

ABOUT THE KENTUCKY CAPITAL DEVELOPMENT CORPORATION

The Kentucky Capital Development Corporation (KCDC) is primarily focused on increasing employment opportunities, private sector capital investments and the local tax base and provides a wide array of confidential services and information to assist new, expanding and relocating American and international businesses. Headquartered in Frankfort, the Capital of Kentucky, KCDC activities include:

- implementing strategies for building human, social, institutional and physical resources for stronger, self-sustaining local economic systems;
- analysis of the opportunities for social and economic infrastructure development;
- finding alternative sources of funding for various community development projects;
- promoting quality-of-life environments and strong community capacity for economic growth;
- developing comprehensive skills to build workforce competitiveness and creating career paths to quality jobs and higher wages;
- nurturing local small businesses and building clusters of competitive industries that create new growth and income;
- providing current, comprehensive market information about Franklin County, the Bluegrass area and the Commonwealth of Kentucky;
- identifying space or site options for businesses with start-up, relocation or expansion needs;
- offering business development assistance and acting as a liaison between businesses, city/county and state government agencies;
- assisting company expansion operations by providing information and answering inquiries about county zoning, taxes and other issues critical to doing business; and
- providing information for employees relocating to the county.

The KCDC operates under the direction of a six-member board appointed by the Franklin County Judge Executive and the Frankfort Mayor equally.

The Franklin County Fiscal Court and the City of Frankfort provide critical financial support for KCDC's efforts through annual budget appropriations. As a public service to the citizens of Frankfort and Franklin County, KCDC provides key economic development data as measures of our performance for, and accountability to, our community.

BOARD OF DIRECTORS

Clay Patrick, Chairman

Zachary Horn, Secretary/Treasurer

Heather Worthington

Sam Amburgey

Danny Willis

STAFF

Terri Bradshaw, President/CEO

Margaret Gray, Executive Assistant

LETTER FROM THE CHAIRMAN

On behalf of the board of directors of the Kentucky Capital Development Corporation (KCDC), I am pleased to present you with the FY2020-21 Annual Report. I am proud of the work KCDC has done to bring in new investment; assist existing business and industry; and add jobs to Frankfort/Franklin County, all while continuing to address the business community's needs as they try to pull out of a pandemic.

Throughout the past year the KCDC team remained focused on assisting businesses of all sizes through the "reopening" process while continuing to tell the good news stories about progress being made. We have provided business-led, nonpartisan solutions to unprecedented problems that put the interests of the local employers first.

And while supporting existing businesses was top priority, staff also assisted new projects such as LSUS, Proclivity, Alpha Medical Properties and Tone which will create nearly 200 additional jobs for our community with an over \$60M investment.

With scarcity of resources and lack of funding, the KCDC team has committed a great deal of time applying for numerous funding opportunities through the EDA and other sources interested in investing in a bottom-up local recovery strategy. If received, this funding will leverage private investment and help create and recover jobs in advanced manufacturing, technology, and skilled trades; increase exports; and attract more investment that helps our local businesses build product here and sell it elsewhere.

We continued to collect data related to COVID, housing, tax structures, demographics, jobs, and investment, which will enable us to act strategically in our future planning, because the work of our team is never confined to what the community needs today, but rather what we will need for the next decade.

Our research and advocacy agenda remains focused on identifying public policies that foster prosperity. Staff continues to participate in meetings and briefings on issues such as immigration, higher education, corporate income tax, regulations, and licensing.

KCDC developed a social media initiative that highlights local businesses and industries to thousands of users throughout the world. We formed a group of business champions, called the digital army that shares posts, events, podcasts, TV programs, and activities to drive the message of the initiative forward.

And despite a pandemic, 2020-21 was a year of significant growth for our community and organization and I'm excited to see what the upcoming year has in store for Frankfort, Kentucky. The KCDC board is made up of business professionals committed to serving our community and I am proud to serve with such a dedicated group of volunteers.

