

# 2018-2019 ANNUAL REPORT



JULY 2019

# 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 and 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

Danny Willis, Chairman

Dr. Houston Barber, Vice-Chairman

Zachary Horn, Secretary/Treasurer

Heather Worthington

Sam Amburgey

Clay Patrick

## STAFF

Terri Bradshaw, President/CEO

Margaret Gray, Executive Assistant

Erin McQueen, Administrative Intern

# LETTER FROM THE CHAIRMAN

In 1993, Capital Community Economic and Industrial Development Authority, now called the Kentucky Capital Development Corporation (KCDC), was created as a quasi-government agency to build a world-class economy through the expansion and creation of jobs in Frankfort and Franklin County. Many have worked together to achieve this goal, and since KCDC's founding, it's been behind the successful relocation and expansion efforts for hundreds of industry locations/expansions and business projects, creating more than 5,000 jobs and realizing capital investments well over a half billion dollars.

For the past five years running our community has been ranked among the top in the nation for job creation and investment. The current business climate in Franklin County remains strong and we expect it to stay that way because more and more, companies are finding that Franklin County is a great place to do business, raise a family and experience all the region has to offer.

Traditionally, KCDC has focused on attracting and retaining primary industries with higher employee levels. Industries such as automotive, logistics, manufacturing, technology and financial services are still greatly important to the vitality of Franklin County, but the business climate and mix of companies and industries is changing. Entrepreneurs and start-ups are becoming more prevalent and our region recognizes that for continued economic success, we must take a different approach to economic development.

We also realize that with continued growth comes the need for skilled and experienced workforce. The need for engineers, maintenance technicians and experienced logistics and supply chain professionals, especially, is greater than ever. But like many communities nationwide the talent pipeline needs reinforcement. To fill the gaps in workforce, KCDC has a number of marketing campaigns and programs that will help attract a skilled workforce to Frankfort and is working closely with the Kentucky Chamber of Commerce and its strategy, Kentucky's Talent Pipeline, and the Frankfort Area Chamber of Commerce and its local programs, to increase the available workforce and fill the talent pipeline for the future.

Since KCDC's founding we have seen incredible growth in Franklin County which is now home to industry leading companies like Topy America, Buffalo Trace, Jim Beam, Montaplast and Centria. These companies make Frankfort their home for a reason: a great business climate, robust supply chain and incredible quality of place. We work as a community to make sure we have not just a great business climate but also excellent community programs and support, a wide variety of housing, high performing schools and university and a vibrant urban core.

For these reasons, among others, Frankfort truly is a bridge to opportunity for the businesses that locate here and for the individuals and families that call Frankfort home.

*Danny Willis*

Chairman

# ABOUT FRANKFORT/FRANKLIN COUNTY



The preliminary average weekly wage for Franklin County, Kentucky was \$805, slightly down from \$818 in 2017-18. This would be equivalent to \$20.12 per hour or \$41,860 per year, assuming a 40-hour week worked the year around.

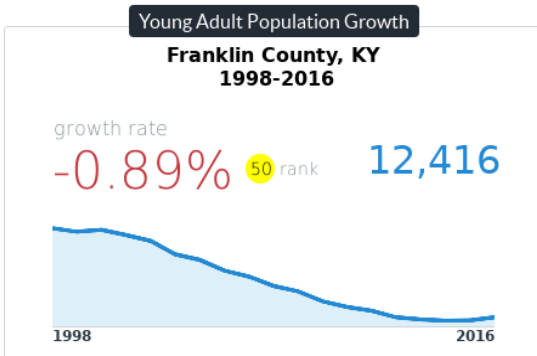
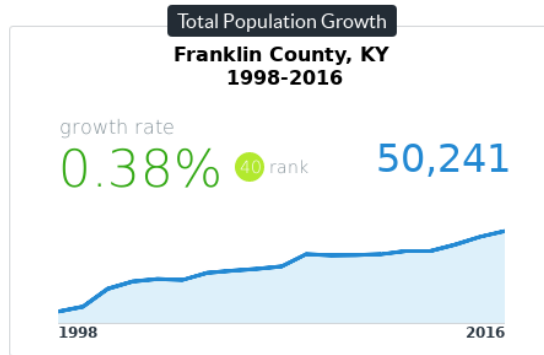
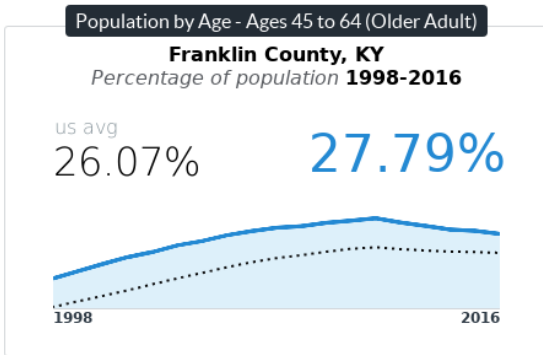
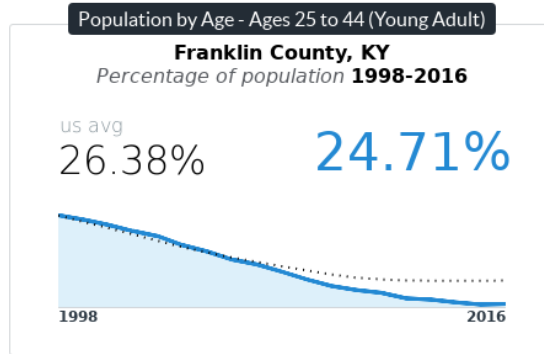
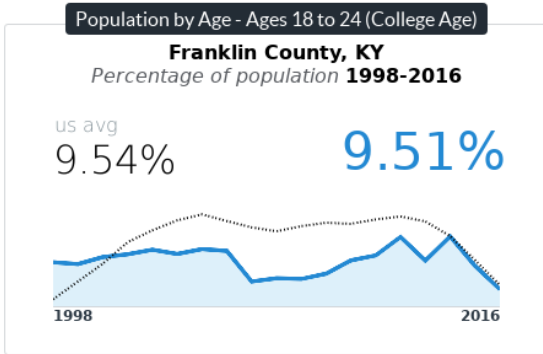
A year ago the labor force was 24,965, of which 24,152 were employed and 813 were not. The unemployment rate was 3.3%, which was .4% improved from the previous year and well below the state average.

