

ORDINANCE NUMBER 5 - 2021

**AN ORDINANCE OF THE FRANKLIN COUNTY, KENTUCKY, FISCAL COURT APPROVING THE EXECUTION OF A LOCAL PARTICIPATION AGREEMENT RELATING TO THE ESTABLISHMENT AND IMPLEMENTATION OF A DEVELOPMENT AREA TAX INCREMENT FINANCING DISTRICT KNOWN AS THE DOWNTOWN FRANKFORT DEVELOPMENT AREA WITHIN THE CITY OF FRANKFORT, KENTUCKY.**

**WHEREAS**, the City of Frankfort, Kentucky (the "City") has proposed the adoption of an ordinance establishing the Downtown Frankfort Development Area (the "Development Area") tax increment financing district, pursuant to the provisions of KRS 65.7041 to KRS 65.7083 (the "Act") to pay for project costs and redevelopment assistance (as defined in the Act) to support the development and redevelopment of the Development Area (the "Project"); and

**WHEREAS**, the City has agreed to a pledge of certain new Incremental Revenues (as defined in the Act) to support the Development Area through the execution of a Local Participation Agreement, as described in the Act, and has requested the County of Franklin, Kentucky (the "County") to pledge certain new Incremental Revenues generated from the Development Area to support the Development Area by being a party to the Local Participation Agreement; and

**WHEREAS**, the County has reviewed the request from the City and has determined that it is appropriate to make a pledge of new Incremental County Revenues created within the Development Area to pay for Public Infrastructure Costs and provide Redevelopment Assistance for the Project as requested to promote development in the City and County.

**NOW, THEREFORE, BE IT ORDAINED BY THE FISCAL COURT OF THE COUNTY OF FRANKLIN, COMMONWEALTH OF KENTUCKY, AS FOLLOWS:**

Section 1. Incremental Revenues. The County hereby approves the pledge of fifty percent (50%) of the Incremental Revenues from County real ad valorem taxes and occupational taxes from payroll taxes generated within the Development Area (the "County Incremental Revenues") for twenty (20) years to support the payment of Public Infrastructure Costs or to provide Redevelopment Assistance to promote the development and redevelopment of the Project and the Development Area, as more specifically set forth in a Local Participation Agreement, which shall be executed in furtherance hereof; provided, however, that the pledge of County Incremental Revenues to the Development Area shall cease once the Public Infrastructure Costs, as set forth in the Local Participation Agreement, have been fully paid, or the County Incremental Revenues paid to the Development Area reaches \$1,500,000, whichever first occurs.

Section 2. Special Fund. That after activation of the Development Area (as provided by the Act and the Local Participation Agreement), the County hereby directs that its Incremental Revenues pledged to support the Development Area shall be annually transferred to the Special Fund for the Development Area established and maintained by the Agency, designated by the City, to be used as provided by the Local Participation Agreement and the Act.


Section 3 Authorization. The County Judge/Executive is hereby authorized to execute and deliver, in the name and on behalf of the County, a Local Participation Agreement, among the City and Agency and to take such other actions as may be reasonably necessary to accomplish the foregoing and to carry out the County's obligations under the Local Participation Agreement and this Ordinance. The form of Local Participation Agreement to be signed by the County Judge/Executive on behalf of the County shall be in a form in conformance with the Act, substantially similar to the Local Participation Agreement attached at Exhibit A.

Section 4 Partial Invalidity. If any section, paragraph, clause or provision of this Ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions.

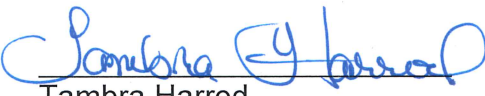
Section 5. Conflicting Instruments. All ordinances, resolutions, orders, or parts thereof, if any, in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

Section 6. Effective Date. This Ordinance shall be in full force and effect from and after its adoption and publication as provided by law.

This Ordinance was introduced, seconded and given first reading at a duly convened meeting of the Fiscal Court of the County of Franklin, Kentucky, held on the 27<sup>th</sup> day of May, 2021 and given second reading and adopted at a duly convened meeting of the Fiscal Court held on the 10 day of June, 2021.

  
\_\_\_\_\_  
Huston Wells  
County Judge/Executive

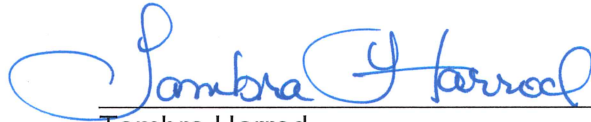
ATTEST:

  
\_\_\_\_\_  
Tambra Harrod  
Fiscal Court Clerk

CERTIFICATE

I, the undersigned, do hereby certify that I am the duly qualified and acting Fiscal Court Clerk of the County of Franklin, Kentucky, that the foregoing is a true and complete copy of a certain Ordinance duly adopted by the Fiscal Court of the County of Franklin, Kentucky, at a duly convened meeting properly held on the 10<sup>th</sup> day of June, 2021; that said Ordinance appears as a matter of public record in the official records of the Fiscal Court; that said meeting was duly held in accordance with all applicable requirements of Kentucky law, including KRS 61.810, 61.815 and 61.820 that a quorum was present at said meeting; that said Ordinance has not been amended, modified, revoked or repealed; and that same is now in full force and effect.

June, 2021. **IN TESTIMONY WHEREOF**, witness my signature this 10 day of



Tandra Harrod  
Fiscal Court Clerk

**SECOND READING**

**“AN ORDINANCE OF THE CITY OF FRANKFORT, KENTUCKY (THE “CITY”) MAKING CERTAIN FINDINGS CONCERNING AND ESTABLISHING A DEVELOPMENT AREA FOR ECONOMIC DEVELOPMENT PURPOSES WITHIN THE CITY TO BE KNOWN AS THE DOWNTOWN FRANKFORT DEVELOPMENT AREA; APPROVING A LOCAL PARTICIPATION AGREEMENT BETWEEN CITY, THE COUNTY OF FRANKFORT, KENTUCKY (THE “COUNTY”), AND THE DEPARTMENT OF FINANCE OF THE CITY OF FRANKFORT, KENTUCKY AS THE AGENCY; ESTABLISHING AN INCREMENTAL TAX SPECIAL FUND FOR PAYMENT OF PROJECT COSTS AND REDEVELOPMENT ASSISTANCE; DESIGNATING THE DEPARTMENT OF FINANCE OF THE CITY OF FRANKFORT, KENTUCKY, AS THE AGENCY RESPONSIBLE FOR OVERSIGHT, ADMINISTRATION AND IMPLEMENTATION OF THE DEVELOPMENT AREA; AUTHORIZING THE MAYOR AND OTHER OFFICIALS TO TAKE SUCH OTHER APPROPRIATE ACTIONS AS ARE NECESSARY OR REQUIRED IN CONNECTION WITH THE ESTABLISHMENT OF THE DEVELOPMENT AREA”.** This ordinance had its first reading on June 14, 2021. Summary: This ordinance a) establishes the Downtown Frankfort Development Area for economic development purposes within the City; b) approves a Local Participation Agreement between the City, the County and the City Finance Department as the administering agency; c) establishes an incremental tax special fund for payment of project costs and redevelopment assistance; d) designates the City Finance Department as the agency responsible for oversight, administration and implementation of the Development Area; and e) authorizes the Mayor and other officials to take appropriate action connected with the Development Area.

*CC: All depts.*

**Approved by Commission**

*6-17-21*  
*Cheremie Mahoney*  
**City Clerk**

ORDINANCE NO. 9, 2021 SERIES

**AN ORDINANCE OF THE CITY OF FRANKFORT, KENTUCKY (THE “CITY”) MAKING CERTAIN FINDINGS CONCERNING AND ESTABLISHING A DEVELOPMENT AREA FOR ECONOMIC DEVELOPMENT PURPOSES WITHIN THE CITY TO BE KNOWN AS THE DOWNTOWN FRANKFORT DEVELOPMENT AREA; APPROVING A LOCAL PARTICIPATION AGREEMENT BETWEEN CITY, THE COUNTY OF FRANKLIN, KENTUCKY (THE “COUNTY”), AND THE DEPARTMENT OF FINANCE OF THE CITY OF FRANKFORT, KENTUCKY AS THE AGENCY; ESTABLISHING AN INCREMENTAL TAX SPECIAL FUND FOR PAYMENT OF PROJECT COSTS AND REDEVELOPMENT ASSISTANCE; DESIGNATING THE DEPARTMENT OF FINANCE OF THE CITY OF FRANKFORT, KENTUCKY, AS THE AGENCY RESPONSIBLE FOR OVERSIGHT, ADMINISTRATION AND IMPLEMENTATION OF THE DEVELOPMENT AREA; AUTHORIZING THE MAYOR AND OTHER OFFICIALS TO TAKE SUCH OTHER APPROPRIATE ACTIONS AS ARE NECESSARY OR REQUIRED IN CONNECTION WITH THE ESTABLISHMENT OF THE DEVELOPMENT AREA.**

**WHEREAS**, the City of Frankfort, Kentucky (“the City”), by virtue of the laws of the Commonwealth of Kentucky (the “State”), Kentucky Revised Statutes, specifically Sections 65.7041 to 65.7083, as may be amended (the “Act”), is authorized to, among other things, (1) establish a development area to encourage reinvestment in and development and reuse of areas of the City, (2) enter into agreements in connection with the establishment and development of a development area, (3) establish a special fund for deposit of incremental revenues resulting from the development of a development area, and (4) designate an agency to oversee, administer and implement projects within a development area; and

**WHEREAS**, the City desires to establish a “development area” as defined in the Act to encourage reinvestment and development within such development area and to pledge a portion of the “incremental revenues” as defined in the Act generated from the development of such development area to provide redevelopment assistance and provide for the payment Project Costs, Redevelopment Assistance and/or Approved Public Infrastructure Costs (as defined herein) within such development area; and

**WHEREAS**, the City has identified a contiguous tract of previously developed land consisting of not more than three (3) square miles within the City, specifically described in Exhibit A to this Ordinance, that is in need of redevelopment and which is not reasonably expected to be developed without public assistance; and

**WHEREAS**, more than half of the structures within the Development Area are deteriorated or deteriorating, there is a need for new public infrastructure to support new development within the Development Area, and the conditions within the Development Area have negatively impacted the growth and development of the City and Franklin County; and

**WHEREAS**, the City has determined to establish the Development Area as pursuant to the Act to encourage reinvestment and development within the Development Area; and

**WHEREAS**, the City has agreed to support and encourage development within the Development Area by pledging certain Incremental Revenues [hereinafter define] to the payment of Bonds, or to otherwise provide Redevelopment Assistance to pay for Public Infrastructure Costs [hereinafter defined], under a Local Participation Agreement (defined below); and

**WHEREAS**, the City has prepared and presented a “Development Plan”, as defined in the Act, for the consideration and adoption of the City proposing the redevelopment of the Development Area; and

**WHEREAS**, the City, as required by the Act, held a public hearing on September 14, 2020, after giving proper notice concerning the City’s intention to consider the adoption of the Development Plan and establish the Development Area; and

**WHEREAS**, the adoption of the Development Plan and the establishment of the Development Area are for a public purpose and that the establishment and creation of the Development Area within the City is for the benefit and welfare of the City’s citizens; and

**WHEREAS**, the City deems it necessary to enact this Ordinance in accordance with the Act and for the purposes set forth and described herein and in the Act.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY OF FRANKFORT, KENTUCKY AS FOLLOWS:**

SECTION 1. Definitions.

1.1 The capitalized terms set forth below when used in this Ordinance shall have the following meanings.

“Act” means Kentucky Revised Statutes, Sections 65.7041 to 65.7083, KRS 154.30-010 to KRS 154.30-090 and KRS 139.515.

“Agency” means the Department of Finance of the City of Frankfort, Kentucky.

“Approved Public Infrastructure Costs” shall have the meaning as provided in the Act and in the Local Participation Agreement.

“Bonds” means bonds or notes issued pursuant to the Act to pay for Redevelopment Assistance for Public Infrastructure Costs, the payment of which Bonds shall be supported in-part by Incremental Revenues pledged by the City, County, and/or the State.

“Development Area” means a contiguous geographic area of previously developed land, located within the geographical boundaries of the City, which is created for economic development purposes by this Ordinance in which a Project is proposed to be located and consisting of less than three square miles in area, with the actual size being approximately 68

acres, as more specifically described in Exhibit A attached to this Ordinance, to be known as the “The Downtown Frankfort Development Area”.

“Development Plan” means the Development Plan for The Downtown Frankfort Development Area attached to this Ordinance as Exhibit C.

“Establishment Date” means the date that the Development Area is established pursuant to the Act and this Ordinance.

“Financing Costs” shall mean principal, interest, costs of issuance, debt service reserve requirements, underwriting discount, costs of credit enhancement or liquidity instruments, and other costs directly related to the issuance of the Bonds.