Clay Patrick
Chairman

BY THE NUMBERS

The preliminary average weekly wage for Franklin County, Kentucky was \$860, up from \$854 in 2019-20. This is equivalent to \$21.50 per hour or \$44,720 per year, assuming a 40-hour week worked the year around.

A year ago the labor force was 24,445, of which 22,704 were employed and 2,741 were not. The unemployment rate was 10.8%.

Currently the total civilian preliminary labor force (not seasonally adjusted and not fully reflecting the data for the 1-2nd Quarter of 2021) for Franklin County is 24,107 of which 22,859 are employed and 1,284 are unemployed. The unemployment rate is 5.2% which is above the Kentucky average of 4.5%.

How we compare

	2020	2021	Kentucky
Average Annual Wage**	\$42,068	\$44,720	\$49,036
Civilian Labor Force*	24,445	24,107	
Number Employed*	22,704	22,859	
Number Unemployed*	2,741	1,284	
Unemployment Rate*	10.8%	5.2%	4.5%
Median Household Income***	\$55,068	\$56,274	\$50,589
Median Property Value***	\$139,300	\$142,900	\$141,000
Median Property Taxes****	\$1,150	\$1,110	\$843

*Bureau of Labor Statistics (June 2021) <https://www.bls.gov/web/metro/laucntycur14.txt>

**Bureau of Labor Statistics (March 20) https://www.bls.gov/regions/southeast/news-release/countyemploymentandwages_kentucky.htm#table2

***Census.gov (July 2019) (<https://www.census.gov/quickfacts/fact/table/franklincountykentucky/frankfortcitykentucky/PST045219>)

**** Taxrates.org (July 2021) <http://www.tax-rates.org/kentucky/property-tax>

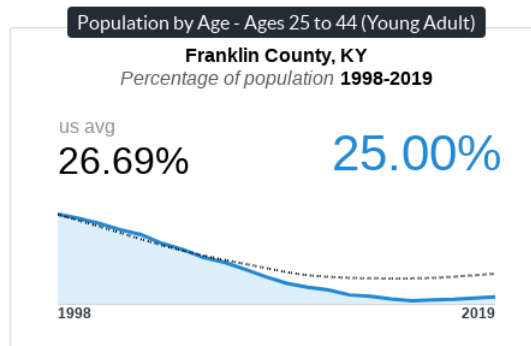
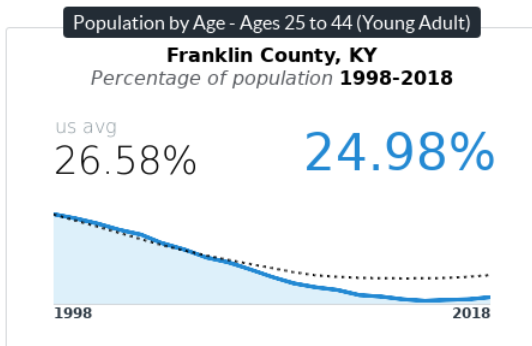
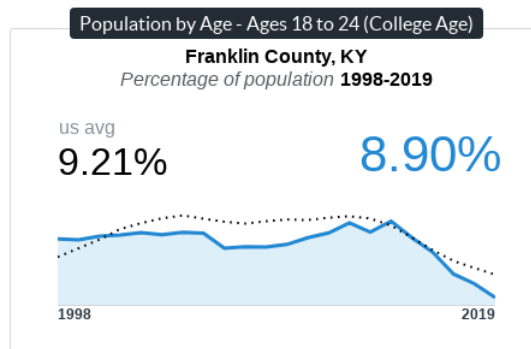
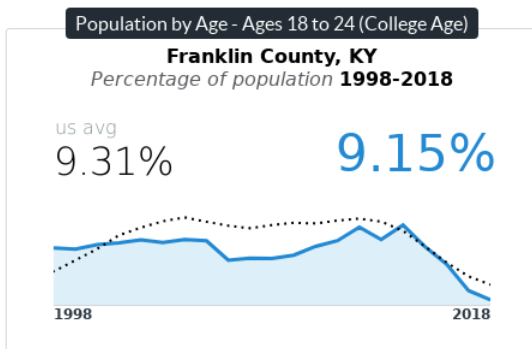
All data in the above chart pertains to people living in Frankfort/Franklin County, regardless of where they work. Pre-pandemic data is included in () to allow us to make reasonable comparisons in the local economy from year to year, under normal circumstances.