Currently the total civilian preliminary labor force (not seasonally adjusted) for Franklin County is 24,990, of which 24,070 are employed and 920 are unemployed. The unemployment rate is 3.7% which is still below the Kentucky average of 4.3%.

## How we compare

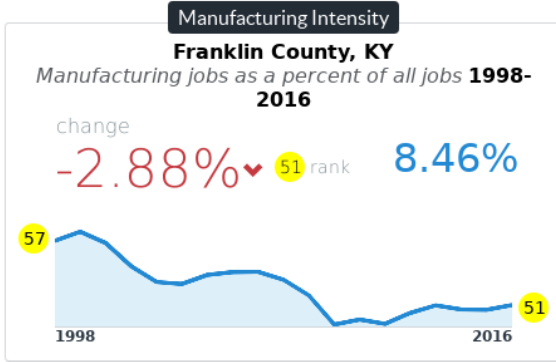
| Frankfort 2019 | vs.                     | Frankfort 2018 | KY 2019   |
|----------------|-------------------------|----------------|-----------|
| \$41,860       | Average Annual Wage     | \$42,536       | \$48,375  |
| 24,990         | Civilian Labor Force    | 24,965         | 2,064,737 |
| 24,070         | Number Employed         | 24,152         | 1,981,955 |
| 920            | Number Unemployed       | 813            | 82,782    |
| 3.7%           | Unemployment Rate       | 3.3%           | 4.3%      |
| \$53,539       | Median Household Income | \$50,999       | \$50,545  |
| 82             | Cost of Living Index    | 83.7           | 89.5      |
| \$135,250      | Median Home Price       | \$138,800      | \$143,600 |
| \$1,110        | Median Property Taxes   | \$1,078        | \$843     |
| 41             | Crimes/1,000 People     | 47             | 34        |

## Population

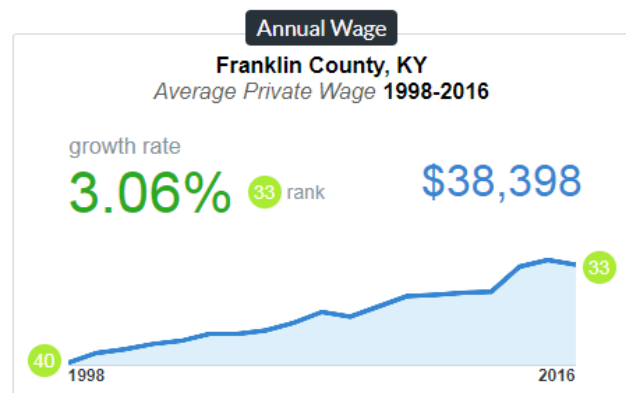
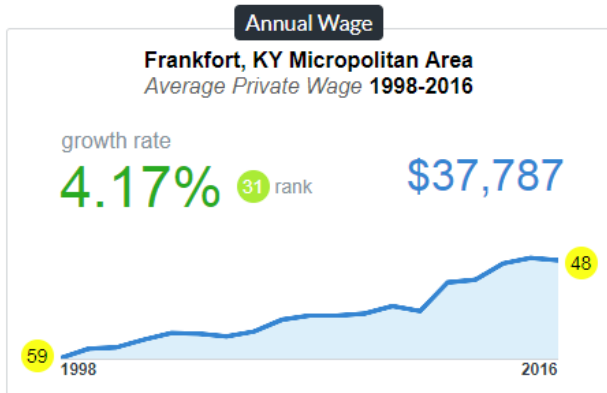


The population charts above confirm the continued trend of slow population growth in Franklin County and in the surrounding area. The data shows that the 65 years and older category is the only population growth in Franklin County over the past several years. There is a continual decline in population in all of the working age groups of 18-24, 25-44 and 45-64 years old. There has been a steady decline in the young adult population count over the past 18 years and less than half a percent growth in total population during that same time period.

## Employment



Manufacturing jobs continue to rise in Franklin County, at 8.46% of all jobs, but are still 2.88% lower than in 1998.



Since 1998, average private wages have continued to rise in the region, up 4.17% since 1998. In Franklin County private wages also have risen, but at a slower rate of 3.06% over the past 20 years.

Franklin County has risen from being ranked 40<sup>th</sup> to 33<sup>rd</sup> in the state for average private wages but, at \$38,398 annually, the average of private wages in Franklin County is still well below the state average of \$48,375 and the national average of \$61,890. However, when non-private wages are included in the average, the annual income is raised to \$41,860.



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

Gross Domestic Product (GDP), the monetary value of all finished goods and services produced within the county, has also increased 37% since 2001 in Franklin County, due to the increase in the number of manufacturers. The Micropolitan Area has also seen steady GDP growth at nearly 2% annually in the same time period. This growth rate, however, is among the lowest 20% of counties and micropolitans throughout the country.

### Payroll Tax Revenues

#### Franklin County

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

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

Payroll tax revenues continue to rise in both the city and county as job numbers and salaries increase.



# ANNUAL PROJECT ACTIVITY REPORT

Companies involved in manufacturing and a wide range of professional services dominated the year’s announcements, which came from areas across the county. Of the 150 job-creation announcements and the investment of over \$70M, nearly all were derived from existing businesses, reminding us how important a strong retention and expansion component is to our economic development strategy and how important our existing industry are to the economy of our community.

Buffalo Trace, owned by the Sazarc Company, and headquartered in Frankfort, announced a \$59M expansion adding warehousing space to their 400 acre property. They welcomed over 200,000 visitors to this facility in 2018. Buffalo Trace is the home to a number of world renowned bourbons including Pappy VanWinkle, Blanton’s, Elmer T. Lee and the Antique Collection.

