$88,176), and property taxes (\$113,681), for a total of \$232,675 (Table 8).

Expanded Contributions (High Case)

Table 8: FAS Tax Contributions
Includes the Direct, Indirect, and Induced Impacts

Sales/Excise	\$88,716
Property	\$113,681
Income Taxes	\$30,278
<i>Total</i>	<i>\$232,675</i>

An additional high-case scenario was conducted. The conservative case results (reported earlier) assumed 5,971 purchasers as the universe of patrons and employed a per group spending model as contrasted with per person. The high case assumed spending on a per person basis. Total non-resident patrons based on 24,880 non-resident patrons. Including resident patrons, total actual ticket sales were approximately 29,278. For the high case, the economic impacts (total) are \$10,556,898 in sales transactions, \$5,307,762 in gross regional product, \$3,003,374 million in total compensation, 107 jobs, and \$1,032,621 in indirect taxes (Table 9 and Table 10)

The high case likely includes some patrons that are visiting Sandpoint for reasons other than the FAS and are attending the Festival at Sandpoint as part of their overall recreational and artistic



experiences. The high case illustrates the integration of the FAS into the overall new economy and recreational activities of the greater Bonner County region. There is a likely cluster effect of the FAS with other recreational opportunities, which thus amplifies the overall contribution of the FAS to the regional economy.

Table 9: 2022 High Case Economic Contributions of the Festival
Includes the Direct, Indirect, and Induced Impacts

Product	Sales (Output)	Gross Regional Project	Total compensation	Jobs
Visitors	\$8,967,618	\$4,666,360	\$2,560,463	93
Operations	\$1,589,280	\$641,402	\$442,912	14
<i>Total</i>	<i>\$10,556,898</i>	<i>\$5,307,762</i>	<i>\$3,003,374</i>	<i>107</i>

Table 10: FAS Tax Contributions
Includes the Direct, Indirect, and Induced Impacts

Sales/Excise	\$525,585
Property	\$405,770
Income Taxes	\$101,266
<i>Total</i>	<i>\$1,032,621</i>



5. Appendices

Appendix 1: Terminology

Export activity: Any product or service whose sales bring money into a community from the outside. Sales of products to firms or consumers in other states are examples of export activity. Other examples include nonresident tourist spending, federal government payments, and income transfers.

Sales transactions: Total new dollar transactions generated by any economic activity that brings new monies (i.e. base or export activity) into the community. Its composition can include direct, indirect, and induced economic activity. This is the broadest measure of economic impacts.

Gross Regional Product (value-added): This is a measure of gross domestic product at the local or regional level. It is a measure of total new net production and activity. Value added includes total compensation, proprietor's income, other property income, and indirect business taxes. It is a subset of sales.

Total Compensation (earnings): Wage, salary, and other income payments including all fringe benefits to individuals. It is a subset of gross regional product.

Indirect taxes: All taxes generated from economic activity excluding personal and corporate income taxes. These mostly consist of sales taxes and property taxes. It is a subset of gross regional product.

Jobs: Total employment resulting from economic activity. The economic model reports these as full-time equivalents.

Base industries: Any economic activity that brings money into the local economy from the outside is considered a base industry. For example, Ada County base industries include high-technology companies, medical services, retail services, the federal government, and other manufacturing and service firms.

Non-base industries: Any economic activity within a region that supports local consumers and businesses re-circulating incomes generated within the area. These activities include shopping malls that serve the local population, business and personal services consumed locally, and local construction contracts. Non-base industries support the base industries.

Economic impacts: Economic impacts measure the magnitude or importance of the expenditures of base (export) industries. Our economic model estimates multipliers for each industry. If you have an output multiplier of 1.61, for example, every dollar of base expenditures creates \$1.61 of new spending in the community. The total multiplier has three components: direct effects, indirect effects, and induced effects.

Direct effects (spending): This represents the actual sales, income, and jobs reported from the firm, industry, or economic activity under consideration.

Indirect effects: These are the downstream economic effects on sales, payroll, jobs, and indirect taxes that result from direct spending in the regional economy. For example, a firm purchases community goods and services which supports other area businesses. These firms, in turn, purchase even more goods and services as the effects ripple throughout the economy. They are part of the overall multiplier effects.

Induced effects: These are downstream effects of employee and consumer spending on the economy. They are part of the multiplier effects.

Full-time equivalent jobs: The gross number of hours worked in a firm or entity from all employees divided by the standard number of allowable hours for a single employee in a work year— usually 2,080 hours. The economic model measures total full-time and part-time jobs.