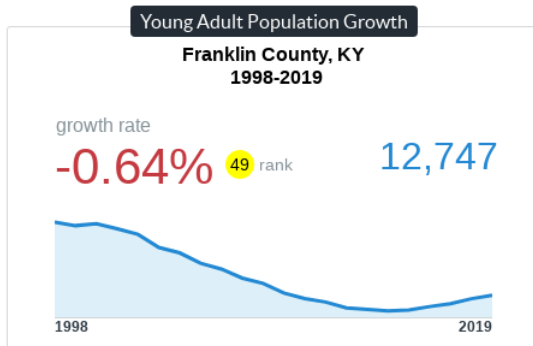
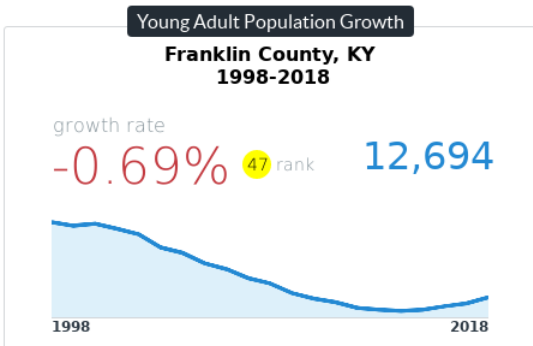
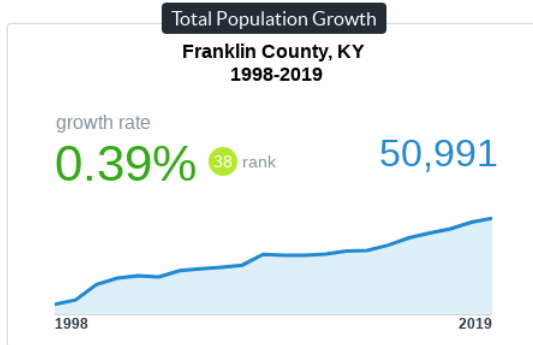
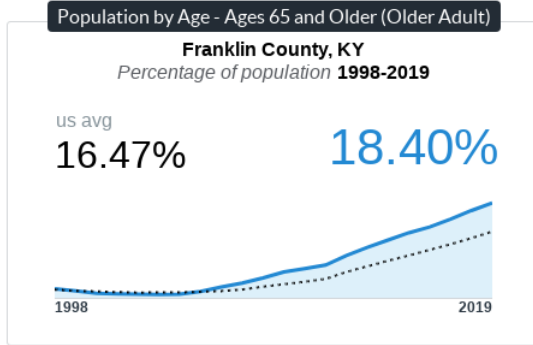
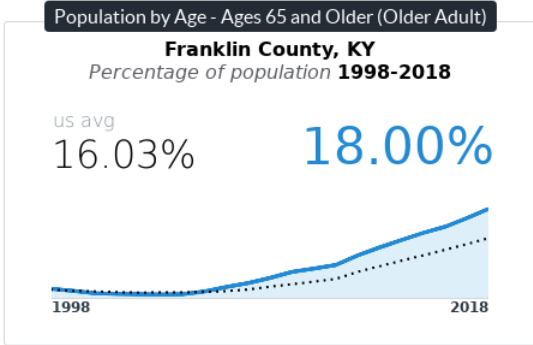
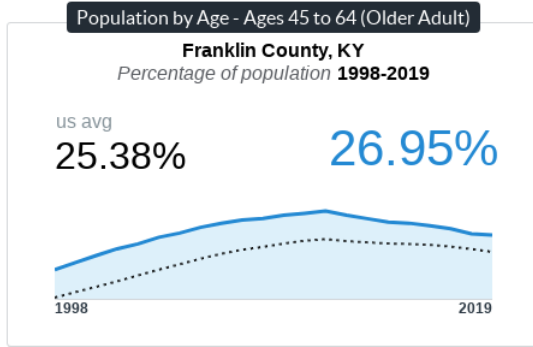
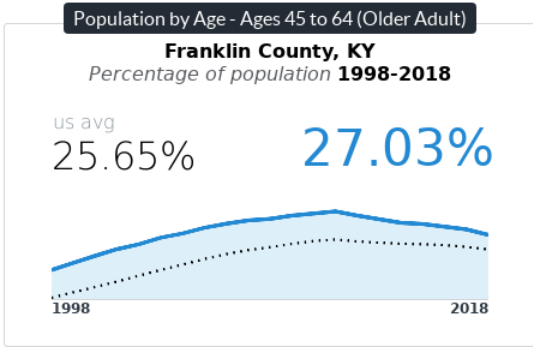
	Frankfort 2020-21	Franklin County 2020-21
Total Business Establishments	1,269	1,931
Total Employees*	26,103	34,592
Unemployment Rate*	5.3%	5.38%
Population	25,912	51,578
Median Age	37.91	40.3
Population Growth Since 2019-20	-1746	+981
Average Household Income	NA	\$75,247
Labor Force	13,628	24,107
Employed	13,127	23,611
Unemployed	477(3.5%)	1,343 (5.38%)