Hayashi Telempu North America, manufacturers of automotive interior parts, continued to work on a \$41M expansion that began in the fall of 2017. They are headquartered in Japan and provide parts to Toyota, Honda and Subaru. Their expansion, when complete, will bring employees from current plants in Ohio and Michigan, relocate their sales branch from Lexington and hire several hundred new employees.

IDT Tools, Inc. , Jimstone, LLC and Bottoms Engineering and Service, Inc. announced expansions this year as well.

Some newcomers to the community were Precision Metal Works, a metal stamping company headquartered in Louisville; Brokenfork Design, who has invested nearly \$3M in downtown housing renovations; Goodwood Brewing Company will open the doors to its new Taphouse on July 1; and the Hay family has purchased 300 Washington Street to renovate the previous home of E.H. Taylor (Mr. Hay’s grandfather) into historic lodging, a restaurant and bar.

Relying on innovation and a highly skilled workforce, each of these companies is creating jobs and building the commercial tax base that Frankfort and Franklin County use to fund high-quality public services. These services are essential for the quality of life that nearly 50,000 county residents enjoy.

This is a report of successful business location and expansion project activity during FY2018/19.

|                               |   |
|-------------------------------|---|
| <b>Industry and Corporate</b> |   |
| Precision Metal Works         | Metalforming, assembly and finishing manufacturer   |
| Castle & Key                  | Distiller of bourbon, gin and vodka with site featuring unique architecture, a springhouse and sunken gardens making is a site of bourbon tourism |

|                                |   |
|--------------------------------|---|
| Buffalo Trace Distillery       | Distiller of world class and award winning bourbons and American whiskeys |
| Hayashi Telempu North America  | Manufacturer of automotive interior products                              |
| Castle & Key                   | Warehousing   |
| IDT Tools                      | Tool & die manufacturer   |
| Bottoms Engineering & Service  | Steel fabricating industry  |
|                                |   |
| <b>Service and Technology</b>  |   |
| Goodwood Brewing Co.           | Brewery/taproom   |
| Company Wrench                 | Heavy construction equipment rental and sales                             |
| 3 Peas in a Pod – New facility | Catering  |
| The Hay Family Project         | Historic tourism related lodging, food and spirits                        |
| Jimstone, LLC                  | Automotive Repair Services and  |

KCDC continues to work with these pending projects:

| <b>Project description</b>                                  |              |
|---|--------------|
| CBD distributor   | New business |
| European raw material company                               | New business |
| Pediatric youth home  | New business |
| CBD product distributors                                    | New business |
| Warehousing   | New business |
| Distribution warehouse                                      | New business |
| Third tier automotive manufacturer                          | New business |
| Bourbon warehousing   | New business |
| Metal-based components manufacturer                         | New business |
| Food processing and freezer facility                        | New business |
| European auto parts manufacturer                            | New business |
| Restaurant  | Sale         |
| Bourbon warehousing   | Expansion    |
| Warehouse   | Sale         |
| Manufacturing facility                                      | New business |
| Warehouse/distribution                                      | New business |
| Senior Living facility                                      | New business |
| Snack food production                                       | New business |
| Warehouse/distribution/light assembly                       | New business |
| Logistics   | New business |
| Retail center development                                   | New business |
| Plant based sweeteners, flavors and botanicals manufacturer | New business |
| Bourbon distiller   | New business |
| Material science manufacturing company                      | New business |
| Advanced manufacturing                                      | New business |
| Restaurant/bar  | New business |
| Recreation facility   | New business |

|                           |              |
|---------------------------|--------------|
| Transmission manufacturer | New business |
| Restaurant/bar            | Sale         |

When an existing Frankfort/Franklin County business expands or a new business locates in the community, significant economic benefits ensue. With the new jobs come payroll dollars, increased demand for housing, goods and services, greater capital investment and a broader tax base all of which spreads throughout the economy.

While each job added brings economic value to the community, that value varies by industry based on wages, skill level required, labor intensity, etc.

After an initial impact occurs, changes ripple through other sectors. For example, when a manufacturer expands and adds jobs, it is likely a result of increased sales. The manufacturer will buy goods and services it needs from other businesses in order to serve its customers. That is an indirect impact; indirect impacts also include the wages of the new employees. Those businesses, depending on the size of the impact, may also hire additional workers. When the employees at the manufacturer and the supporting businesses buy goods and services for their households, this creates induced impacts.

Combined, the direct, indirect and induced impacts are the total impact and measure the ripple effects of the initial change. Not all of these changes will occur within Franklin County; leakage occurs when goods and services from outside the area are purchased.

So for the approximate 150 new jobs added by the 2018-19 new businesses and expansions to the Frankfort/Franklin County economy, the ripple effect is an additional 187 jobs in other sectors resulting in a total impact of 337 jobs.

These jobs are located throughout all the other sectors of our economy. The additional jobs grew the local economy, which is measured in value added, similar to gross domestic product (GDP).

## COMMUNITY DEVELOPMENT

As has been the case over the past several years, there was no shortage of community development projects in FY 2018/2019, as city and county leadership kept its focus on positioning Frankfort/Franklin County as a leader in economic development preparedness.

With projects ranging from downtown revitalization, streets and roads, sewer expansion and fiber ready industrial and business parks, city and county officials and KCDC have worked within their own means and leveraged their reputations and relationships for state and federal assistance to improve our product.

A State and Federal legislative strategy that includes representatives of the City, County, local businesses and KCDC, continued to help influence policies that impact Frankfort and Franklin County and seek funding to help leverage local resources. The city's award of a nearly \$8M TIGER grant and the Opportunity Zone designation are examples of the success of these partnerships and our strategy to attain state and federal monies to benefit our community.

This partnership allowed 25 local business and civic leaders to visit our Congressional delegation in Washington D.C. and to speak to a number of agency staff from which we are seeking grant funding.

## DOWNTOWN DEVELOPMENT

In the summer of 2018, the City of Frankfort was informed that Census Tract 712 which includes the Capital Plaza Area and the Holmes Street Corridor has been certified as an Opportunity Zone by the U.S. Department of the Treasury and the Internal Revenue Service.

The Tax Cuts and Jobs Act of 2017 created Opportunity Zones to spur investment in distressed communities to encourage long-term investments in low-income urban and rural communities throughout the country.