“Incremental Revenues” means the amount of revenues received by the City and County with respect to the Development Area and the State with respect to a Footprint (as defined in the Act for projects within the Development Area that may be approved by the State) by subtracting Old Revenues (as defined in the Act and the Local Participation Agreement) from New Revenues (as defined in the Act and the Local Participation Agreement) in a calendar year.

“KEDFA” means the Kentucky Economic Development Finance Authority.

“Local Participation Agreement” shall mean the Local Participation Agreement between the City, the County, and the Agency, attached to this Ordinance as Exhibit B.

“Pledged Revenues” means that portion of the Incremental Revenues which are pledged by the City and the County, pursuant to the Local Participation Agreement or State pursuant to a Tax Incentive Agreement, to the pay for Redevelopment Assistance and Public Infrastructure Costs for the Development Area

“Project” means the proposed comprehensive redevelopment project within the Development Area more specifically described in the Development Plan, being undertaken by various developers or public agencies.

“Project Costs” means any capital investment (as defined in the Act) expended to construct the Project.

“Public Infrastructure Costs” shall mean those costs set forth in the Local Participation Agreement eligible to be paid from Pledged Revenues, and shall include Approved Public Infrastructure Costs.

“Redevelopment Assistance” shall mean Public Infrastructure Costs.

“State” shall have the meaning given such term in the recitals.

“Tax Incentive Agreement” shall mean the agreement entered into pursuant to KRS 154.30-010 to KRS 154.30-090 and KRS 139.515 of the Act between the Kentucky Economic Development Finance Authority and the Agency relating projects eligible for a pledge of State Incremental Revenues under the Act within the Development Area.

1.2 All capitalized terms used in this Ordinance and not defined above or in the recitals to this Ordinance shall have the meaning as set forth in the Act, as of the effective date of this Ordinance.

SECTION 2. Findings and Determinations. In accordance with the Act, the City hereby makes the following findings and determinations with respect to the Development Area:

(a) The Development Area consists of a contiguous tract of land that is not more than three (3) square miles. The actual size of the Development Area is approximately 22.2 acres.

(b) The Development Area constitutes previously developed land as required by KRS 65.7043.

(c) The establishment of the Development Area will not cause the assessed taxable value of real property within the Development Area and within all “development areas” and “local development areas” established by the City (as those terms are defined in the Act) to exceed twenty percent (20%) of the total assessed taxable value of real property within the City. The assessed value of taxable real property within the Development Area for calendar year 2019 was \$4.245 million. The City has not previously established any other local development areas or development areas pursuant to the Act. The total assessed value of taxable real property within the City for the calendar year 2019 is approximately \$1.7 billion. Therefore, the assessed value of taxable real property within all development areas is less than twenty percent (20%) of the assessed value of taxable real property within the City.

(d) There has been a substantial loss of commercial, industrial or residential activity within the Development Area. Commercial activity within the Development Area has been in a state of economic decline for years. Presently, only some of the parcels within the Development Area are being used for commercial purposes, while the majority contain underutilized or deteriorating structures. The existing YMCA can no longer support program offerings desired by the community. In fact, the YMCA has significantly scaled back its program offerings to fit the inadequate and deteriorating space and is at risk of scaling back even more programs. The Development Area also includes the former site of the demolished Frankfort Convention Center. Losing a convention space that generated significant business activity was detrimental to the Capital Plaza Hotel which was already experiencing a significant decline in business. As a result of the loss of YMCA programs, the Frankfort Convention Center, and Capital Plaza Hotel business, the number of employees working within the Development Area has declined. This, combined with the structurally failing parking garages, has negatively impacted business activity within the Development Area. The buildings in the Project B site area are currently mostly vacant, and previously were used for business use, as retail, residential and warehousing uses.

(e) More than fifty percent (50%) of the residential, commercial, or industrial structures within the Development Area are deteriorating or deteriorated. Based on the City’s Nuisance Code, which sets forth minimum standards for maintenance of existing properties, over 50% of the structures within the Development Area require minor to major assistance. A handful of structures are considered beyond a state of good repair and require demolition. In addition,



the Development Area consists mostly of structures that are nearly 50 years of age. Therefore, even those structures within the Development Area that are reasonably well-maintained exhibit significant signs of age and deterioration. Furthermore, the buildings that comply with the Nuisance Code require upgrades to meet what is expected for the future use of the property, including upgraded meeting space, parking, plumbing facilities, fixture requirements, mechanical and electrical wiring, etc. Attached as Exhibit C to the Development Plan are pictures of some of the remaining structures and the condition of the infrastructure within the Project A site, as defined in the Development Plan.

The structures within the Project B site, as defined in the Development Plan, are in various stages of decline and deterioration, with the warehouse building being more severely dilapidated. The owner of those structures has invested approximately \$500,000 just to stabilize the buildings. Attached as Exhibit D to the Development Plan are pictures of the Project B site.

(f) The area is lacking in terms of the infrastructure needed to support and attract the investment that the planned redevelopment within the Development Area requires. The Development Area will require significant new investment in public infrastructure, including, but not necessarily limited to:

(i) **Parking** – As downtown develops, the Development Area will face an increasing deficiency in the number of parking spots available to support future projects. Most of the parking in Frankfort is surface parking that takes up significant valuable acreage, which is an inefficient solution due to the reduced density it creates in the downtown area, and which utilizes parcels with the most economic potential in a least impactful way. Structured parking will be required to accommodate both the new and existing businesses, particularly during peak traffic times related to events and conferences as the Project and Development Area is redeveloped. This investment will allow the area to attract vertical redevelopment, maximizing the land use located next to a newly developed state office building, and allowing a level of density that a successful redevelopment will require.

(ii) **Connectivity Improvements and Public Space** – The possible re-connecting of existing roadways, various streetscape improvements, and the creation of new pathways and walkways to accommodate increased pedestrian traffic from Washington Street and through the Development Area to the edge of the riverfront will improve connectivity in the downtown area. These improvements will attract visitors and residents, alike, to Frankfort by creating an inviting pedestrian environment with outdoor space. Possible improvements to the Broadway Street corridor include:

(a) Street lights – Between Wilkinson Boulevard and Washington Street. Replace existing lights on the north side with poles and fixtures similar to existing street lights along Broadway.

(b) Curb along railroad tracks – Paint the curb between Washington Street and High Street.

- (c) Public art – Establish a few locations for free-standing public art pieces.
- (d) Trees – Between Wilkinson Boulevard and High Street, where appropriate.
- (e) Sidewalk/curb ramps – Between Wilkinson Boulevard and High Street. Reconstruct any non-standard curb ramps and repair any sidewalk sections.

(iii) **Site Prep and Utility Improvements** – The Project will require significant expenditures to support the Development Area for vertical development, as well as provision of upgraded utility connections and capabilities.

(iv) **Demolition** – The Development Area will require demolition of blighted structures that are failing. As a non-exclusive example, the existing YMCA is deteriorating and unable to support a desire for more childcare options, health and fitness programs, and sports and recreation activities. Absent of a new facility, program offerings are at risk of being outsourced to other locations or canceled due to inadequate space. Furthermore, the adjoining parking structures behind the existing YMCA are structurally failing and require a plan for reconstruction to complement future economic development.

(g) There are a combination of factors that substantially impairs growth and economic development of the Development Area. The challenges of encouraging the redevelopment of an older city's downtown, including the increased costs associated with redeveloping sites, building within the constraints of an established area, and the high cost of infrastructure needed to support new development in this downtown setting, represent unique circumstances that impede the redevelopment of the Development Area and arrests the development of the City and County. A mixed-use redevelopment could be highly impactful within the Development Area and to the region, but these various factors have prevented such growth from occurring and will remain a barrier to achieving meaningful private investment in Frankfort's downtown core without financial assistance from public sources.

(h) The City finds that the Development Area is not reasonably expected to be developed without public assistance. The public infrastructure costs within the Development Area are too high for the Project to occur without public assistance, particularly as it relates to the lack of structured parking and pedestrian connectivity throughout the Development Area. It is estimated that the development costs of the public infrastructure improvements planned within the Development Area exceeds \$11 million, even before considering financing and other soft costs. Without public funding, including State assistance under the Commonwealth Participation Programs, or the Tourism Development Act, the proposed Project within the Development Area would not be possible.

(i) The City finds that the public benefits of redeveloping the Development Area justify the public costs proposed. As detailed in the Commonwealth Economics Report,

attached hereto as Exhibit “E” to the Development Plan (the “Report”), the new capital investment related to Project A, as described in the Development Plan, is expected to reach \$90 million, \$78.4 million of which relates to private costs, and \$13.6 million of which is expected to be spent on public infrastructure costs. The new capital investment related to Project B is anticipated to exceed \$8,000,000. Over a 20-year period, the proposed Project is estimated to support over 469 jobs annually and account for over \$800 million in total economic impact. While the City and County may pledge certain new ad valorem property taxes and occupational taxes to pay for the proposed public infrastructure, the Project, net of any assistance from the City and County, will generate increased tax revenues, including insurance premium taxes, transient room taxes, and tangible property taxes, the incremental taxes not pledged, and other special district and school taxes. The Project will also jump start and encourage additional downtown development and leverage State tax dollars with private investment.

The Project is expected to generate much more tax revenue than is currently being generated within the Development Area. According to the Report, over a 20-year period, Project A, as described in the Development Plan, alone, is estimated to generate \$60.8 million of on-site eligible state and local tax revenues. This includes \$13.5 million in local taxes and \$46.8 million in state taxes. After subtracting the estimated baseline tax revenues, total incremental tax revenues generated within the Development Area are estimated at approximately \$44.5 million over a 20-year period. After 20 percent is retained by the State in accordance with the Act, assuming State incentives are granted under the Mixed-Use Program, such amount translates to an estimated \$32.3 million available for State participation and an estimated \$11.8 million for local participation. In addition to these amounts, the school district and transient room taxes will amount to over \$20 million in additional local tax revenue that is not pledged as a TIF incentive. These numbers do not include the additional impact of Project B, as described in the Development Plan.

Based on research and analysis documented in the Report, Project A as described in the Development Plan, is estimated to have a significant economic and fiscal impact to the regional economy. Its construction, alone, is estimated to generate a one-time impact that includes approximately \$41.9 million of total wages and support for 862 total jobs.

SECTION 3. Establishment, Name, Boundaries. All that area described in Exhibit A to this Ordinance is located within the City and is hereby established and designated as the “The Downtown Frankfort Development Area”. At the time of the enactment of this Ordinance the Development Area is less than three (3) miles.

SECTION 4. Establishment Date, Commencement Date, Termination Date. The Establishment Date is the effective date of this Ordinance. The Commencement Date of the Development Area is the date of execution of the Local Participation Agreement and the Termination Date shall, in accordance with the term of the pledge in Incremental Revenues in the Local Participation Agreement, shall be exactly twenty (20) years from the Activation Date of the Local Participation Agreement. However, the Termination Date for the Development Area shall in no event be more than forty (40) years from the Establishment Date.

SECTION 5. Adoption of Development Plan. The City hereby adopts the Development Plan attached to this Ordinance as Exhibit C. The hereby finds and determines that a public

hearing was duly held on September 14, 2020, to solicit public comment on the Development Plan, following publication of notice thereof in accordance with Chapter 424 of the Kentucky Revised Statutes, as amended. It is hereby confirmed that a copy of the Development Plan was filed with City Clerk, and with the Fiscal Court Clerk of the County prior to the notice of the public hearing being advertised.

SECTION 6. Local Participation Agreement. The Mayor of the City is hereby authorized and directed to execute, acknowledge and deliver on behalf of the City the Local Participation Agreement which authorizes the pledge seventy-five percent (75%) of the Incremental Revenues of the City from the Development Area to the payment of Redevelopment Assistance, Public Infrastructure Costs and Financing Costs, the form of Local Participation Agreement to be signed by the Mayor on behalf of City, the County, and by the Agency, shall be in substantially the form attached to this Ordinance, subject to further negotiations and changes therein that are not inconsistent with this Ordinance and not substantially adverse to the City. The approval of such changes by said officers, and that such changes are not substantially adverse to the City, shall be conclusively evidenced by the execution of, as applicable, such Local Participation Agreement by such officials.

SECTION 7. Special Fund. There is hereby established a Special Fund of the City to be known as The Downtown Frankfort Development Area Tax Increment Fund, which will be maintained by the Agency, into which the City covenants to deposit, and into which City officials are hereby authorized and directed to deposit all Pledged Revenues. The Agency shall maintain the Special Fund unencumbered except for the purposes set forth in Section 8 of this Ordinance. Funds deposited in the Special Fund shall be disbursed in accordance with the Act, this Ordinance, the Local Participation Agreement, and any applicable Tax Incentive Agreement, the Development Plan and related documents to pay for Redevelopment Assistance, Public Infrastructure Costs and Financing Costs within the Development Area.