Not in Labor Force	7,675	17,305
Dwellings	12,452	23,426
Occupied	11,804(94.8%)	21,977 (93.81%)
Owner Occupied	6,093 (51.62%)	13,996 (63.68%)
Renter Occupied	5,711 (48.38%)	7,981 (36.32%)
Educational Attainment		
High School	5,025 (28.24%)	11,456 (31.51%)
Some College	4,086 (22.96%)	7,470 (20.55%)
Associate Degree	1,061 (5.96%)	2,461 (6.77%)
Bachelor's Degree	3,744 (21.04%)	6,990 (19.22%)
Graduate Degree	1,909 (10.73%)	4,251 (11.69%)

Kentucky Cabinet for Economic Development (2021) <http://www.selectkentucky.com/compare-communities.html>
 All demographics data in the above chart pertains to people living in Frankfort/Franklin County, regardless of where they work.
 All workforce data* relates to people working in Frankfort/Franklin County, no matter where they live.

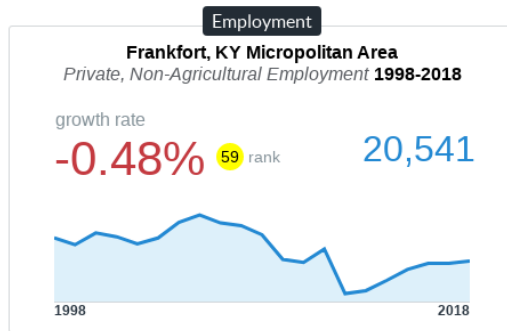
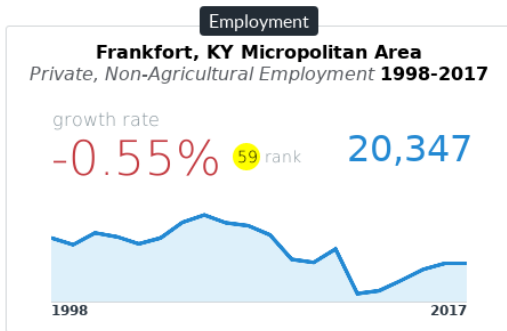
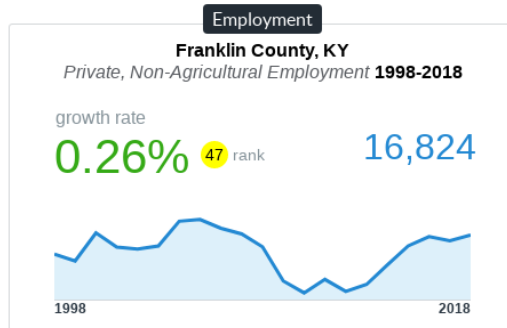
Population