The designation offers significant federal tax breaks and deferrals to entities and individuals investing in Opportunity Funds, which support development projects within one or more zones. There are currently two projects in downtown Frankfort using Opportunity Funds.

The Community Development Advisory Committee and the Development Advisory Committee continued work with City Visions, to prepare and implement a redevelopment strategy for downtown that includes the central business district, the Capital Plaza Area, and Wilkinson and Holmes streets and the Opportunity Zone.

With this redevelopment strategy underway, the local business activity continues to see many exciting developments in a wide range of services. Downtown is the spot for several of these new businesses. Foolproof Creative Studios opened at 235 West Main, and just down the street is Hoggy's Ice Cream. Goodwood Brewing Company opened at the other end of Main Street. While the Crumbaughs began renovation of the Marcus building into a multi-use facility on St. Clair, their neighbor's at the Brick Alley began their expansion next door.

KCDC and Downtown Frankfort Inc. continue to focus our downtown recruiting efforts on entertainment providers. We are working with a number of prospective brewery/taprooms, restaurants and pubs in an effort to recruit them to our downtown. KCDC, the Chamber of Commerce, Tourist Commission and DFI boards of directors have all written letters to the City of Frankfort requesting they apply for an Entertainment Destination Center (EDC) designation for a

large part of the downtown area. This designation will allow patrons to possess open containers of alcohol on public streets and sidewalks within the EDC and will activate the sidewalks of downtown.

## OUTREACH

The Kentucky Capital Development Corporation highlights Franklin County through local and national events, activities and sponsorships. In FY2018/19, the KCDC staff:

**Organized/Hosted** Franklin County Industrial Development Authority annual meeting, meetings of local developers and realtors; Commerce Lexington Regional Public Policy meeting; Avison Young consultant visit to Frankfort; Campio consultant visit from Detroit; Community Concierge planning group; local industry meetings; Bluegrass Area Development District Economic Development Committee quarterly meeting; Kentucky League of Cities and Kentucky Association of Counties “Responsibilities of Local Elected Officials” luncheon; Opportunity Zones Best Practices Seminar; Bourbon on the Banks Japanese Company Appreciation Dinner; meetings with local banks to discuss financial partnership strategies for downtown revitalization; seven EmpowHER Frankfort events featuring the following speakers: Wendy Kobler (KSU Town & Gown event), Cindy Steinhauer (downtown redevelopment strategy), Terri Bennett (Periwinkle Interiors), Sarah Newnan and Meredith Moody (Buffalo Trace); Mike Feldman (Community Branding); Kristin Cantrell (Foolproof Creative Production Studios) and Joe Kuosman (West Sixth Farm); Washington D.C. legislative fly-in that met with Secretary Chao and Congressman Barr, as well as Senators McConnell and Paul, FERC Chairman Neil Chatterjee, Matthew Dalbey ( Director, EPA – Office of Sustainable Communities) , Johnathan Holifield(Executive Director – White House Initiative on Historically Black Colleges and Universities), J. Todd Inman (Chief of Staff – Department of Transportation), Kelly Poulsen (Vice President – Federal Government Affairs for the Distilled Spirits Council) , and Kenan Fikri, Catherine Lyons, and Rachel Reilly of EIG

**Partnered** in Churchill Downs event for local contractors; FIS Student Apprenticeship Program, Leadership Lexington: Central Kentucky newly elected legislators breakfast; Frankfort Independent Schools/City of Frankfort grant; Central Kentucky region elected officials economic development simulation; US EPA Secretary visit to Central Kentucky; and state and federal legislative strategy

**Presented** to the Kentucky Association of Counties, Kentucky Association of Economic Development; Urban Land Institute; Economic Innovation Group (EIG); Whitaker Bank Board of Directors: Frankfort City Commission, Franklin County Fiscal Court, Frankfort Independent School Board; Frankfort Rotary; Kentucky Housing Corporation: Frankfort Optimist Club; Frankfort Kiwanis; National Manufacturing Day event; King’s Sons and Daughters; and Commerce Lexington Regional Public Policy Committee

**Participated** in the Community Branding Committee; Frankfort Area Chamber of Commerce monthly board meetings, annual meeting, legislative events and Economic Development Committee; Second Street BUILD grant meetings; Work Ready Communities Committee; Frankfort First Committee; Downtown Frankfort, Inc. (DFI) monthly board meetings and annual meeting; Brownfield Committee; Kentucky Workforce Investment Board meetings; Downtown Reinvestment Grant Committee; KY Association of Economic Development spring and fall conferences; numerous interviews with local and regional media; Bluegrass Alliance consultant visits and legislative meetings; Central Kentucky Washington DC Fly-In; World Trade Day; Frankfort/Franklin County Public Policy Committee; Frankfort Plant Board public meetings; Frankfort City Commission meetings; Franklin County Fiscal Court meetings; Bourbon Strategies Committee meetings; KY Chamber of Commerce Central KY Policy Meeting; Bourbon on the Banks meetings; Kentucky State University Women in Leadership Conference; Bluegrass Area Development District Economic Development Advisory Committee; ESGR Appreciation and Awards event; Development Advisory Committee; Community Engagement Advisory Community; KY Association of Manufacturers business briefings; State Journal Editorial Board meetings; Burlington Condo Association meetings; numerous webinars on downtown development and urban retail; Kentucky Housing Corporation meetings; meetings with Sustainable Strategies DC concerning our local legislative strategy; Traditional Bank Women in Business program; StateBook International webinar trainings; Japanese American Society of Kentucky Governor's Reception; KY Highway Contractors Association meeting; Area Development Magazine Women in Economic Development Forum; KAED Public Policy Committee; KAEDF board meetings; and the following webinar trainings: *The Art of Branding a Community*, *Big Success Starts With a Plan: Creating Your Own Action Plan*, *How to Design and Develop a Low-Cost Amazing Plaza*, *It's Time to Move From Events to Activities*; *Tourism & Downtown: The Hot New Power Couple*, *Restrooms Attract a Lot More Than Flies*; *Fixing Downtown: Where Do We Start?*, *A Thriving Downtown, Parts 1 & 2*, *The 20 Ingredients of an Outstanding Downtown*, *Strategies for Community-led Opportunity Zone Investments* and Heartland Visas.