SECTION 8. Use of Pledged Revenues. Pledged Revenues shall be deposited by the City into the Special Fund created under Section 7 of this Ordinance and shall be used solely to: (a) pay directly for Redevelopment Assistance and Public Infrastructure Costs in accordance with the Local Participation Agreement and any Tax Incentive Agreement; (b) pay debt service and costs of issuance on the Bonds, including Financing Costs, which may be issued by the City to finance Redevelopment Assistance, and Public Infrastructure Costs; and (c) for such other purposes as may be determined by the City and Agency and that are appropriate and in compliance with the purposes set forth in this Ordinance, the Local Participation Agreement, any applicable Tax Incentive Agreement, the Development Plan and the Act, as the same may be amended from time to time.

SECTION 9. Periodic Accounting / Analysis. Any entity, other than the City that receives financial assistance pursuant to the provisions of this Ordinance, whether in the form of a grant or loan or loan guarantee shall make a periodic accounting to the governing body of the City in accordance with the Act and the documents controlling such grant, loan or loan guarantee. The governing body of the City shall be required to review and analyze the progress of the development activity in the Development Area on an annual basis. Such reports shall, at a minimum, include a review of the progress in meeting the stated goals of the Development Area. The Mayor and other officials of the City and the Agency shall report to the governing body of

the City during such reviews and shall when necessary invite developers to participate in the review process to report on the progress of their developments within the Development Area. The review and documentation supporting the review shall be forwarded to KEDFA in accordance with the Act for any projects that have been provided assistance by KEDFA.

SECTION 10. Designation of Oversight Agency. Pursuant to the Act, the City hereby designates the Agency as the “agency” of the City for purposes of oversight, administration and review responsibility of this Ordinance, the Local Participation Agreement and the Development Area established by this Ordinance. The Agency shall act on behalf of the City in administering the Development Area, entering into development agreements, and other related agreements, with respect to the development of the Development Area and the financing of Redevelopment Assistance, and Public Infrastructure Costs within the Development Area, including making application(s) to KEDFA or other related State agencies for projects within the Development Area that may qualify for a pledge of State incremental revenues under the Act or other State assistance

SECTION 11. Authorization of City Officials. The Mayor and other appropriate City officials, officers, employees and agents are hereby authorized to take all necessary actions to submit the necessary application and other documents to KEDFA and any other necessary entities to obtain the necessary approvals and to take all necessary actions as required by the KEDFA and other entities to meet all of the requirements of and qualify to participate in the Commonwealth Participation Program, and to carry out the intent of this Ordinance, including being authorized to execute any Memorandum of Agreement and/or Tax Incentive Agreement between KEDFA and the the Agency approving a pledge of State Incremental Revenues for the Project pursuant to the Act.

SECTION 12. Severability. The provisions of this Ordinance are hereby declared to be severable, and if any section, phrase or provision shall for any reason be declared invalid, such declaration of invalidity shall not affect the validity of the remainder of this Ordinance.

SECTION 13. Repeal of Conflicting Orders and Ordinances. All prior resolutions, municipal orders or ordinances or parts of any resolution, municipal order or ordinance in conflict herewith are hereby repealed.

SECTION 14. Effective Date. This Ordinance shall be in full force and effect from and after its passage, attestation, recordation and publication of a summary hereof pursuant to KRS Chapter 424.


INTRODUCED, SECONDED AND GIVEN FIRST-READING APPROVAL AT A DULY CONVENEED MEETING OF THE BOARD OF COMMISSIONERS OF THE CITY held on the 14 day of June, 2021.

GIVEN SECOND READING AND ADOPTED AT A DULY CONVENEED MEETING OF THE BOARD OF COMMISSIONERS OF THE CITY, held on the 17 day of June, 2021, and on the same occasion signed by the Mayor as evidence of his approval, attested by City Clerk, published and filed as required by law, and declared to be in full force and effect from and after its adoption and approval according to law.

Approved:

By:   
Mayor

ATTEST:

  
City Clerk

Summary: This ordinance a) establishes the Downtown Frankfort Development Area for economic development purposes within the City; b) approves a Local Participation Agreement between the City, the County and the City Finance Department as the administering agency; c) establishes an incremental tax special fund for payment of project costs and redevelopment assistance; d) designates the City Finance Department as the agency responsible for oversight, administration and implementation of the Development Area; and e) authorizes the Mayor and other officials to take appropriate action connected with the Development Area.

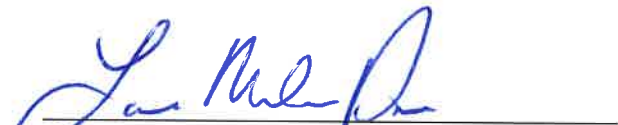
  
City Solicitor

Exhibit A  
to Ordinance No. 9, 2021 Series

(Development Area Map)

Downtown Frankfort Development Area Description

An area to be known as the Downtown Frankfort Development Area containing 22.2 acres located in downtown Frankfort more particularly described as follows:

Beginning at a point at the north eastern edge of the right-of-way of the intersection of St. Clair Street and Mero Street bordering the parcel containing the Kentucky Transportation Cabinet; thence following the northern edge of right-of-way of Mero street in front of the Mayo Underwood Building in a north westerly direction to a point at the north western edge of right-of-way of Wilkinson Blvd adjacent to the corner of the City park property; thence following the western edge of right-of-way of Wilkinson Blvd in a south westerly direction until meeting with the southwestern edge of right-of-way on Broadway Street at its intersection with Wilkinson Blvd; thence following along with the southern edge of right-of-way of Broadway Street in a south easterly direction until the meeting with the southeastern corner of the intersection of Broadway Street and High Street; thence continuing to follow the southern edge of right-of-way along Broadway Street until a point even with the edge of the property containing a gravel lot on the northern side of the right-of-way of Broadway Street; thence crossing Broadway Street to run north along the eastern edge of the aforementioned property until reaching the north eastern corner of that property; hence turning west and running along the edge of the same property until meeting with the northern edge of the properties located at 100 and 106 Broadway Street respectively and continuing along the northern edge of those properties until reaching the north western edge of 100 Broadway Street at the edge of right-of-way of High Street; thence crossing High Street in a north westerly direction and following the northern edge of right-of-way of Broadway Street until reaching a point along the right-of-way of the Broadway Street even with the property line between the YMCA property and Federal property; thence following said property line in a north easterly direction until a point at the southern edge of right-of-way of Clinton Street; thence following the southern edge of right-of-way of Clinton Street in a south easterly direction until reaching a point on the southern edge of the right-of-way of Clinton Street at the southeastern edge of the intersection of Clinton Street and St. Clair Street; thence following the eastern edge of right-of-way of St. Clair street in a north easterly direction to the point of beginning containing approximately 22.2 acres as shown on an attached exhibit.

# Downtown Frankfort Development Area





Exhibit B  
to Ordinance No. 9, 2021 Series  
(Local Participation Agreement)

**LOCAL PARTICIPATION AGREEMENT**  
**FOR THE**  
**DOWNTOWN FRANKFORT DEVELOPMENT AREA**  
**BY AND AMONG**  
**CITY OF FRANKFORT, KENTUCKY**  
**AND**  
**COUNTY OF FRANKLIN, KENTUCKY**  
**AND**  
**DEPARTMENT OF FINANCE OF THE CITY OF FRANKFORT, KENTUCKY**  
**JULY 1, 2021**

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**Exhibit A – Map and Description of the Development Area**  
**Exhibit B – Estimate of Incremental Revenues**  
**Exhibit C – List of Public Infrastructure Costs**

INDEX  
TO  
LOCAL PARTICIPATION AGREEMENT  
DATED  
JULY 1, 2021  
CITY OF FRANKFORT, KENTUCKY  
AND  
COUNTY OF FRANKLIN, KENTUCKY  
AND

DEPARTMENT OF FINANCE OF THE CITY OF FRANKFORT, KENTUCKY

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**LOCAL PARTICIPATION AGREEMENT  
Downtown Frankfort Development Area**

THIS LOCAL PARTICIPATION AGREEMENT (this "Agreement") is made as of the 1<sup>ST</sup> day of July, 2021 (the "Effective Date") by and among the CITY OF FRANKFORT, KENTUCKY, a Kentucky municipal corporation of the home rule class organized under the laws of the Commonwealth of Kentucky (the "City"), the COUNTY OF FRANKLIN, KENTUCKY, a county government organized under the laws of the Commonwealth of Kentucky (the "County"), and the DEPARTMENT OF FINANCE OF THE CITY OF FRANKFORT, KENTUCKY, a Department of the City (the "Agency"); collectively (the "Parties");

RECITALS

WHEREAS, pursuant to the Act as hereinafter defined, the City on the 17 day of June, 2021, adopted Ordinance Number 9, 2021 Series. (the "Development Area Ordinance"), whereby it established the Downtown Frankfort Development Area (the "Development Area") for the purpose of promoting mixed use development projects within the City; and

WHEREAS, the City and County recognize and determine that construction of the Project, [as hereinafter defined] as contemplated by this Agreement will contribute to the public welfare of the citizens of the City and County and will thereby materially enhance the area and be in furtherance of the general health and welfare of the citizens of the City and County; and

WHEREAS, the Parties recognize that the development of the Development Area will not occur without a public-private partnership and financial assistance provided to the Project by the City, the County and the State; and

WHEREAS, the Parties desire to set forth the duties and responsibilities of the Parties with respect to the administration, financing and pledging of Incremental Revenues in support of the development of the Project within the Development Area; and

WHEREAS, pursuant to the Development Area Ordinance, the Board of Commissioners of the City has authorized the Mayor and Finance Director to execute and enter into this Agreement among the Parties; and

WHEREAS, pursuant to Ordinance Number 5-2021, the Fiscal Court of the County has authorized the County Judge/Executive to execute and enter into this Agreement among the Parties; and

WHEREAS, pursuant to the Act, the Parties desire to set forth their mutual agreements, understandings and obligations in this Agreement, in order to facilitate development of the Project within the Development Area.

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties hereto, and in consideration of the premises and the mutual covenants and undertakings contained herein, it is agreed and covenanted by and among the Parties hereto as follows:

SECTION I  
Preambles

The Parties hereto agree that the above “preambles” or “preamble clauses” are incorporated herein by reference as if fully restated herein and form a part of the agreement among the Parties hereto.

SECTION II  
Definitions

For the purposes of this Agreement, the following words and phrases shall have

the meanings assigned in this Section II, unless the context clearly indicates that a contrary or different meaning is intended.

1. “Act” or “the Act”. Shall mean KRS 65.7041 to KRS 65.7083, and KRS 154.30-010-154.030.090.

2. “Activation”. Shall have the meaning as defined by the Act, and as provided in SECTION XII of this Agreement.

3. “Agency”. Shall mean the Department of Finance of the City of Frankfort, Kentucky.

4. “Agreement”. Shall mean this Local Participation Agreement, including all Exhibits attached hereto.

5. “Bonds”. Shall mean bonds or notes issued by the City to finance Public Infrastructure Costs within the Development Area, in accordance with the Financing Plan.

6. “Bond Documents”. Shall mean all of the documents constituting the bond transcript of proceedings in connection with the Bonds.

7. “City”. Shall mean the City of Frankfort, Kentucky.

8. “County”. Shall mean the County of Franklin, Kentucky.

9. “Development Area”. Shall have the meaning given in the Recitals to this Agreement, and more specifically described on Exhibit A attached hereto.

10. “Development Area Ordinance”. Shall mean the ordinance referred to in the Recitals section of this Agreement.

11. “Development Plan”. Shall mean the development plan prepared as required by the Act as part of the establishment of the Development Area which is

attached as Exhibit C to the Development Area Ordinance.

12. "Effective Date". Shall have the meaning given in the introductory paragraph of this Agreement.

13. "Excess Incremental Revenues". Means Incremental Revenues in excess of the amounts required to support the payment of Bonds and to meet any coverage tests set forth in the Bond Documents.

14. "Federal Transit Center Grant." Shall mean a grant anticipated to be received by the City to construct the Parking Garage and transit center within the Development Area.

15. "Financing Costs". Shall mean interest and related financing costs on the Bonds.

16. "Financing Plan". Shall mean the plan for financing the Project as described in SECTION X of this Agreement, as it may be amended with the approval of the City and the Agency.

17. "Incremental Revenues". Shall mean the amount of tax revenues received by the City and County, with respect to the Development Area by subtracting Old Revenues from New Revenues in a calendar year after Activation, and as certified by the Agency as provided in SECTION VI of this Agreement.

18. "KEDFA". Shall mean the Kentucky Economic Development Finance Authority, a State agency assigned for administrative purposes to the Kentucky Economic Development Cabinet.

19. "Master Development Agreement". Shall mean the Master Development Agreement among the City, the Agency and New Frankfort Development LLC, a

Kentucky limited liability company, dated April 21, 2021, related to the construction of a mixed-use project within Blocks B and C of the City's downtown within the Development Area.