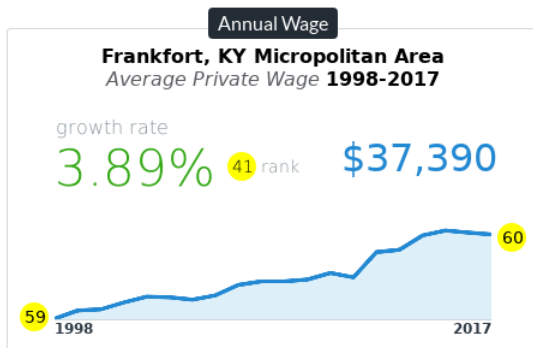
(Harvard School/U.S. Economic Development Administration – US Cluster Mapping Project’s Region Dashboard)

Employment



(Harvard School/U.S. Economic Development Administration – US Cluster Mapping Project’s Region Dashboard)

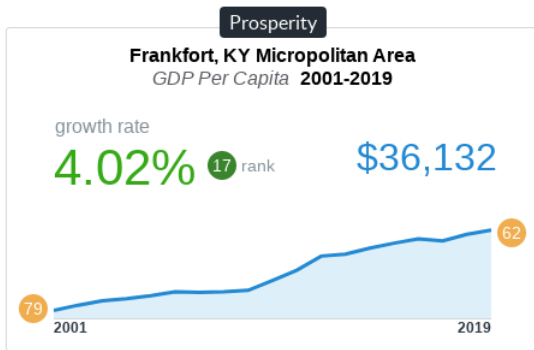
Wages





(Harvard School/U.S. Economic Development Administration – US Cluster Mapping Project’s Region Dashboard)

Gross Domestic Product (GDP)



(Harvard School/U.S. Economic Development Administration – US Cluster Mapping Project’s Region Dashboard)

Payroll Tax Revenues

Franklin County

2020-21 - \$4,471,218
 2019-20 - \$4,772,164
 2018-19 - \$4,625,147
 2017-18 - \$4,624,357
 2016-17 - \$4,341,338
 2015 - 16 - \$3,897,633
 2014 - 15 - \$3,566,977
 2013- 14 - \$3,441,376

City of Frankfort

2020-21 - \$18,882,911
 2019-20 - \$20,739,737
 2018-19 - \$20,325,877
 2017-18- \$20,580,892
 2016-17 - \$20,807,000
 2015 - 16 - \$20,577,000
 2014 - 15 - \$20,211,100
 2013 - 14 - \$19,644,000

SUCCESS STORIES

- Racetrac, a family-owned, Atlanta-based company, announced the Frankfort opening of its second travel center in Kentucky.
- Locals Food Hub and Pizza Pub received a \$200,000 KCDC Revolving Loan Fund Loan to open a facility at 863 Wilkinson Boulevard, where they feature Kentucky farm fresh and artisan foods and the area's only locally sourced wood-fired pizza menu and seven-day-a-week local grocery shopping experience.
- Tone Americas, Inc., an Atlanta-based company that manufactures a variety of advanced, full-featured hand and power torque tools announced a new location in Industrial Park #1.
- Topy America completed a \$38M renovation of its Frankfort facility which included a new state-of-the-art automated steel wheel assembly line, an additional painting line and two center-disc line enhancements, as well as lighting and climate control upgrades.
- Buffalo Trace Distillery has been busy on a number of fronts. In 2020-21, in addition to hosting more than 235,000 visitors amid a pandemic, they built a new still house; added eight fermenters and three barrel warehouses; broke ground on a \$40 million wastewater treatment facility; and began converting one of their oldest aging barrel warehouses to a new dry house, building two additional barrel warehouses, and adding a new cooling system. This is part of a \$1.2 billion investment the company began in 2019 that will allow them to double their production capacity.
- The Recon Group, an electronic equipment repair and services group, completed an expansion and creation of 90 new jobs at their facility.
- Montaplast, a German-based manufacturer of high-quality, automobile, plastic parts announced an expansion and creation of 100 new jobs at their facility located in Industrial Park #2.
- Bond/Anderson Developers announced the development of a vacation rental facility on the riverfront that will allow guests and locals to board their pets while visiting community venues.