## MARKETING AND BRANDING

KCDC continued to make significant shifts in marketing efforts, but remained committed to its biggest strengths – strong local, state and regional partnerships and promoting the community's track record in creating a pro-business culture.

Our primary focus was to create a new content-rich website that presents a first impression of the community as a business destination and communicates clearly the benefit of doing business in Frankfort/Franklin County. We continued to update the site and add user friendly features making the site more accessible and better reflecting of our brand. The site provides information consistent with our prospect packets; contains up-to-date data and is mobile friendly.

We continue the use of Facebook, Google+ and LinkedIn as marketing tools. This year staff promoted the agency, the community and a variety of events on these social media venues. Among our followers are site location consultants, elected officials, and other economic development groups. Staff continues to become educated on the many ways of maximizing these tools for positive community exposure.

Perhaps the most understated, yet effective method of establishing its trademark, KCDC relied on its media relations to generate editorial copy in local, regional, and national publications. Editorial content provides a credibility factor that a paid advertisement cannot and we have been fortunate to maintain an excellent working relationship with the local and regional media, thus are called upon often for input in articles concerning local and state issues.

KCDC also touted our message through multi-media news releases and interviews, email, print and online campaigns and continues work with the Community Branding Committee in establishing a message that becomes the “brand” of our community and the agencies who partner in its development.

By participating in the Bluegrass Alliance consultant luncheons in Lexington, Chicago and Atlanta, KCDC teamed with other KY communities to host an event with national consultants.

These opportunities for Franklin County to collaborate on recruitment events around the country is a great example of using partnerships with the state, local and business communities to build on our successes. Together, we are able to show target companies the level of community support they can enjoy in Frankfort and why we have one of the most highly regarded business climates in the country.

## PROFESSIONAL DEVELOPMENT

KCDC’s Board of Directors has always prioritized continued education/professional development of staff as a core value. With a limited budget, staff turned to webinar training opportunities, KY Association of Economic Development and Area Development Magazine conferences, Frankfort Area Chamber of Commerce seminars and simply scheduled time with other economic developers who have areas of expertise the KCDC staff does not.

KCDC staff received training in such areas as downtown revitalization; Kentucky’s Product Development Initiative; Preparing for Investing; strategic planning, Opportunity Zones, ZoomProspector, workforce development, resources to grow community businesses, investment capital for Kentucky start-ups and growing Kentucky’s innovation ecosystem. Staff also participated in the following webinars: *The Art of Branding a Community*, *Big Success Starts With a Plan: Creating Your Own Action Plan*, *How to Design and Develop a Low-Cost Amazing Plaza*, *It’s*

*Time to Move From Events to Activities; Tourism & Downtown: The Hot New Power Couple, Restrooms Attract a Lot More Than Flies; Fixing Downtown: Where Do We Start?, A Thriving Downtown, Parts 1 & 2, and The 20 Ingredients of an Outstanding Downtown.*

## OTHER ACCOMPLISHMENTS

- Named by Site Selection Magazine the 5th Top Micropolitan in Kentucky and 29<sup>th</sup> in the U.S for job creation and investment
- Frankfort Regional Medical Center received “B” ranking for patient safety
- Franklin County was presented the Kentucky Economic Engine Award by the Kentucky Tourism Industry Association
- Named one of the Top Best Places for Manufacturing and Best Locations in the Louisville Area for Automotive Suppliers by Southern Business & Development Magazine

## OUR PARTNERS AND ALLIES

Many organizations share the KCDC goal of building Franklin County’s economy and making the county an even better location to do business and succeed. Kentucky Capital Development Corporation is pleased to work with these partner organizations such as Bluegrass Area Development District, Bluegrass Workforce Investment Board, City of Frankfort, Downtown Frankfort, Inc., Frankfort Area Chamber of Commerce, Frankfort/Franklin County Tourist & Convention Commission, Frankfort Plant Board, Franklin County Fiscal Court and Kentucky State University, as we expand relationships with business communities local and worldwide and develop a stronger and more diversified economic base.

Of course KCDC also relies on its strong relationships with its state and regional partners, such as the Kentucky Cabinet for Economic Development, Kentucky Finance and Administration Cabinet, KY Workforce Development Cabinet, KY Association of Economic Development, KY Association of Manufacturers, KY United, Commerce Lexington and Bluegrass Alliance.



Bluegrass Alliance is a regional marketing effort that is a joint venture of Scott, Madison, Fayette, Woodford, Jessamine, Bourbon, Clark, Montgomery and Franklin counties along with partners from the utility industry including Columbia Gas of Kentucky, Delta Natural Gas, East Kentucky Power and E.On U.S.

Through strategically planned marketing events with the Bluegrass Alliance, KCDC generates leads and business relationships with prospects and consultants, working to increase private capital investment and create higher incomes for our citizens. KCDC participated in consultant visits in Atlanta, Cincinnati, Chicago and Lexington.



As the only Franklin County investor and participant in Bluegrass Alliance activities, it is important KCDC remains active and visible to keep the community “on the radar” of not only the key players these initiatives target, but for the state and regional organizations that serve as lead providers as well.

These organizations continue to use an approach that is in line with what we believe will allow us all to be successful. Economic development is a team sport and by working with other proactive, committed communities and our local, regional and state economic development partners we deliver a consistent, professional, compelling story and strengthen our brand as a pro-business community.

## FOLLOWING OUR PLAN

The KCDC Strategic Plan is a comprehensive planning document that organizes our long-term vision into goals, strategies and action plans. In April 2013, the KCDC Board of Directors adopted the strategic plan to guide important policy and investment decisions over the coming years. Our intention is to complete and implement the updated plan in summer 2019.

The strategic action items outlined in this document were established to help maintain an emphasis on the most critical issues facing us and provide focus for policy and funding decisions and, where appropriate, provide guidance in the reallocation of existing resources.

The accomplishments listed in the following pages are reflective of the actions KCDC has taken to contribute to the overall success of achieving the goals in the plan during the fiscal year 2018-2019.