Appendix 2: Sources

- Abelardo Rodríguez, Willem J. Braak, and Philip Watson (2011). “Getting to Know the Economy in Your Community: Automated Social Accounting.” *Journal of Extension*, 49(4)
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- U.S. Department of Commerce, U.S. Census Bureau, On the Map, <http://onthemap.ces.census.gov/>
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- U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index. <http://www.bls.gov/cpi/>
- U.S. Department of Labor, Bureau of Labor Statistics, Quarterly Census of Employment and Earnings. <http://www.bls.gov/cew/>

Appendix 3: Notes

- i. The Festival at Sandpoint. [Festival at Sandpoint](#).
- ii. Bureau of the Census. Quick Facts. [U.S. Census Bureau QuickFacts: United States](#)
- iii. Idaho Department of Labor. [Labor Force Statistics - LAUS \(idaho.gov\)](#).
- iv. Peterson, Steve, Tim Nadreau, etc. The Housing Availability and Affordability Study for Kootenai Count [6fba29_f7cd54f0827c4ad79a72db544e6f6898.pdf \(cdaedc.org\)](#).
- v. Zillow. [Bonner County ID Home Prices & Home Values | Zillow](#)
- vi. Bureau of Labor Statistics, Consumer Price Index, [U.S. Bureau of Labor Statistics \(bls.gov\)](#).
- vii. IMPLAN. [Economic Impact Analysis for Planning | IMPLAN](#).

Appendix 4: 2012 FAS Performers



2012 Concert Series ~ August 2 - 12 at Memorial Field, Sandpoint, ID

TICKETS: 888-265-4554 or www.FestivalAtSandpoint.com



<p>Thursday, August 2nd LADYSMITH BLACK MAMBAZO & JOHNNY CLEGG with BackBeat Drum Group All Tickets: \$30.00 for our 30th Birthday Celebration!</p> 	<p>Friday, August 3rd ALISON KRAUSS & UNION STATION featuring Jerry Douglas with Kasey Musgraves All Tickets: \$59.95</p> 	<p>Super Saturday, August 4th STARRING: BARENAKED LADIES LeRoy Bell & His Only Friends Sugarcane Collins All Tickets: \$49.95</p> 	<p>Sunday, August 5th FAMILY CONCERT: "Pinocchio" with the Spokane Youth Orchestra All Tickets: \$6.00</p> 
<p>Thursday, August 9th An Evening with PINK MARTINI All Tickets: \$34.95 Martini Specials!</p> 	<p>Friday, August 10th Dance Concert! COUNTING CROWS & Special Guests All Tickets: \$59.95</p> 	<p>Super Saturday, August 11th STARRING: KENNY LOGGINS Stephen Ashbrook Doug Bond All Tickets: \$44.95</p> 	<p>Sunday, August 12th Grand Finale Concert: "FRENCH ACCENTS!" The Spokane Symphony, Maestro Gary Sheldon Adults: \$34.95 ~ Youth \$9.95 Wine tasting at 4:30pm</p> 

Appendix 5: Survey



Customer Questionnaire

Your answers to this anonymous survey will help improve *The Festival* in the future.
 Thank you for your participation!

- 1) Where are you from?
 - a. Sandpoint
 - b. Coeur d'Alene
 - c. Spokane
 - d. _____ Other Please Specify

- 2) If you are from out-of-town, is *The Festival* your primary reason for coming to Sandpoint?
 - a. Yes
 - b. No, other reasons

- 3) How many people in your party?
 - a. Adults
 - b. Children

- 4) Eating and drinking: How much will you spend on your visit (Per Person)?
 - a. Less than \$10
 - b. \$10-\$50
 - c. \$50-\$100
 - d. \$100-\$200
 - e. More than \$200

5) Shopping: How much will you spend on your visit (Per Person)?

- a. _____ Less than \$10
- b. _____ \$10-\$50
- c. _____ \$50-\$100
- d. _____ \$100-\$200
- e. _____ More than \$200

6) Average Household Income

- a. _____ Less than \$10,000
- b. _____ \$10,000-\$20,000
- c. _____ \$20,000-\$40,000
- d. _____ \$40,000-60,000
- e. _____ \$60,000 to \$100,000
- f. _____ \$100,000 and greater

7) If you are from out-of-town, how long are you staying?

- a. _____ Concert only
- b. _____ Overnight
- c. _____ 2 nights
- d. _____ More than two nights