20. "New Revenues". Shall mean for the City and County the total tax revenues to the City and County from real property *ad valorem* taxes, and occupational taxes (business occupational license taxes and fees and employee payroll taxes) with respect to the Development Area in any calendar year beginning with the year in which Activation has occurred, and as certified by the Agency as provided in SECTION VI of this Agreement; provided that New Revenues shall not include occupational taxes from existing businesses and their current employees that are located in Franklin County outside the Development Area that relocate into the Development Area.

21. "Old Revenues". Shall mean for the City and County, the total tax revenues to the City and County from real property *ad valorem* taxes and occupational taxes (business occupational taxes and fees and employee payroll taxes) with respect to the Development Area for calendar year 2020.

22. "Parking Garage". Shall mean an approximate 300 space parking garage to be constructed by the City to support parking needs of the Project and Development Area to be paid for by the Bonds, supported by the proceeds of the Federal Transit Center Grant, the Incremental Revenues pledged in this Agreement, and State Incremental Revenues.

23. "Public Infrastructure Costs". Shall mean the costs for public infrastructure improvements, which shall include the Parking Garage, including the Financing Costs thereon, within the Development Area as set forth in Exhibit C that may be paid for or



reimbursed from Incremental Revenues pledged in this Agreement, with the understanding that the payment or reimbursement of such costs shall be consistent with the priorities for the use of Incremental Revenues as set forth in the Master Development Agreement.

24. "Project". Shall mean the comprehensive development within the Development Area described in SECTION IX of this Agreement, and as set forth in the Development Plan.

25. "Project Costs". Shall mean any capital investment as defined in the Act, including Financing Costs, necessary to construct the Project.

26. "Redevelopment Assistance". Shall have the meaning as defined in the Act, and shall be limited to Public Infrastructure Costs.

27. "Special Fund". Shall mean the Downtown Frankfort Development Area Special Fund established by the City and maintained by the Agency for the purpose of holding and disbursing City and County Incremental Revenues pledged herein, and State Incremental Revenues (for projects within the Development Area that receive a pledge State Increment Revenues pursuant to a Tax Incentive Agreement approved by KEDFA) in connection with the development of the Project.

28. "State". Shall mean the Commonwealth of Kentucky, including any of its agencies and departments.

29. "State Incremental Revenues". Shall mean State tax revenues pledged to reimburse the cost of "Approved Public Infrastructure Cost" as set forth in the Tax Incentive Agreement.

30. "Tax Incentive Agreement". Shall mean an agreement between the Agency

and KEDFA relating to a pledge of State Incremental Revenues for projects within the Development Area eligible for a pledge of State Incremental Revenues under the Act.

31. "Unavoidable Delays". Shall mean delays due to labor disputes, lockouts, acts of God, enemy action, civil commotion, riot, governmental regulations not in effect at the date of execution of this Agreement, conditions that could not have been reasonably foreseen by the claiming party, inability to obtain construction materials or energy, fire, or unavoidable casualty, provided such matters are beyond the reasonable control of the party claiming such delay.

### SECTION III Parties

The parties to this Agreement shall be the City, the County, and the Agency.

### SECTION IV Duties and Responsibilities of City

The City shall have the following duties and responsibilities in connection with the development of the Development Area:

1. Provide for the establishment of the Special Fund to be maintained by the Agency for the collection of Incremental Revenues pledged herein from City and County real *ad valorem* taxes and occupational taxes within the Development Area.

2. Pledge seventy-five percent (75%) of the City's Incremental Revenues generated within the Development Area for a twenty (20) year period to pay for Public Infrastructure Costs, within the Development Area, which pledge is made in SECTION VII herein.

4. Act as the issuer Bonds to construct the Parking Garage and potentially for other Public Infrastructure Costs within the Development Area.

5. Design, procure the construction of, and construct the Parking Garage in

accordance with any requirements relating to the Federal Transit Grant, and any related developer agreements relating to the construction of the Project, including the Master Development Agreement.

6. Designate the Agency as the entity responsible for the oversight, administration, and implementation of the Development Area Ordinance.

7. Meet quarterly with the County, the Agency, and respective developers for the purpose of reviewing the progress of the development of the Development Area, until the Project is completed, and prepare an analysis of such progress for distribution to the respective legislative bodies of the City and County.

8. Comply with its duties and responsibilities and set forth in the Master Development Agreement.

SECTION V  
Duties and Responsibilities of the County

The County shall have the following duties and responsibilities in connection with the development of the Development Area:

1. Pledge fifty percent (50%) of the County's Incremental Revenues generated within the Development Area, and remit such Incremental Revenues to the Agency as required by this Agreement, for a twenty (20) year period to pay for Public Infrastructure Costs within the Development Area, which pledge is made in SECTION VII herein, provided, however, that the pledge of the County's Incremental Revenues will cease once the Public Infrastructure Costs have been fully paid or the County's Incremental Revenues paid to the Special Fund reaches \$1,500,000.00, whichever first occurs.

2. Meet quarterly with the Agency and the City for the purpose of reviewing

the progress of the development of the Development Area, until the Project is complete.

3. Provide assistance to the Agency as needed with the annual report required of the Agency as provided in SECTION VII of this Agreement, and provide assistance as may be needed with the computation of the Old Revenues and New Revenues necessary to determine the Incremental Revenues pledged herein.

## SECTION VI

### Duties and Obligations of the Agency

1. The Agency shall have the responsibility for the oversight and administration of the Development Area Ordinance, including the obligation to maintain the Special Fund for the deposit and disbursement of Incremental Revenues in accordance with this Agreement, the Act, and any applicable Tax Incentive Agreement.

2. The Agency shall participate as necessary with the City and any applicable developer in the required application to KEDFA seeking a pledge of State Incremental Revenues for eligible projects pursuant to the Act within the Development Area. In the event KEDFA approves a pledge of State Incremental Revenues, the Agency shall comply with any duties and responsibilities set forth within the terms of any applicable Tax Incentive Agreement.

3. The Agency, with approval of the City, shall expend Incremental Revenues on Public Infrastructure Costs to promote the redevelopment of the Development Area, and in accordance with the priorities for the use of Incremental Revenues as set forth in the Master Development Agreement, and shall comply with its duties and responsibilities as set forth in the Master Development Agreement, and other development or related agreements related to the redevelopment of the Development Area.

4. The Agency shall prepare, by no later than August 1<sup>st</sup> of each year during the term of this Agreement, an annual report and provide same to the respective legislative bodies of the City and County, that shall include, but not be limited to: (a) the total real property taxes, and occupational taxes collected within the Development Area during the previous calendar year; (b) a determination of New Revenues collected within the Development Area during the previous calendar year; (c) a summary of debt service paid on outstanding Bonds during the previous calendar year; (d) the amount, if any, of Bonds issued during the previous calendar year, and (e) if no Bonds are issued, the amount, if any, of Incremental Revenues spent from the Special Fund on Public Infrastructure Costs.

5. On or before September 1, 2021, the Agency, with assistance from the City's Finance Director and County Treasurer, shall certify the Old Revenues within the Development Area that were generated in calendar year 2020. Once certified and accepted by the City and County, the certified Old Revenues shall become a part of this Agreement.

6. On or before May 1<sup>st</sup> after the 1<sup>st</sup> calendar year of Activation and then each year thereafter by May 1, so long as the pledge of Incremental Revenues as provided in this Agreement is in effect, the Agency shall calculate the New Revenues from the Development Area for the previous calendar year to the City and the County and shall calculate and provide written notice to the City and the County of the Incremental Revenues that are due from the City and the County, by July 1<sup>st</sup> of that year, and each July 1 thereafter, so long as the pledge of Incremental Revenues as provided in this Agreement is in effect.

SECTION VII  
Identification and Pledge of Incremental Revenues

1. The City hereby pledges seventy-five percent (75%) of the City's Incremental Revenues, generated within the Development Area to pay for or reimburse Public Infrastructure Costs within the Development Area for a twenty (20) year period starting from the 1<sup>st</sup> day of the calendar year following Activation. The Incremental Revenues shall be determined by calculating the New Revenues collected from the Development Area, and subtracting the Old Revenues collected from within the Development Area. An estimate of the Old Revenues and New Revenues to be generated to the City and County from within the Development Area is attached hereto at Exhibit B.

2. The County hereby pledges fifty percent (50%) of the County's Incremental Revenues generated within the Development Area, to pay for or reimburse Public Infrastructure Costs, within the Development Area for a twenty (20) year period starting from the 1<sup>st</sup> day of the calendar year following Activation, provided, however, that the pledge of the County's Incremental Revenues will cease once the Public Infrastructure Costs have been fully paid or the County's Incremental Revenues paid to the Special Fund reaches \$1,500,000.00, whichever first occurs. The Incremental Revenues shall be determined by calculating the New Revenues collected from the Development Area, and subtracting the Old Revenues collected from within the Development Area.

3. Incremental Revenues pledged by the City and County in this SECTION VII shall be deposited annually to the Special Fund, no later than each July 1st after the first calendar year of Activation, and shall be used solely for the payment of Public

Infrastructure Costs within the Development Area, and in accordance with the Master Development Agreement, and other agreements entered into by the City and Agency related to the redevelopment of the Development Area. Such Special Fund shall be continued and maintained until the Termination Date (as defined in SECTION XI of this Agreement) of the Development Area. All amounts in the Special Fund, together with interest accruing thereon, are hereby irrevocably pledged for the payment of Public Infrastructure Costs, including principal, interest and premium, if any, on Bonds issued to pay Public Infrastructure Costs in the event that Bonds are issued to pay for Public Infrastructure Costs.

4. Incremental Revenues pledged herein to the Public Infrastructure Costs related to the Parking Garage shall be the net amount of the costs related to the Parking Garage, after deduction of the funds received by the City for the construction of the Parking Garage from the Federal Transit Center Grant.

5. This Agreement may be pledged and assigned by the Agency and City to Trustee under a certain Trust Indenture for the Bonds, by and between the City, Agency and the Trustee, as it may be amended or restated from time to time, and made a part of the trust estate established thereunder for the security of the Bonds as more particularly set forth therein.

6. After the annual payment of the Bonds, as required by the Bond Documents, Excess Incremental Revenues may be utilized by the Agency to pay for Public Infrastructure Costs incurred, by the City or a developer or developers undertaking specific projects within the Development Area pursuant to an agreement or agreements approved by the City and the Agency, with the understanding that the

priority for the use of Excess Incremental Revenues shall be governed by the Master Development Agreement.

7. At the Termination Date, as defined in the Act and as provided in SECTION XI of this Agreement, all amounts not needed to pay the Bonds or to pay Public Infrastructure Costs shall be transferred to the General Fund of the City and County, in proportion to the respective contributions to the Special Fund by the City and County.

SECTION VIII  
Anticipated Benefits to the City and County

1. The Parties anticipate receiving substantial benefits as a result of the pledge of their Incremental Revenues to support development of the Development Area as set forth herein. As detailed in the Commonwealth Economics Report (the "Report"), which is attached to the Development Area Ordinance, the new capital investment related to Blocks B and C as described in the Development Plan and the Master Development Agreement, is expected to reach \$90 million, \$78.4 million of which relates to private costs, and \$13.6 million of which is expected to be spent on Public Infrastructure Costs. Other new capital investment related to other private projects within the Development Area is anticipated to exceed \$8,000,000. Over a 20-year period, the proposed Project is estimated to support over 469 jobs annually and account for over \$800 million in total economic impact. While the Parties may pledge certain new *ad valorem* property taxes and occupational taxes to pay for Public Infrastructure Costs, the Project, net of any assistance from the Parties, will generate increased tax revenues, including insurance premium taxes, transient room taxes, and tangible property taxes, the Incremental Revenues not pledged, and other special district and



school taxes. The Project will also jump start and encourage additional downtown development and leverage State tax dollars with private investment.

2. The Project is expected to generate much more tax revenue than is currently being generated within the Development Area. According to the Report, over a 20-year period, the redevelopment of Blocks B and C as described in the Development Plan alone, is estimated to generate \$60.2 million of on-site eligible state and local tax revenues. This includes \$13.5 million in local taxes and \$46.8 million in state taxes. After subtracting the estimated baseline tax revenues, total incremental tax revenues generated within the Development Area are estimated at approximately \$44.5 million over a 20-year period (with the understanding that only a portion of the Incremental Revenues from the City and County are being pledged to the Development Area). In addition to these amounts, the school district and transient room taxes will amount to over \$20 million in additional local tax revenue that is not pledged as provided herein. These numbers do not include the additional impact of the additional project as described in the Development Plan.