### **Mission Statement**

The mission of Kentucky Capital Development Corporation is to promote economic development of the Frankfort-Franklin County area through continuous enhancement and marketing of the workforce, infrastructure, and quality of life assets in this community. Through partnerships, we seek to build a community that is globally competitive as a place to live, work and do business.

### **Vision**

In ten years, Frankfort/Franklin County will have a growing economy because:

We will be a fully certified Work Ready community with a skilled labor pool large enough to attract new firms, especially those in environmentally sustainable sectors.

City/County officials are partners in economic growth by:

Fostering a regulatory environment that is consistent, flexible and supportive of business;

Developing and implementing incentives targeted to creating a more balanced local economy between public and private employment; and

Assuring the public infrastructure is adequate to support new economic growth.

We offer a highly desirable quality of life reflected in:

A revitalized downtown;

A successful educational system that supports lifelong learning for professional, technical, and skilled crafts positions; and

An attractive riverfront area that anchors a broad array of recreational opportunities.

**GOAL ONE****Ensure the infrastructure and supply of land/facilities supports continued economic development.**

| <b>Strategies</b>   | <b>Actions</b>   | <b>Completed Actions</b>  |
|---|--|---|
| Increase the inventory of land ready for economic development | Existing vacant properties have been corrected and turned into productive properties   | Maintained a searchable database of all available industrial and commercial property (land and buildings), to allow for quick and organized property searches for prospects. Created an Opportunity Zone prospectus for downtown Frankfort which was sent to 200 consultants throughout the United States. Continued work with local governments on infill projects to “recycle” abandoned and dilapidated properties to other uses. Sold 3 vacant professional office properties in Industrial Park #3 to be used for development/job creation. Worked with private developer to develop 120-acre industrial park extension. |
|   | Identify and evaluate EPA qualified brownfields to determine costs of recovering properties for future use   | City’s Brownfield Assessment Grant has successfully completed 12 Phase I Assessments and 11 Phase II Assessments. The grant has also successfully removed abandoned petroleum tanks on Louisville Road and Second Street. Requested Brownfield Planning Grant Funds to be used for assistance to conduct reuse planning activities for Holmes Street area. Did not receive, but will apply again next year and continue to request state EPA funds.   |
|   | Work with city and county governments to evaluate the capacity of current infrastructure to meet existing and future public utility needs  | Continued work with city, county and state to determine best opportunity for success of the expansion of sewer to South 127. Met regularly with Frankfort Plant Board and industry representatives to assure infrastructure needs are being met to allow uninterrupted production. The FIRE (Frankfort Industry for Reliable Energy) group continued to meet with FPB concerning internet/fiber improvements. City continued work on the \$14M Second Street Corridor revitalization. City has prepared and submitted a new application for a BUILD planning grant for the Holmes Street area.                                |
|   | With partners, discuss with the city and county the costs/benefits of establishing a capital improvements plan with designated set-aside funding based on a capital improvements district. | Worked with city and county officials on incentive possibilities that include set-aside funding, Tax Increment Financing and tax abatements/moratoriums for area improvement projects. KCDC staff serves on the Downtown Revitalization Grant committee and continued to meet with a group representing local lending institutions to discuss possibilities of forming a local infrastructure fund to promote downtown redevelopment. Worked  |

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|  |   | with city and county to use of the EPAD/PACE, an energy efficiency incentive program.   |
|  | Continue to seek CDBG funds to partner with local government on infrastructure development  | Held regular meetings with our Department of Local Government representative to determine allowed use of previous CDBG funds, as well as possible future uses. We are currently under contract with West Sixth Brewery who is using CDBG Revolving Loan Funds for infrastructure costs involved with the development of West Sixth Farm.  |
| Kentucky Capital Development Corporation will have acquired an industrial site with required infrastructure available for new businesses or the expansion of existing firms. |   | All industrial property owned by KCDC has been sold, and we have only one small professional office lot available in Industrial Park #3. Since KCDC does not have the funding available to purchase and provide infrastructure to new property, we continue to work with private landowners/developers to market their property for industrial use. We continue to aggressively market <b>650</b> additional acres and <b>20</b> additional industrial and commercial buildings totaling <b>770,000 sf</b> , owned by private investors throughout Franklin County. We are pursuing a grant to assist with future development of adding 120 acres to existing industrial park #3. |
| Enhance the quality of available properties  | Establish criteria for evaluating the readiness of available properties for new businesses. Share evaluations with property owners and encourage them to address deficiencies | Used the Kentucky Cabinet for Economic Development criteria to promote "Build-Ready" Sites.   |

**GOAL TWO**  
**Ensure the skills and knowledge of the workforce matches the labor demands of existing and prospective employing firms.**

| <b>Strategies</b>   | <b>Actions</b>  | <b>Completed Actions</b>   |
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| Increase collaboration with city and county school systems in workforce development efforts | Continue to emphasize the critical supporting role of education in economic growth. | Chamber of Commerce Education Committee is sponsoring INSPIRE program, to create a pipeline of well-trained, informed and talented workforce. KCDC hosted regional job and career fair to allow employers to recruit and inform job seekers of possible careers within the industry sectors in the region. KCDC administers grant to Frankfort Independent Schools that allows new technology both in the schools and homes of the students. |