- Local developers obtained approval to receive Ky Tourism Development Incentive Program funds to develop a bourbon-centric, boutique hotel, bar and restaurant in downtown Frankfort.
- The Parcels B&C Project received TIF funding approval from the City and County for development of a \$86M mixed-use property in downtown Frankfort. The city is completing requirements of the transportation grant program that will provide funding for a parking/transportation facility that will be part of that development. Once that funding is acquired, development will begin.
- Ben and Melinda Hardin, developers from neighboring Shelby County, began renovation of the Mason-Hogue building that, when completed, will be a mixed-use retail/vacation rental operation.
- An Entertainment Destination Center, the MIX District, was established in downtown Frankfort that will strengthen existing businesses and attract new ones by allowing customers to take to-go alcoholic drinks from participating businesses to stroll the streets of downtown, visit other participating businesses and partake in outdoor events.
- The Frankfort Regional Medical Center was named top achiever in Healthgrades' 2021 Patient Safety Excellent Award, placing it among the top 10% nationwide.
- Crumbaugh Properties began renovation of the old Marcus Furniture Store and neighboring property into a future restaurant, bar and short-term vacation rentals.
- Owners of the Brick Alley, located on St. Clair St., have nearly completed construction of their addition, the Patio Pub, an indoor/outdoor patio offering 11 new beers and ciders on tap.
- Mortimer Bibbs Public House brought a taste of Ireland to downtown Frankfort with food to order and a large menu of Irish Whiskeys, Scotches, Kentucky Bourbons and Craft Beers.
- The Cooperage Bar, an upscale bar in the heart of downtown Frankfort, opened on Broadway, offering patrons a variety of beers, bourbons and specialty drinks as well as a place to play pool or throw darts.

- LSUS, an independent, locally-owned and operated retail chain of spirits, wine, beer and cigars contracted with KCDC for office space in Frankfort, as they prepare to open a retail store here. The company has been acquired by Gopuff, a national food and consumer products delivery service company, and they continue to make preparations to become a member of our business community.
- The Sower family began renovations on their property on Bridge Street which will soon be the home of professional office space as well as additional retail, commercial space.
- Bill Cull and Joe Johnson are renovating the Old Firehouse in downtown Frankfort where we continue to recruit a coffee shop or similar business that will indulge downtown visitors as well as guests at The Grande.
- Candleberry Candle Company was approved for Kentucky Enterprise Initiative Act (KEIA) funding of a \$3.4M expansion and is currently working with KCDC on land easements necessary for the project completion.
- Proclivity Senior Living announced a 26-acre, 120-unit senior living facility that will provide approximately 75 new jobs with an investment of nearly \$45M. They will break ground on this project in late 2021.
- Alpha Medical Properties, LLC announced the development of a \$10M juvenile residential treatment facility that will offer psychiatric, behavioral and substance abuse treatment services to its residents and create approximately 70 new jobs in Franklin County.
- Capital Escape and Axe Throwing opened on Myrtle Avenue, offering patrons an escape room experience along with four lanes for axe throwing.
- Jim Beam was busy this year, achieving a production milestone by filling 1 million barrels during the pandemic, despite disruptions and new protocols to protect employees. In addition they removed the Elkhorn Creek Dam, which was a safety hazard to canoers and kayakers. The removal will allow travelers expanded ability to boat Elkhorn Creek while supporting overall improvement to water quality and wildlife habitats.