3. The maximum number of years the payment of Incremental Revenues to support the payment of Public Infrastructure Costs and Redevelopment Assistance within the development of the Development Area is twenty (20) years. The maximum pledge to the Development Area from the City shall be seventy-five percent (75%) of its Incremental Revenues, from the County shall be fifty percent (50%) of its Incremental Revenues, but subject to the limitations as set forth in this Agreement. An estimate of the Incremental Revenues are set forth in Exhibit B.

4. A detailed description of the Development Area is set forth in Exhibit A

hereto.

SECTION IX  
Description of Project; Costs

The Project shall be the comprehensive development of the Development Area as described in the Development Plan approved by and attached to the Development Area Ordinance.

SECTION X  
Financing Plan

It is anticipated by the Parties that the construction of the Project will take place over time and require a combination of funding from the Incremental Revenues pledged herein, the Federal Transit Center Grant, private financing and private equity, direct public funding, grants, and other incentives and financing. For the Bonds anticipated to be issued by the City to pay for Public Infrastructure Costs, any Incremental Revenues pledged by the City and County under this Agreement shall first be used to pay any annually required debt service on the Bonds as provided in the Bond Documents; and any Excess Incremental Revenues may be expended to pay for other Public Infrastructure Costs not paid for by the Bonds, in accordance with the Master Development Agreement and/or as determined by the Agency with approval of the City. It is understood that the Financing Plan for the Project may be modified as development of the Project progresses and that more specific details of the nature of each aspect of financing the Project shall be more particularly contained in the Bond Documents and other documents at the time that each aspect of the financing needed for the Project is obtained, subject to approval by the City and Agency.

**IT IS UNDERSTOOD THAT UNLESS OTHERWISE SPECIFICALLY AGREED BY THE CITY, THE NOTES OR BONDS THAT MAY BE ISSUED BY THE CITY**

AND/OR AGENCY PURSUANT TO THIS AGREEMENT AND SECURED SOLELY BY INCREMENTAL REVENUES SHALL NOT CONSTITUTE A DEBT OF THE PARTIES OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE PARTIES AND THE PARTIES SHALL HAVE NO OBLIGATION TOWARD THE PAYMENT OF SUCH BONDS BEYOND THE PLEDGE OF INCREMENTAL REVENUES AS PROVIDED IN THIS AGREEMENT.

SECTION XI

Commencement Date; Activation Date; Termination Date

This Agreement shall commence and be effective on July 1, 2021. The Activation for the pledge of Incremental Revenues as set forth in SECTION VII shall be determined by the City, after consultation with the Developer identified in the Master Development Agreement, with written notice to the other Parties, and be not more than four (4) years from the Effective Date. This Agreement shall terminate twenty (20) years after the Activation. This Agreement shall not terminate upon the execution of any deeds or other agreements required or contemplated by this Agreement, or referred to herein, and the provisions of this Agreement shall not be deemed to be merged into the deeds, or any other such deeds or other agreements, it being the intent of the parties hereto that this Agreement shall survive the execution and delivery of any such agreements.

SECTION XII

Default

If the City or County (a "Defaulting Party") shall default in its obligation to make payments of Incremental Revenues set forth herein or in the Bond Documents, the Agency (unless it is the Defaulting Party) and/or the indenture trustee or trustees for outstanding Bonds secured by such Incremental Revenues shall have the power to

enforce the provisions of this Agreement or the Bond Documents against the Defaulting Party. If the City or County materially breaches or defaults on any of its obligations under this Agreement, any other party and/or the indenture trustee or trustees for the outstanding Bonds may give notice that remedial action must be taken within twenty (20) days. The Defaulting Party shall correct such breach or default within twenty (20) days after such notice, provided however that if (i) the default is one which cannot with due diligence be remedied by the Defaulting Party within twenty (20) days and (ii) the Defaulting Party proceeds as promptly as reasonably possible after such notice and with all due diligence to remedy such default, the period after such notice within which to remedy the default shall be extended for such period of time as may be necessary to remedy the same with all due diligence.

However, notwithstanding any other provision of this Agreement in the event of a default no remedy shall permit the withholding by the City or County of the payment of any Incremental Revenues pledged in this Agreement if Bonds or other debt are outstanding that are secured by a pledge of those Incremental Revenues.

#### SECTION XIII Governing Law

The laws of the State shall govern as to the interpretation, validity and effect of this Agreement.

#### SECTION XIV Severability

If any provision of this Agreement or the application thereof to any person or circumstance shall to any extent be held in any proceeding to be invalid or unenforceable, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those to which it was held to be invalid or

unenforceable, shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law, but only if and to the extent such enforcement would not materially and adversely frustrate the parties essential objectives as expressed herein.

SECTION XV  
Force Majeure

The respective Parties shall not be deemed to be in default in the performance of any obligation on such parties' part to be performed under this Agreement, other than an obligation requiring the payment of a sum of money, if and so long as the non-performance of such obligation shall be directly caused by Unavoidable Delays; provided, that within fifteen (15) days after the commencement of such Unavoidable Delay, the non performing party shall notify the other party in writing of the existence and nature of any such Unavoidable Delay and the steps, if any, which the non-performing party shall have taken or planned to take to eliminate such Unavoidable Delay. Thereafter, the non-performing party shall, from time to time, on written request of the other party, keep the other party fully informed, in writing, of further developments concerning such Unavoidable Delay and the effort being made by the non-performing party to perform such obligation as to which it is in default. All provisions of any construction schedule shall be adjusted in accordance with such Unavoidable Delay.

SECTION XVI  
Notices

Any notice to be given under this Agreement shall be in writing, shall be addressed to the party to be notified at the address set forth below or at such other address as each party may designate for itself from time to time by notice hereunder, and shall be deemed to have been given upon the earliest of (i) three (3) days following deposit in the U.S. Mail with proper postage prepaid, Certified or Registered, (ii) the

next business day after delivery to a regularly scheduled overnight delivery carrier with delivery fees either prepaid or an arrangement, satisfactory with such carrier, made for the payment of such fees, or (iii) receipt of notice given by telecopy or personal delivery:

If to the City:	City Manager 315 Second Street Frankfort, Kentucky 40601
With a Copy to:	City Attorney 315 Second Street Frankfort, Kentucky 40601
If to the County:	Franklin County Judge/Executive 321 West Main Street Frankfort, Kentucky 40601
With a Copy to:	County Attorney 222 St. Clair Street, Suite 2007 Frankfort, Kentucky 400601
With a Copy to:	County Treasurer 321 West Main Street Frankfort, Kentucky 400601
If to the Agency	Finance Director 315 Second Street Frankfort, Kentucky 40601

SECTION XVII  
Approvals

Whenever a party to this Agreement is required to consent to, or approve, an action by the other party, or to approve any such action to be taken by another party, unless the context clearly specifies a contrary intention, or a specific time limitation, such approval or consent shall be given within twenty (20) business days and shall not be unreasonably withheld or delayed by the party from whom such approval or consent is required.

SECTION XVIII  
Entirety of Agreement

As used herein, the term "Agreement" shall mean this Local Participation Agreement and the Exhibits attached hereto. This Agreement embodies the entire agreement and understanding of the Parties hereto with respect to the subject matter herein contained, and supersedes all prior agreements, correspondence, arrangements, and understandings relating to the subject matter hereof. No representation, promise, inducement, or statement of intention has been made by any party which has not been embodied in this Agreement, and no party shall be bound by or be liable for any alleged representation, promise, inducement, or statement of intention not so set forth. This Agreement may be amended, modified, superseded, or cancelled only by a written instrument signed by all of the parties hereto, and any of the terms, provisions, and conditions hereof may be waived only by a written instrument signed by the waiving party. Failure of any party at any time or times to require performance of any provision hereof shall not be considered to be a waiver of any succeeding breach of any such provision by any part.

SECTION XIX  
Successors and Assigns

This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

SECTION XX  
Headings and Index

The headings in this Agreement and the Index are included for purposes of convenience only and shall not be considered a part of this Agreement in construing or interpreting any provision hereof.

SECTION XXI  
Exhibits

All exhibits to this Agreement shall be deemed to be incorporated herein by reference and made a part hereof, above the signatures of the parties hereto, as if set out in full herein.

SECTION XXII  
No Waiver

No waiver of any condition or covenant of this Agreement to be satisfied or performed by the Parties shall be deemed to imply or constitute a further waiver of the same, or any like condition or covenant, and nothing contained in this Agreement nor any act of any party, except a written waiver signed by such party, shall be construed to be a waiver of any condition or covenant to be performed by the other party.

SECTION XXIII  
Construction

No provisions of this Agreement shall be construed against a party by reason of such party having drafted such provisions.

SECTION XXIV  
Multiple Counterparts

This Agreement may be executed in multiple counterparts, each of which shall constitute an original document.

SECTION XXV  
Relationship of the Parties

Except as expressly stated and provided for herein, neither anything contained in this Agreement nor any acts of the Parties hereto shall be deemed or construed by the Parties hereto, or any of them, or by any third person, to create the relationship of principal and agent, or of partnership, or of joint venture, or of association among any of



the Parties of this Agreement.

SECTION XXVI  
No Third Party Beneficiary

Except as otherwise specified herein, the provisions of this Agreement are for the exclusive benefit of the Parties and their successors and permitted assigns, and not for the benefit of any other person or entity, nor shall this Agreement be deemed to have conferred any rights, express or implied, upon any other person or entity.

SECTION XXVII  
Diligent Performance

With respect to any duty or obligation imposed on a party to this Agreement, unless a time limit is specified for the performance of such duty or obligation, it shall be the duty or obligation of such party to commence and perform the same in a diligent and workmanlike manner and to complete the performance of such duty or obligation as soon as reasonably practicable after commencement of the performance thereof. Notwithstanding the above, time is of the essence with respect to any time limit specified herein.

*(Signature Pages Follow)*

IN WITNESS WHEREOF, the Parties hereto have hereunto set their hands on the date and year first above set forth herein, to be effective as of the Effective Date.

CITY OF FRANKFORT, KENTUCKY

By: Layne Wilkerson II  
Layne Wilkerson  
Mayor

COUNTY OF FRANKLIN, KENTUCKY

By: Huston Wells  
Huston Wells  
County Judge/Executive

FINANCE DEPARTMENT OF THE CITY OF  
FRANKFORT, KENTUCKY

By: Alicia Boyd  
Alicia Boyd  
Finance Director

## **EXHIBITS**

**Exhibit A: The Development Area Map**

**Exhibit B: Estimate of Incremental Revenues**

**Exhibit C: List of Public Infrastructure Costs**

## EXHIBIT A

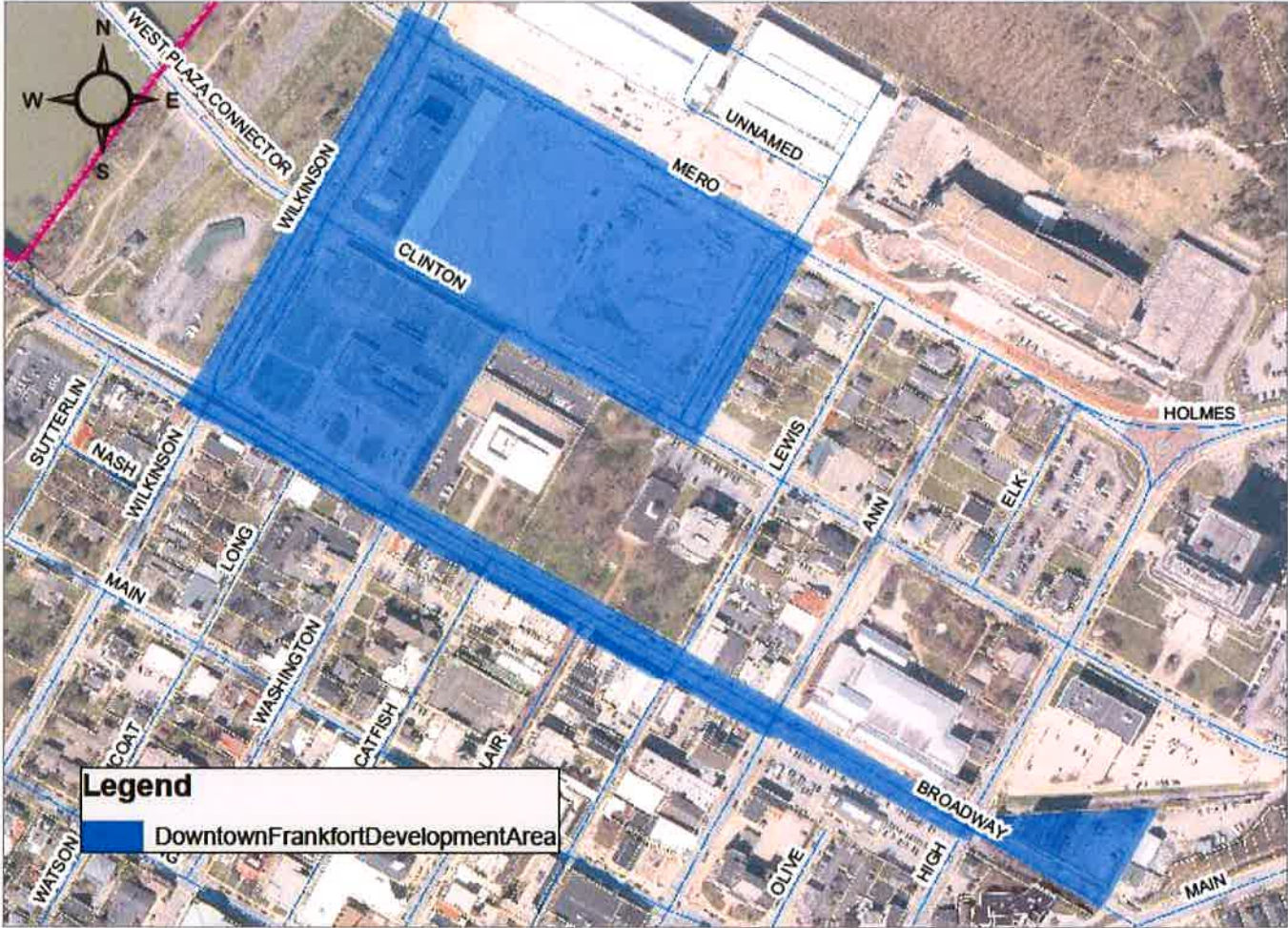
### The Development Area Map

#### Downtown Frankfort Development Area Description

An area to be known as the Downtown Frankfort Development Area containing 22.2 acres located in downtown Frankfort more particularly described as follows:

Beginning at a point at the north eastern edge of the right-of-way of the intersection of St. Clair Street and Mero Street bordering the parcel containing the Kentucky Transportation Cabinet; thence following the northern edge of right-of-way of Mero street in front of the Mayo Underwood Building in a north westerly direction to a point at the north western edge of right-of-way of Wilkinson Blvd adjacent to the corner of the City park property; thence following the western edge of right-of-way of Wilkinson Blvd in a south westerly direction until meeting with the southwestern edge of right-of-way on Broadway Street at its intersection with Wilkinson Blvd; thence following along with the southern edge of right-of-way of Broadway Street in a south easterly direction until the meeting with the southeastern corner of the intersection of Broadway Street and High Street; thence continuing to follow the southern edge of right-of-way along Broadway Street until a point even with the edge of the property containing a gravel lot on the northern side of the right-of-way of Broadway Street; thence crossing Broadway Street to run north along the eastern edge of the aforementioned property until reaching the north eastern corner of that property; hence turning west and running along the edge of the same property until meeting with the northern edge of the properties located at 100 and 106 Broadway Street respectively and continuing along the northern edge of those properties until reaching the north western edge of 100 Broadway Street at the edge of right-of-way of High Street; thence crossing High Street in a north westerly direction and following the northern edge of right-of-way of Broadway Street until reaching a point along the right-of-way of the Broadway Street even with the property line between the YMCA property and Federal property; thence following said property line in a north easterly direction until a point at the southern edge of right-of-way of Clinton Street; thence following the southern edge of right-of-way of Clinton Street in a south easterly direction until reaching a point on the southern edge of the right-of-way of Clinton Street at the southeastern edge of the intersection of Clinton Street and St. Clair Street; thence following the eastern edge of right-of-way of St. Clair street in a north easterly direction to the point of beginning containing approximately 22.2 acres as shown on an attached exhibit.

Downtown Frankfort Development Area



**EXHIBIT B**

**Estimate of Incremental Revenues**

**Downtown Frankfort Redevelopment Project  
TIF-Eligible Incremental Tax Revenues Generated from Project**

	20-Year Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	20-Year Total
<b>Estimated Future Tax Revenues</b>									
<b>Local Tax Revenues</b>									
Franklin County General Property Tax	\$3,043,309	\$125,253	\$127,758	\$130,313	\$132,919	\$135,577	\$149,688	\$182,469	\$3,043,309
Other District Property Tax									
Extension	\$262,831	\$10,817	\$11,034	\$11,254	\$11,479	\$11,709	\$12,928	\$15,759	\$262,831
Health	\$1,179,892	\$48,561	\$49,532	\$50,522	\$51,533	\$52,563	\$58,034	\$70,743	\$1,179,892
Library	\$1,383,322	\$56,933	\$58,072	\$59,233	\$60,418	\$61,626	\$68,040	\$82,941	\$1,383,322
Soil Conservation	\$146,469	\$6,028	\$6,149	\$6,272	\$6,397	\$6,525	\$7,204	\$8,782	\$146,469
Frankfort Property Tax	\$3,222,327	\$132,620	\$135,273	\$137,978	\$140,738	\$143,553	\$158,494	\$193,203	\$3,222,327
Occupational Tax*									
Franklin County	\$1,702,210	\$70,057	\$71,459	\$72,888	\$74,345	\$75,832	\$83,725	\$102,060	\$1,702,210
Frankfort	\$2,511,056	\$103,347	\$105,414	\$107,522	\$109,672	\$111,866	\$123,509	\$150,557	\$2,511,056
<b>Total Future Local Tax Revenues</b>	<b>\$13,451,417</b>	<b>\$553,616</b>	<b>\$564,689</b>	<b>\$575,982</b>	<b>\$587,502</b>	<b>\$599,252</b>	<b>\$661,623</b>	<b>\$806,514</b>	<b>\$13,451,417</b>
<b>Estimated "Baseline" Tax Revenues</b>									
<b>Local Tax Revenues</b>									
Franklin County General Property Tax	\$181,744	\$7,480	\$7,630	\$7,782	\$7,938	\$8,097	\$8,939	\$10,897	\$181,744
Other District Property Tax									
Extension	\$15,696	\$646	\$659	\$672	\$686	\$699	\$772	\$941	\$15,696
Health	\$70,462	\$2,900	\$2,958	\$3,017	\$3,078	\$3,139	\$3,466	\$4,225	\$70,462
Library	\$82,611	\$3,400	\$3,468	\$3,537	\$3,608	\$3,680	\$4,063	\$4,953	\$82,611
Soil Conservation	\$8,747	\$360	\$367	\$375	\$382	\$390	\$430	\$524	\$8,747
Frankfort Property Tax	\$192,435	\$7,920	\$8,078	\$8,240	\$8,405	\$8,573	\$9,465	\$11,538	\$192,435
Occupational Tax									
Frankfort	\$438,030	\$18,028	\$18,388	\$18,756	\$19,131	\$19,514	\$21,545	\$26,263	\$438,030
<b>Total Local Tax "Baseline"</b>	<b>\$989,726</b>	<b>\$40,734</b>	<b>\$41,549</b>	<b>\$42,380</b>	<b>\$43,227</b>	<b>\$44,092</b>	<b>\$48,681</b>	<b>\$59,342</b>	<b>\$989,726</b>
<b>Estimated Locally Participated Incremental Tax Revenues</b>									
Franklin County TIF-Eligible Incremental Tax Revenue	\$5,327,189	\$251,430	\$256,458	\$261,587	\$266,819	\$272,155	\$300,482	\$229,469	\$5,327,189
Other District TIF-Eligible Incremental Tax Revenue**	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Frankfort TIF-Eligible Incremental Tax Revenue	\$3,827,189	\$157,515	\$160,665	\$163,878	\$167,156	\$170,499	\$188,244	\$229,469	\$3,827,189

\*Excluding the hotel, all businesses locating into the district are assumed to be new and therefore subject to an equal City/County split of the City Occupational Tax.

\*\*Includes TIF-eligible incremental property taxes from extension, health, library, and soil conservation property taxing districts.

**EXHIBIT C**

**List of Public Infrastructure Costs**

**BLOCK B AND C:**

300 Space Parking Structure:	\$8,500,000
Washington Street Improvements:	\$1,500,000
Site Preparation/Public Space :	\$3,125,000
Demolition:	\$ 500,000

(Any reimbursement to the Developer of Blocks B and C shall be governed by the Master Development Agreement)

**BROADWAY STREET IMPROVEMENTS:**

Street lights – Between Wilkinson Boulevard and Washington Street. Replace existing lights on the north side with poles and fixtures similar to existing street lights along Broadway.

Curb along railroad tracks – Paint the curb between Washington Street and High Street.

Public art – Establish a few locations for free-standing public art pieces.

Trees – Between Wilkinson Boulevard and High Street, where appropriate.

Sidewalk/curb ramps – Between Wilkinson Boulevard and High Street. Reconstruct any non-standard curb ramps and repair any sidewalk sections.



Exhibit C  
to Ordinance No. 9, 2021 Series  
(Development Plan)

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SEP 04 2020  
Frankfort City Clerk

**Development Plan**  
**For the**  
**Downtown Frankfort Development Area**

**1. Introduction.**

**1.1 Purpose.** The City of Frankfort, Kentucky (the “City”), with participation by the County of Franklin, Kentucky (the “County”), intends to establish the Downtown Frankfort Development Area (the “Development Area”) pursuant to the provisions of KRS 65.7041 to 65.7083, and KRS 154.30-010 to 154.30-090, as the same may be amended (collectively, the “Act”), to support the planned redevelopment of the Development Area with two separate mixed-use redevelopment projects that include related public infrastructure, site amenities and streetscape improvements, including enhancements to the Broadway Street corridor that connects the two projects. After the establishment of the Development Area, the City plans on requesting funding from the Commonwealth of Kentucky (the “State”) to support public infrastructure necessary to support the planned redevelopment of the Development Area.

The mixed-use project proposed by the CRM Companies or its assigns and affiliates (“Developer A”), includes the reimagining of the Capital Plaza Hotel, convention and meeting space, a brand-new YMCA, new office space, new retail/restaurant space, and new residential units, along with related site improvements and amenities, including structured parking, in the area of the City’s downtown referred to as Parcels B and C (“Project A”). The redevelopment proposed by Weyland Ventures Development, LLC (“Developer B”) includes an adaptive

reuse of blighted and substantially vacant buildings, located at 100 to 114 Broadway, as a lifestyle boutique hotel, with a bar, restaurant, meeting rooms, etc. (“Project B”). Collectively, Project A and Project B, along with the enhancements to the Broadway Street corridor will be referred to as the “Project”. The City and County intend to support the Project and provide redevelopment assistance through a pledge of certain City and County incremental tax revenues generated from the Project within the Development Area and to undertake certain public infrastructure improvements needed within the Development Area. Certain local special taxing districts, that may legally pledge incremental taxes pursuant to the Act (the “Special Taxing Districts”), but not including the Frankfort Independent Board of Education, will be requested to participate with a pledge of their incremental real property taxes.

The Project furthers and implements several elements of the Downtown Frankfort Master Plan dated November 2018, attached as Exhibit A (the “Downtown Plan”). The Downtown Plan was prepared as a joint effort by the City and County, to guide the redevelopment of the City’s downtown following the decision of the State to demolish the Capital Plaza Complex. The planned redevelopment of a portion of that area is included in Project A. The Downtown Plan also referenced the need for a Boutique Hotel, a New YMCA, and improvements to Broadway Street for pedestrian use, and to better link the redevelopment sites at each end of Broadway Street, all of which are accomplished by the Project.

In addition, to support from the City, County and the Special Taxing Districts, the City plans to seek a pledge of State incremental tax revenues under one of the State Participation Programs (the Mixed-Use Program or the Real Property Tax Program), as provided in the Act, to reimburse approved public infrastructure costs in accordance with the Act. To ensure the success and support of the Project and the revitalization of a crucial section of the City’s

downtown, a variety of public infrastructure improvements are needed within the Development Area.

In the alternative, the Developer A and/or Developer B may apply to obtain a reimbursement of State sales taxes generated by the Project pursuant to the Tourism Development Act set forth in KRS Chapter 148.

**1.2 Size and Location.** The Development Area consists of approximately 22.2 acres and is strategically positioned in the City's downtown. The Development Area includes Parcels B and C in Frankfort, Kentucky near the newly developed Mayo-Underwood Building and across the Kentucky River from the State Capitol Building, the area at 100-114 East Broadway, and the right of way for Broadway Street that connects the Project A and Project B sites. The proposed Development Area is described on the map and description attached as Exhibit B.

**1.3 Current Uses.** The Project A site of the Development Area is currently zoned as a Special Government District (SG) and primarily includes the blighted YMCA, the underdeveloped Capital Plaza Hotel, multiple dilapidated parking structures, and a disconnected Washington Street, as well as a few areas on which public infrastructure improvements may be needed. The Project B site is zoned CB-Central Business District and includes two buildings, only one being partially leased, with the building located at 100 Broadway Street formerly used for retail and residential uses, and the building located at 106-112 Broadway Street, a vacant warehouse. The Project B site also includes a lot owned by the City.