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|  | Complete the process of becoming a Work Ready Certified Community   | The Certified Work Ready Community Committee continued to determine ways to meet the criteria required to advance the community from "In Progress" to fully certified.   |
|  | Enhance the value attached to craft and technical skills in the community   | We continue to work with Franklin County Career and Technical College, Bluegrass Community and Technical College and Kentucky Association of Master Contractors on projects to promote technical skills occupations.   |
|  | Increase the proportion of students participating in technical, skilled craft, and STEM educational programs  | See above.   |
|  | Find ways to increase school officials' and teachers' understanding of the knowledge and skills required to be a work ready employee in a 21 <sup>st</sup> -century economy | Ten local teachers participated in the INSPIRE program's teachers academy, which allowed educators to interact with business professionals in a workplace environment.   |
|  | Seek opportunities to bring teachers and school officials into local industries so they can observe how academic content translates into work ready skills                  | See above  |
|  | Work with schools and other organizations to develop soft work skills   | The Frankfort Area Chamber of Commerce continues working toward Work Ready Community certification and sponsors the INSPIRE program, both include the development of soft skills.  |
|  | Address the gap in the retraining of adults for new careers   | Work with Bluegrass ADD, Bluegrass WIB and Bluegrass State Skills Corporation to provide funding for training of adult workforce for manufacturers and individuals. Work with KY Cabinet for Economic Development and KY FAME representatives to promote participation in the FAME program to our local manufacturers. |
|  | Continue support for the new career/technical school when completed.  | Continuously work with FCPS and FIS on projects, committees and ideas to support career and technical training.  |
| Assist industries in promoting the benefits of | In partnership with local industries, develop   | In addition to Career Fair, jobs and in-school promotions, The Chamber's INSPIRE program   |

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| this economic sector as a career option   | promotional materials that explain the diversity of industrial careers.                     | developed posters for each of the schools that explains each industry and the salaries and education associated.  |
|   | Work with local schools and youth organizations to increase knowledge of industrial careers | Ten local teachers participated in the INSPIRE program's teachers academy, which will allow educators to interact with business professionals in a workplace environment. |
| Identify ways to leverage the values offered by KSU more directly in economic development efforts | Strengthen KSU's involvement in economic development recruitment and retention              | Representatives of KSU served on the workforce committee with industry representatives and helped in planning and training at job and career fair.                        |

**GOAL THREE**  
**Build a more welcoming and supportive climate for economic development.**

| <b>Strategies</b>  | <b>Actions</b>   | <b>Completed Actions</b>  |
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| Identify city/county regulations that are barriers for economic growth                                 | Gather stories of problem areas in city/county regulations   | Regularly met with local realtors/developers, city/county officials and P&Z officials to address regulative barriers to development. KCDC maintains data for comparison to surrounding counties to allow us to determine areas where we are not competitive and address them appropriately.   |
|  | Identify specific regulations that have proven problematic for businesses  | See above.  |
| The city and county regulatory environments will be coordinated to a similar vision.                   | Overlay city and county regulations that affect businesses and/or economic development to identify contradictions or duplications. Based on this analysis, identify ways to make the regulatory environments more consistent and flexible. | City and county P&Z officers continue to work together to assure conformity and consistency within the regulations.   |
| There will be clearly defined and frequently used incentives (and penalties) for economic development. | Encourage city and county governments to establish a one-stop listing of all regulations required to open or expand a business in Franklin County  | The Frankfort Area Chamber of Commerce determined these publications are obsolete and not cost effective. We will promote the use of the KY Small Business Administration site for this information. For larger commercial and industrial projects, KCDC staff serves in this capacity. The Chamber serves smaller businesses in meeting these needs. |

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|  | <p>In collaboration with public and private partners, determine the possibility of establishing an economic development ombudsman to assist new or expanding businesses.</p> | <p>This topic was discussed during meetings with developers and realtors. It remains on the list of items to address, but was not considered highest priority, so will be addressed as other issues are resolved.</p> |
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**GOAL FOUR**  
**Increase targeted marketing of Frankfort/Franklin County as a desirable place for industrial location and expansion**

| <b>Strategies</b>   | <b>Actions</b>   | <b>Completed Actions</b>   |
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| <p>Develop a web-based marketing plan for the KCDC that focuses on retention and expansion of existing businesses</p> |  | <p>Continue to implement an expansion and retention program with local manufacturers that involves regular meetings and submission of online surveys to discuss issues and then connect them with local or state officials that could help them resolve these issues. Work with the Kentucky Distillers Association, the Bourbon Trail, the KY Cabinet for Economic Development, the Bourbon Strategies committee and other spirits oriented businesses on an event to educate the community on the positive and far reaching effects the spirits industry has on Frankfort and Franklin County and how we can make our community more business friendly to the spirits industry. This event will be filmed and available online. Links provided from KY United, Bluegrass Alliance and Kentucky Cabinet for Economic Development sites to the KCDC site allow increased visibility and access; and updated lists of available land and buildings in Franklin County are provided on all sites. Continue to drive visitors to our Social Media sites with regular posts.</p> |
| <p>Identify and act on opportunities for regional marketing</p>   | <p>Ensure that a representative of Kentucky Capital Development Corporation is present at all BEAM meetings by demanding adequate notice of meetings</p> | <p>(The BEAM program no longer exists.)President/CEO of KCDC is a member of the Bluegrass Alliance, Kentucky United, the Kentucky Association of Economic Development and the Bluegrass ADD Economic Development Committee. She attended consultant visits in Lexington, Chicago and Atlanta and participates in regional public policy planning concerning legislation that affects businesses.</p>   |

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|  | Identify adjacent communities interested in partnering on marketing   | The President/CEO of KCDC is a member of the Bluegrass Alliance that consists of Franklin, Scott, Fayette, Bourbon, Clark, Madison, Woodford, Jessamine and Montgomery counties economic development agencies. We partner with these agencies to host annual prospect visits.  |
|  | Strengthen involvement in Bluegrass Alliance  | KCDC partnered with Bluegrass Alliance to host an economic development simulation day for regional elected officials and city/county leaders.  |
| Maintain an up-to-date and comprehensive listing of available properties |   | A searchable, up-to-date, comprehensive listing of all available industrial and commercial properties including photos is available on the websites of KCDC, the KY Cabinet for Economic Development, Statebook and Bluegrass Alliance. A building inventory project was begun by DFI in 2017 and they are still working with the designers to get the program populated and ready for use.  |
| Maintain a program of industry visitation                                | Establish a regular schedule of industry visitation   | The President/CEO of KCDC and the County Judge meet with industry representatives regularly as part of the industry retention and expansion program. Most industry have representatives who actively serve on a variety of KCDC committees and an industry representative serves on the KCDC Board of Directors. The FIRE (Frankfort Industry for Reliable Energy) group has been reestablished and met quarterly. This group has representatives from all local industries. |
|  | Develop a set of open-ended questions (e.g. What's working for you in this community?) that would allow industry representatives to comment on aspects of this location | A questionnaire was established and is asked of each of the industry during an in-person visit to their facility.  |
|  | Use these responses to: <ul style="list-style-type: none"> <li>- Enhance marketing materials;</li> <li>- Identify emerging concerns within this sector.</li> </ul>      | Any concerns revealed from the aforementioned questionnaire are immediately conveyed to the entity most likely to resolve the issue.   |
| Promote educational, housing, recreational                               |   | A new recruitment packet was created to promote all aspects of the community,  |