- Craft distillery Castle & Key, which completed a \$6.5 million renovation of the property in 2019, launched its long-awaited Restoration Rye Whiskey. Batch 1&2 arrived on the shelves in Kentucky in time for Christmas 2020.
- Bluegrass State Skills Training Grants for nearly \$25,000 were approved through the Kentucky Economic Development Finance Authority (KEDFA) and leveraged by local businesses to train employees.
- Campbell Enterprise opened a new store in downtown Frankfort that offers a diverse range of items including CBD products, hemp and screen printing and tie-dye services.
- Rebecca Ruth Candies completed an expansion of new sewer and supply lines and began a building addition at their downtown Frankfort location, adding 5 new jobs. They will continue this expansion into the new fiscal year and add 5 additional jobs upon completion.
- KCDC was recognized as Most Outstanding Economic Development Agency in the Southeast United States as part of the 2021 Global Excellence Awards published by Acquisition International magazine.
- Walter Zausch, Ross and Heather Caldwell and Three Boys Farm Distillery were recognized by Senator Rand Paul and the U.S. Senate Committee on Small Business and Entrepreneurship as an outstanding Kentucky small business that exemplifies the American entrepreneurial spirit.

BUSINESS RECRUITMENT

Again in 2020-21, a wide range of manufacturing, professional services and food/beverage projects dominated the local economic development activities. During the fiscal year, KCDC staff actively worked 80 projects. Seventeen of those projects announced, while 23 are still active.

Throughout the pandemic, KCDC continued to maintain relationships with site selection consultants and investment promotion agencies that provide invaluable support through virtual field visits, knowledge sharing, and efforts to continuously improve Frankfort's capability to sustain the needs of various businesses. These meetings promote interactive exchanges of ideas and networking between the community and site selection consultants.

We also began using a number of online tools to assist in lead generation and data analysis. Gazelle.ai software helps us generate and engage with more meaningful leads by leveraging the power of AI to help identify growth companies by prioritizing our target companies, creating target account lists, finding actionable company-specific data, monitoring target companies, and maximizing conference return on investment. SizeUp Kentucky is an online tool designed to help potential or existing businesses grow by making smarter decisions using data analysis. It allows us to better serve our local businesses by providing highly specific data about revenues, salaries, health insurance costs, suppliers and competitors.

WORKFORCE RECRUITMENT

As the job market began to try to recover, and as safety restrictions allowed, KCDC continued its business recruitment program that focuses on helping Frankfort and Franklin County recover from permanent job loss due to the coronavirus pandemic, and increase economic resiliency from any future crisis and the inadequate availability of land and buildings.

At a time when we are seeking a new approach to economic development that responds to the workforce shortage; changing markets; lack of available industrial land and buildings; increase in the number of individuals who will continue to telework; and fiscal realities of the coronavirus pandemic; KCDC sees real value in promoting quality of life as a driver for workforce recruitment.

By working with partners to support ongoing projects such as the development of Parcels B&C, the Downtown Development Strategy; City Transit Center and Parking Structure; Blanton's Landing, Simon Warehouse, the Old Marcus Building, Mason Hogue Building, 300 Washington Street, Glen Willis, the Community Arts Plan; the City and County Parks Plans; Convention Center Study and Meeting Space Strategy; wayfinding signage and public restrooms we can catalyze new investment, job creation and economic activity by creating attractive, functional and enjoyable spaces where people want to live.