## **2. The Development Area.**

**2.1 Assurances Regarding the Size and Taxable Assessed Value of the Development Area and Other Matters.** The City finds in accordance with the Act that:

(a) The Development Area is a contiguous Area consisting of approximately 22.2 acres, which is less than three (3) square miles in area;

(b) The establishment of the Development Area will not cause the assessed taxable value of real property within the Development Area and within all “development areas” and “local development areas” established by the City (as those terms are defined in the Act) to exceed twenty percent (20%) of the total assessed taxable value of real property within the City. The assessed value of taxable real property within the Development Area for calendar year 2019 was \$4.245 million. The City has not previously established any other local development areas or development areas pursuant to the Act. The total assessed value of taxable real property within the City for the calendar year 2019 is approximately \$1.7 billion. Therefore, the assessed value of taxable real property within all development areas is less than twenty percent (20%) of the assessed value of taxable real property within the City; and

(c) That the Development Area constitutes previously developed land as required by KRS 65.7043.

**2.2 Statement of Conditions and Findings Regarding the Development Area.** Pursuant to KRS 65.7049(3), a development area must exhibit at least two (2) of the following conditions to qualify for designation as a “development area” under the Act and to

qualify for a pledge of State incremental revenues pursuant to KRS 154-30.010 to 154-30.090 (three conditions necessary for projects applying for incentives under KRS 154-30.060):

- (a) Substantial loss of residential, commercial, or industrial activity or use;
- (b) Forty percent (40%) or more of the households are low-income households;
- (c) More than fifty percent (50%) of residential, commercial, or industrial structures are deteriorating or deteriorated;
- (d) Substantial abandonment of residential, commercial, or industrial structures;
- (e) Substantial presence of environmentally contaminated land;
- (f) Inadequate public improvements or substantial deterioration in public infrastructure; or
- (g) Any combination of factors that substantially impairs or arrests the growth and economic development of the city or county; impedes the provision of adequate housing; impedes the development of commercial or industrial property; or adversely affects public health, safety, or general welfare due to the development area's present condition and use.

The City has reviewed and analyzed the conditions within the Development Area and finds that the Development Area exhibits at least four (4) of the qualifying

characteristics as follows:

(1) **There has been a substantial loss of commercial activity within the Development Area.** Commercial activity within the Development Area has been in a state of economic decline for years. Presently, only some of the parcels within the Development Area are being used for commercial purposes, while the majority contain underutilized or deteriorating structures. The existing YMCA can no longer support program offerings desired by the community. In fact, the YMCA has significantly scaled back its program offerings to fit the inadequate and deteriorating space and is at risk of scaling back even more programs. The Development Area also includes the former site of the demolished Frankfort Convention Center. Losing a convention space that generated significant business activity was detrimental to the Capital Plaza Hotel which was already experiencing a significant decline in business. As a result of the loss of YMCA programs, the Frankfort Convention Center, and Capital Plaza Hotel business, the number of employees working within the Development Area has declined. This, combined with the structurally failing parking garages, has negatively impacted business activity within the Development Area. The buildings in the Project B site area are currently mostly vacant, and previously were used for business use, as retail, residential and warehousing uses.

(2) **More than fifty percent (50%) of the residential, commercial, or industrial structures within the Development Area are deteriorating or deteriorated.** Based on the City's Nuisance Code, which sets forth minimum standards for maintenance of existing properties, over 50% of the structures within the Development Area require minor to major assistance. A handful of structures are

considered beyond a state of good repair and require demolition. In addition, the Development Area consists mostly of structures that are nearly 50 years of age. Therefore, even those structures within the Development Area that are reasonably well-maintained exhibit significant signs of age and deterioration. Furthermore, the buildings that comply with the Nuisance Code require upgrades to meet what is expected for the future use of the property, including upgraded meeting space, parking, plumbing facilities, fixture requirements, mechanical and electrical wiring, etc. Attached as Exhibit C are pictures of some of the remaining structures and the condition of the infrastructure within the Project A site.

The structures within the Project B site are in various stages of decline and deterioration, with the warehouse building being more severely dilapidated. The owner of those structures has invested approximately \$500,000 just to stabilize the buildings. Attached as Exhibit D are pictures of the Project B site.

(3) **Public improvements and public infrastructure within the Development Area are inadequate.** The area is lacking in terms of the infrastructure needed to support and attract the investment that the planned redevelopment within the Development Area requires. The Development Area will require significant new investment in public infrastructure, including, but not necessarily limited to:

- **Parking** – As downtown develops, the Development Area will face an increasing deficiency in the number of parking spots available to support future projects. Most of the parking in Frankfort is surface parking that takes up significant valuable acreage, which is an inefficient solution due to the reduced



density it creates in the downtown area, and which utilizes parcels with the most economic potential in a least impactful way. Structured parking will be required to accommodate both the new and existing businesses, particularly during peak traffic times related to events and conferences as the Project and Development Area is redeveloped. This investment will allow the area to attract vertical redevelopment, maximizing the land use located next to a newly developed state office building, and allowing a level of density that a successful redevelopment will require.

- **Connectivity Improvements and Public Space** – The possible re-connecting of existing roadways, various streetscape improvements, and the creation of new pathways and walkways to accommodate increased pedestrian traffic from Washington Street and through the Development Area to the edge of the riverfront will improve connectivity in the downtown area. These improvements will attract visitors and residents, alike, to Frankfort by creating an inviting pedestrian environment with outdoor space. Possible improvements to the Broadway Street corridor include:

- (a) Street lights – Between Wilkinson Boulevard and Washington Street. Replace existing lights on the north side with poles and fixtures similar to existing street lights along Broadway.
- (b) Curb along railroad tracks – Paint the curb between Washington Street and High Street.
- (c) Public art – Establish a few locations for free-standing public art pieces.
- (d) Trees – Between Wilkinson Boulevard and High Street, where

appropriate.

(e) Sidewalk/curb ramps – Between Wilkinson Boulevard and High Street.

Reconstruct any non-standard curb ramps and repair any sidewalk sections.

- **Site Prep and Utility Improvements** – The Project will require significant expenditures to support the Development Area for vertical development, as well as provision of upgraded utility connections and capabilities.

- **Demolition** – The Development Area will require demolition of blighted structures that are failing. As a non-exclusive example, the existing YMCA is deteriorating and unable to support a desire for more childcare options, health and fitness programs, and sports and recreation activities. Absent of a new facility, program offerings are at risk of being outsourced to other locations or canceled due to inadequate space. Furthermore, the adjoining parking structures behind the existing YMCA are structurally failing and require a plan for reconstruction to complement future economic development.

(4) **There are a combination of factors that substantially impairs growth and economic development of the Development Area.** The challenges of encouraging the redevelopment of an older city's downtown, including the increased costs associated with redeveloping sites, building within the constraints of an established area, and the high cost of infrastructure needed to support new development in this downtown setting, represent unique circumstances that impede the

redevelopment of the Development Area and arrests the development of the City and County. A mixed-use redevelopment could be highly impactful within the Development Area and to the region, but these various factors have prevented such growth from occurring and will remain a barrier to achieving meaningful private investment in Frankfort's downtown core without financial assistance from public sources.

**2.3 Assurances the Development Area Is Not Reasonably Expected to be Developed without Public Assistance.** The City finds that the Development Area is not reasonably expected to be developed without public assistance. The public infrastructure costs within the Development Area are too high for the Project to occur without public assistance, particularly as it relates to the lack of structured parking and pedestrian connectivity throughout the Development Area. It is estimated that the development costs of the public infrastructure improvements planned within the Development Area exceeds \$11 million, even before considering financing and other soft costs. Without public funding, including State assistance under the Commonwealth Participation Programs, or the Tourism Development Act, the proposed Project within the Development Area would not be possible.

**2.4 Assurances the Public Benefits of Developing the Development Area as Proposed Justify the Public Costs Proposed.** The City finds that the public benefits of redeveloping the Development Area justify the public costs proposed. As detailed in the Commonwealth Economics Report, attached hereto as Exhibit "E", (the "Report"), the new capital investment related to Project A is expected to reach \$86.9 million, \$76.4 million of which relates to private costs, and \$10.6 million of which is expected to be spent on public infrastructure costs. The new capital investment related to Project B is anticipated to exceed

\$8,000,000. Over a 20-year period, the proposed Project is estimated to support over 468 jobs annually and account for over \$800 million in total economic impact. While the City, County, and the Special Taxing Districts may pledge certain new ad valorem property taxes and occupational taxes to pay for the proposed public infrastructure, the Project, net of any assistance from the City, County, and the Special Taxing Districts, will generate increased tax revenues, including insurance premium taxes, transient room taxes, and tangible property taxes, the incremental taxes not pledged, and other special district and school taxes. The Project will also jump start and encourage additional downtown development and leverage State tax dollars with private investment.

The Project is expected to generate much more tax revenue than is currently being generated within the Development Area. According to the Report, over a 20-year period, Project A alone, is estimated to generate \$60.8 million of on-site eligible state and local tax revenues. This includes \$13.1 million in local taxes and \$47.7 million in state taxes. After subtracting the estimated baseline tax revenues, total incremental tax revenues generated within the Development Area are estimated at approximately \$52.2 million over a 20-year period. After 20 percent is retained by the State in accordance with the Act, assuming State incentives are granted under the Mixed-Use Program, such amount translates to an estimated \$32.3 million available for State participation and an estimated \$11.8 million for local participation. In addition to these amounts, the school district and transient room taxes will amount to over \$15 million in additional local tax revenue that is not pledged as a TIF incentive. These numbers do not include the additional impact of Project B.

Based on research and analysis documented in the Report, Project A is estimated to have a significant economic and fiscal impact to the regional economy. Its construction, alone,

is estimated to generate a one-time impact that includes approximately \$41.9 million of total wages and support for 862 total jobs.

**2.5 Assurances Regarding the Area Immediately Surrounding the Development Area.** Pursuant to the Act, the establishment of a development area requires a finding that the area immediately surrounding the Development Area has not been subject to growth and development through investment by private enterprise, or that there are certain special circumstances within the Development Area that would prevent its development without public assistance. The City finds that very few portions of the area immediately surrounding the Development Area has been subject to growth and development through investment by private enterprise without the use of incentives, and certainly none to the extent contemplated by this Project. Additionally, certain circumstances within the development area would prevent its redevelopment without the use of public assistance, due to the infrastructure needs as described in Section 2.2.

**2.6 Development Area Description.** The Development Area includes the real property within the boundaries described on the site plan and legal description attached hereto as Exhibit "B".

**2.7 Existing Uses and Conditions.** The Project A site within the Development Area is currently zoned as a Special Government District (SG) that allows for governmental activity. Project A primarily includes the blighted YMCA, the underdeveloped Capital Plaza Hotel, multiple dilapidated parking structures, and a disconnected Washington Street, as well as a few areas on which public infrastructure improvements may be needed. Without public investment, the deteriorating structures will continue to underperform and

become an eventual safety concern. The lack of sufficient infrastructure in the area has prevented interested developers in pursuing redevelopment projects due to the prohibitively high costs associated with the deteriorating structures, the provision of adequate structured parking, and developing attractive streetscapes and walking paths.

The Project B site is zoned as CB-Central Business District, and includes two substantially vacant structures that were previously used for business use, each that exhibit various stages of decline and deterioration. The uses planned for Project B are consistent with the sites current zoning.

There are no apparent conditions in the Development Area that would prevent it from being developed as contemplated by this Development Plan with the assistance of the state and local governments to defray the significant cost of public infrastructure.

**2.8 Proposed Changes in the Zoning Ordinance, Zoning Map, Comprehensive Plan or Other Codes or Plans Necessary to Implement the Development Plan.** It is anticipated that the Project A site within Development Area will require a zone change from a Special Government District (SG) to Urban Mixed Use (UM) in order to implement the Development Plan as currently contemplated. Project B does not require any changes to zoning.

**2.9 Certification of Compliance with the Comprehensive Land-Use Plan.** The Development Plan has been created as a result of interested Developers collaborating with local officials and interested parties. The plans were submitted for certification of compliance with the duly adopted Comprehensive Plan. Attached as Exhibit “F” is the documentation of certification.

### **3. The Development Program.**

The Project proposed for the Development Area is expected to include public infrastructure elements, in addition to the various private components, as described more particularly in the Report. While the final Project elements and scope may vary from what is described herein, in general, the proposed Project would provide a reimagined Capital Plaza Hotel, a brand-new YMCA building, new office space, new retail space, new restaurant space, and new residential units, with total new capital investment of approximately \$87 million. Project B will include an adaptive reuse of the existing buildings for a boutique hotel, bar, and restaurant with an additional capital investment exceeding \$8 million. In addition, the Project envisions streetscape and other improvement to the Broadway Street corridor as envisioned by the Downtown Plan. Qualifying public infrastructure expenditures necessary to support the Project and the private investment is estimated to exceed \$11 million within the Development Area. The goal is to provide public infrastructure assistance which will allow the private sector to develop a very impactful Project within the Development Area.