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| <p>and entertainment choices in the community to potential and current industries and their employees</p> |  | <p>including quality of life, to prospects. The packets were printed professionally and specifically to allow each to be tailored to the individual project. In addition, staff compiled extensive data addressing quality of life issues, to help determine next steps toward improvement. KCDC continues to administer the City/FIS grant that provides \$60,000 to market the community's education programs and accomplishments.</p> |
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**GOAL FIVE**  
**Continue to encourage quality of life improvements in the community to enhance the competitiveness of Frankfort/Franklin County in attracting and retaining industry.**

| <b>Strategies</b>  | <b>Actions</b>   | <b>Completed Actions</b>  |
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| <p>Complete riverfront development</p>   |  | <p>Staff serves on Development Advisory Committee and Community Engagement Advisory Committee to promote redevelopment of the Capital Plaza Tower and convention center property. Community continues to meet with Parks representatives, Ky Transportation staff and R.J. Corman representative to discuss future uses of walking bridge next to RR bridge and painting of trestle. Continue to recruit "river industry" to the area. Continue to meet with local and outside business owners concerning a variety of boat associated venues interested in locating on the river in Frankfort.</p> |
| <p>With local partners, encourage local and state governments to expand and improve access throughout the community.</p> | <p>Improve river bridges</p>   | <p>See above.</p>   |
|  | <p>Evaluate alternatives to one-way streets to improve downtown access</p>   | <p>City is preparing Main Street for a switch to become a 2-way street. They continue to work with the Commonwealth to determine feasibility of changes to Mero, Clinton, Ann and High.</p>   |
|  | <p>Increase access to downtown parking for visitors and residents through innovative public/private partnerships</p> | <p>A parking structure is currently being built on Mero Street through a P3 project. That parking can be utilized by the public when state office building is closed.</p>   |
|  | <p>Increase enforcement of parking regulations to increase</p>   |   |

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|  | turnover at existing parking spaces downtown   |   |
|  | Assess the costs and benefits of utilizing golf cart trams around downtown to increase visitation downtown   |   |
| With local partners, work to increase pride in the attractiveness of the community as a place to visit, shop and live. | Support neighborhood beautification projects   | City recently received an \$8M TIGER grant to redevelop the 2 <sup>nd</sup> Street corridor and are currently requesting BUILD grant money to prepare for Holmes Street neighborhood revitalization project. City changed the Planning & Zoning Director responsibilities to include a larger focus on community and neighborhood development. City sponsored \$100,000 Downtown Rehabilitation Grant, Neighborhood Revitalization Grant, Community Collaboration Program and Neighborhood Beautification Grants.   |
|  | Identify possible incentives for property owners to maintain and improve their buildings and grounds   | Downtown Frankfort was designated an Opportunity Zone and a variety of local incentives has been approved by city and county leadership to improve existing buildings and properties, including tax abatements, Tax Increment Financing, low-interest loans and project grant money (listed above). We also continue to meet with respective representatives of the New Market Tax Credit, Your Kentucky Home Down Payment Assistance Gift Program; Commonwealth Infrastructure Fund and Opportunity Zone to become better informed about the programs available as we revitalize downtown. |
|  | Establish recognition programs for property and neighborhood beautification projects   | City offers Neighborhood Reinvestment Grants  |
|  | Encourage and support local governments in developing, maintaining and upgrading community quality of life infrastructure (i.e., parks, recreational programs) | The City of Frankfort received an \$8M TIGER grant for infrastructure redevelopment of the 2 <sup>nd</sup> Street corridor. They have requested BUILD planning funds for the Holmes Street corridor for similar infrastructure expenses. City and County continue to work with our federal legislators to identify funding sources for infrastructure projects and several attended the KCDC legislative strategies visit to Washington D.C. KCDC staff continues to meet with elected officials at both the state and national level regularly throughout the                              |

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|  |                | year.   |
| With other partners, encourage access to high speed internet throughout the county that keeps pace with technological improvements.  |                | KCDC staff meets with FPB and AT&T representatives regularly to discuss their infrastructure studies and plans for upgrades. FPB continues to work toward building a new, fully fiber optic network and to provide fiber-to-the-home. Industrial Park #3 is designated by AT&T as a Fiber-Ready Park.   |
| <b>GOAL SIX</b><br><b>Kentucky Capital Development Corporation has the resources and organizational capacity to promote the economic opportunities in Frankfort/Franklin County.</b> |                |   |
| <b>Strategies</b>  | <b>Actions</b> | <b>Completed Actions</b>  |
| Maintain and enhance the financial capacity of the KCDC to fulfill its mission.  |                | KCDC remains financially solvent. Obtained an LBAR grant for \$2,000 to expand the EmpowHER Frankfort program. Provided all audit, loan and grant agreement information to involved parties as required for reporting and monitoring purposes. Researched interest and investment options and increased interest income by nearly 40%. Finished 2018-19 below requested budget. |
| Periodically evaluate capacity of staff to assist KCDC in fulfilling its mission.  |                | KCDC staff currently works extensive overtime to assure our current projects are completed timely. Any additional responsibilities for KCDC will require additional staff, thus additional funding.   |
| Periodically evaluate Board structure and policies for effectiveness in fulfilling its mission.  |                | A review of the KCDC by-laws, including board structure and function, was done, and were determined to be effective. Updates to the Strategic Plan are made and waiting board approval. Made monthly and annual reports to board members and local elected officials.   |
|  |                | Remodeled our office space to make one large conference room upstairs and installed new carpet and flooring throughout.   |