In an added effort to recruit workforce we applied for a number of grants that would underwrite the Think Frankfort First initiative, which includes youth development programs, training and apprenticeship programs and an opportunity for residents of Frankfort and Franklin County of diverse background, ethnicity, industry, and interests to help ease new residents' transitions into our community. The program can be used by employers to recruit qualified talent to the community by connecting them to those who are knowledgeable and passionate about Frankfort. This strategy will attract qualified

talent to fill existing positions; prepare the next generation of business leaders in the Frankfort region; and provide unemployed residents, college graduates, and high school students with employment opportunities in Franklin County.

The numerous workforce development and recruitment initiatives offered will give Frankfort a recruiting advantage when competing for a qualified workforce, help new residents feel welcome even before they may move to the area, establish entrepreneurial and personal relationships, and create an attachment between residents/potential residents and Frankfort.

BUSINESS RETENTION & EXPANSION

While new business recruitment is always important, the highest priority of the Kentucky Capital Development Corporation, is, and has always been, the Business Retention and Expansion (BR&E) program. In FY2020-21 this program focused mainly on assisting existing businesses in navigating programs and resources available to help them respond to the coronavirus pandemic and job creation through business expansion, the foundation of effective economic development vital for recovery.

The BR&E strategy is developed from an accurate knowledge of the business community and constant communication with affected businesses and is being implemented to help businesses with recovery from the pandemic and its effects; expansion of current sites and facilities; assistance in identifying and preparing sites for expansions; and assistance with regulations and permits related to planning, zoning, and building.

In a normal environment, the business retention strategy involves regular meetings between the KCDC President/CEO, Franklin County Judge Executive and local business leaders to discuss and address any issues they may be experiencing. These visits are centered on an interview with the business owner (or president/lead staff) to learn how they can be best assisted, including questions about their plans for expansion or relocation. In light of quarantine restrictions caused by the pandemic, we continue virtual visits with target businesses. These virtual visits allowed us to create and maintain relationships with established local business owners, to build trust, and collect valuable information to recognize opportunities where KCDC can add value to the local economy.

In addition, we conducted periodic online surveys to better understand the current and projected needs of businesses. The surveys served as a regular reminder that we are a problem-solving resource for these businesses, as well as helped KCDC to stay on top of

business concerns and trends in areas such as transportation, workforce development, regulatory issues, and public safety.

We also invested heavily in programs that assist in economic recovery from the coronavirus pandemic, which include daily social media posts, Paycheck Protection Program (PPP) loan and loan forgiveness assistance, Business Resiliency Fund Loans, and hosting virtual job fairs.

PUBLIC POLICY

A State and Federal legislative strategy that includes representatives of the City, County, the Chamber of Commerce, local businesses and KCDC, continued to help influence policies that impact Frankfort and Franklin County and seek funding to help leverage local resources.

Federal advocacy efforts include: Continue to support investment in transportation infrastructure; broadband access; Kentucky signature industries (bourbon, equine, tourism, hemp production); lowering cost of health insurance for employers and employees; curbing the drug epidemic through prevention, treatment and criminal justice reform; low-cost, reliable energy; Higher Education Act Reauthorization; regulatory reform; open trade policies; comprehensive immigration reform that modernizes the guest worker program; and continuation of the federal workforce investment programs.

COVID Specific efforts include: Continue to support legal liability protections for businesses, schools and local governments; small business relief programs; tying federal weekly enhanced unemployment benefit to encourage returning to work; federal aid for UI Trust Funds; investment in broadband access; aid for critical infrastructure recovery for airlines and other tourism related businesses; investment in public health; and investment in education and workforce development programs.

State advocacy efforts include: Liability protections; business recovery programs; unemployment insurance; broadband access; airlines and airports; public health investment; local government funding to offset impact of COVID-19; the digital divide; diverse leadership; early childhood development; rigorous and relevant standards; career readiness; STEAM education; financial literacy; infrastructure; broadband access; tourism development; signature industries; local option sales tax; regulatory reform; health insurance; alcohol tax reform; substance abuse; health and wellness; energy and environment, brownfield redevelopment and business climate.