### **4. Redevelopment assistance and Finance Plan.**

The Proposed “redevelopment assistance”, as defined in the Act, to be provided in the Development Area is estimated to support approximately \$11+ million in public infrastructure development costs, including any additional interest expenditures for public infrastructure. The City, County, and Special Districts may legally pledge up to one-hundred percent (100%) of their incremental tax revenues from real property taxes (excluding school district taxes) and occupational taxes from the project for up to a 20-year period and, in accordance with the Act. The City will create a special fund for the deposit of pledged incremental revenues. In addition,

the City and/or an agency thereof will submit an application to the Kentucky Economic Development Finance Authority (“KEDFA”) to request the State pledge up to eighty percent (80%) of incremental State tax revenues, for an application under the Mixed-Use Program, or one-hundred percent (100%) of State incremental real property taxes under the Real Property Tax Program, generated from the Project for up to a 20-year period. In the event the Project qualifies for incentives under the Tourism Development Act, the request for State incremental revenues will be through the Real Property Tax Program.

The City will establish a special fund for the deposit of pledged incremental revenues. Pledged incremental revenues deposited into this special fund will be used to provide “redevelopment assistance” and to reimburse the financing and/or upfront expenditure by private parties and/or the City or County on “approved public infrastructure costs” or to pay directly for such redevelopment assistance and public infrastructure costs, and any other purposes in compliance with this Development Plan, the Act, and all agreements and documents entered into in connection therewith. It is anticipated that in some cases private parties will pay for the public improvements within the Development Area and seek reimbursement in conformity with the TIF statutes and agreements between the Developers and the government. The City will enact an ordinance establishing the Development Area and adopting this Development Plan. The development ordinance will designate an agency, commission, or non-profit of the City’s choosing to oversee, administer and implement the TIF ordinances and agreements.

As set forth in more detail in the Report, Project A, without considering the additional impact of Project B (as contemplated within), is estimated to directly generate approximately \$44.1 million in incremental tax revenues over a 20-year period. Approximately \$11.8 million



of this estimated total is from local entities and could be available for debt service related to the Project as may be participated through the TIF agreements.

## **5. Conclusions.**

The Development Area's mix of private investment and public improvement will allow for the continued revitalization of Frankfort's downtown by creating a unique destination for visitors and residents, alike, consistent with the Downtown Plan. The proposed assistance related to the public infrastructure improvements is critical to successful redevelopment of the Development Area and will act to facilitate the significant amount of private investment that will come with this Project.

## **List of Exhibits**

Exhibit A – Downtown Frankfort Master Plan

Exhibit B – Map and Legal Description of Development Area

Exhibit C – Pictures of Project A Site

Exhibit D – Pictures of Project B Site

Exhibit E – Commonwealth Economics Report

Exhibit F – Certification of Compliance with Comprehensive Plan

# **Exhibit A**

## **Downtown Frankfort Master Plan**

# Downtown Frankfort Community Engagement/Master Planning Process

November 2018



*The Spirit of Downtown Frankfort*

**CITYVISIONS**  
ASSOCIATES

architecture  
urban design  
**GAMBLE  
ASSOCIATES**

## **ACKNOWLEDGEMENT**

The Downtown Frankfort Community Engagement and Master Planning process was undertaken through the funding and the support of the City of Frankfort and the Franklin County Fiscal Court. Numerous City and County officials and staff members provided both assistance and oversight of the process, as well as Downtown Frankfort, Inc. and the Kentucky Capital Development Corporation.

In addition, hundreds of Frankfort residents were actively engaged in the process and provided invaluable information, insight, perspective, suggestions, and comments; all were invaluable in the crafting of a vision for Frankfort's future that reflects the attitudes and aspirations of Frankfort's citizens and public officials.





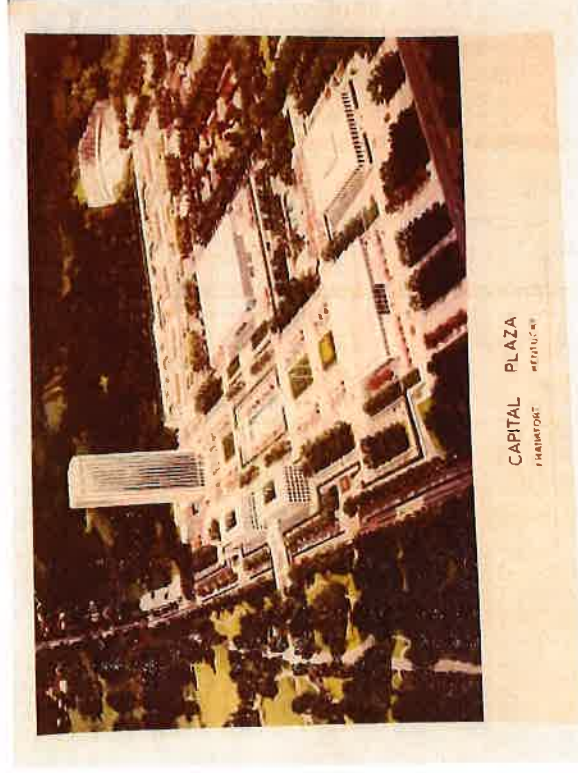
*Downtown Frankfort, Kentucky*

## BACKGROUND

Downtown Frankfort is truly at a historic crossroads in its development. A charming, authentic downtown in the Commonwealth of Kentucky's capital city has had a rich history since its founding as a "ford" across the Kentucky River in a visually stunning limestone valley; home to some of the most prestigious bourbon distilleries in the world. Its historic downtown has, admirably, retained much of its historic fabric and charm, and has avoided the ravages of urban renewal that have left gaping holes in many similar cities. However, the imposition of the inappropriately scaled Capital Plaza development in the 1970s and the development of the State office complex on the north side of the downtown area - while providing much needed economic benefits - have combined to disconnect the historic downtown from these other areas, as well as creating major obstacles to its ability to seamlessly connect to its riverfront and other parts of the City.

The decision of the Commonwealth of Kentucky to demolish the Capital Plaza complex has provided a new and unique opportunity for downtown Frankfort to repair these disconnections as well as provide acreage for new development in the downtown area. In addition, the Commonwealth has decided not to undertake this in a vacuum, but rather to do so in partnership with the City of Frankfort, Franklin County, as well as the citizens of the

community. Under an equally unique arrangement, the Commonwealth requested that the community undertake a public process to determine what it believes to be the most appropriate redevelopment strategy for the parcels of Capital Plaza that will remain after the Plaza demolition and a new State Office Building and Garage is completed.



Capital Plaza Original Design Plan

This represents a literally “once-in-a-lifetime” opportunity: to not only remove a major physical intrusion in the downtown that – in spite of its well-intentioned goals at the time – has proven to be a major barrier to its health and vitality, but in addition to provide a major new downtown development opportunity.



*Capital Plaza prior to demolition*

This is an opportunity that the public officials and citizens of Frankfort and Franklin County have not taken lightly. Rather than merely undertaking an analysis of the Capital Plaza property, the community determined that the future of this

property and its potential benefits were *far greater than the boundaries of the property itself*. In fact, this presented a much broader opportunity to evaluate the entirety of downtown Frankfort, to best determine not only the development potential of Capital Plaza but the possibilities that were now presented across the downtown area.

As a result, the City of Frankfort and Franklin County engaged the firms of CityVisions Associates and Gamble Associates to undertake a Downtown Frankfort Community Engagement and Master Planning Process. The analysis, findings and recommendations of that process are presented herein.

*A New Spring Inspiring Downtown Frankfort*  
**COMMUNITY CONVERSATION**

**Tuesday - May 8, 2018 - 5:30pm**  
Mitchell Building - 317 West Broadway

Please join the continuing Community Conversation regarding the next phase of the Downtown Master Planning and Community Engagement Initiative. The energy and excitement exhibited during the initial round of Conversations has been palpable, and this momentum will surely continue, as we review the aspirations of the community and the principles for downtown's future. Once again, the meeting will showcase another of downtown Frankfort's exciting renovation projects, the Mitchell Building on Broadway. Additional information can be found at: [www.spiritofnewfrankfort.com](http://www.spiritofnewfrankfort.com)





## COMMUNITY ENGAGEMENT

The Master Plan initiative included as a major component a community engagement process that involved interaction with hundreds of community residents interested in the future health and vitality of downtown Frankfort. This outreach included numerous one-on-one and small group meetings and interviews, major Community Conversations public meetings and presentations, the development of an interactive web site, presentations to community groups, community surveys (including the On the Table initiative), and specific focus groups. Discussions centered on *both* the Capital Plaza area and the entirety of downtown.

This process, not surprisingly, resulted in numerous comments regarding citizens' aspirations for downtown, their concerns, their likes and dislikes, and specific recommendations for improvements to the downtown. Most people were proud of the downtown area, and appreciated its charm and character. Among the more common comments were the following:

- Downtown has retained and preserved its historic character
  - Comfortable pedestrian scale
  - Sense of beauty and history
  - Safe
  - Friendly
  - Shops and restaurants are primarily local with interesting products
  - Very distinctive downtown atmosphere
  - *“we have history in every street and alley.”*
  - *“ we have a downtown on the cusp of a new era of growth and activity.”*
- There was also a sense of frustration that downtown was a “hidden gem” in that few people outside of the community, and many that visit Frankfort for state business or as tourists, don’t really know that downtown Frankfort exists.
- The community engagement process did result in many suggestions as to potential improvements to downtown Frankfort. Among these were the following:
- More downtown events
  - More museums/attractions
  - Boutique hotel
  - New YMCA
  - Restore street grid to Capital Plaza area
  - New Convention Center
  - Bourbon-themed attractions
  - More parking
  - Tourist Boat
  - Create a Central Square
  - Reuse Historic Depot
  - Reuse Old Post Office Building
  - Extend Washington Street
  - Convert to Two-Way Streets
  - Better connect Buffalo Trace to downtown
  - Additional boat docks
  - Activate Blanton Landing
  - Improve pedestrian/bike environment on/adjacent to Capital Bridge
  - “Fix” Ann St/Broadway Intersection

## **STRENGTHS AND WEAKNESSES**

Any downtown area, regardless of how healthy and vibrant, contains a variety of strengths and weaknesses. Downtown Frankfort is no exception. An analysis of its strengths is necessary to identify those elements to build upon. Conversely, an honest assessment and identification of its weaknesses enables a determination to be made as to what is most necessary to reduce and/or eliminate these as obstacles for future economic health and vitality.

- Historic neighborhoods
- Downtown YMCA
- Kentucky State University
- Lots of state office workers
- Farmer's Market
- Grand Theater

### ***Downtown Frankfort Weaknesses***

#### ***Downtown Frankfort Strengths***

- Local character
- Local and unique retail shops
- Low housing costs
- Friendly people and merchants
- Safety
- Easy parking
- Pic Pac
- Growing Arts Scene
- Downtown Events

- Not enough restaurants
- Weak retailing
- Lack of brewpubs
- Nothing open on Sundays (including Visitor Center)
- Not enough people working downtown
- State workers don't frequent downtown
- Downtown rents are low (making redevelopment difficult)
- Zoning and approval process too hard
- KSU doesn't have a downtown presence
- High speed of traffic on Second Street
- River flooding inhibits development

## Downtown Frankfort Guiding Principles

As part of the community engagement process, a great deal of discussion, interaction, and work group deliberations were initially focused on the principles that should inform and guide the evaluation of specific downtown improvement strategies. While there may be differences of opinions as to specific improvements, there was in fact a great deal of agreement on the *impacts* of downtown initiatives. What type of downtown was likely to result from individual actions, as opposed to the actions themselves? What kind of downtown did most citizens want it to be?

By focusing initially on a common set of shared principals, improvement strategies, public initiatives, private development, and community priorities are best able to be analyzed as to their overall impact on the future health and benefit to downtown. In addition, the impact of market forces and development economics can be integrated into approaches that may take time to bear fruit, but will in the long term advance these principals and help downtown Frankfort achieve the “sense of place” that its citizens demand.

As a result of these discussions, consensus was reached on the following set of downtown’s guiding principles:

- *Better Engage with the Riverfront*
- *Strengthen a Sense of Frankfort’s identity’*
- *Encourage Walkability*
- *Foster Greater Connectivity*
- *Establish a Range of Housing Options*
- *Improve Traffic and Circulation*
- *Provide a Mix of Uses*
- *Create More Usable Public Space*
- *Respect the Historic Scale of Downtown*
- *Increase Bourbon/Cultural Tourism*

### **Better Engage with the Riverfront**

Frankfort's history is indelibly tied to the Kentucky River and the River uniquely provides downtown Frankfort with two distinct riverfronts. However, over time the River has not been optimized as the major downtown asset that it historically has been. Efforts to better engage with the River should be a high priority, providing increased opportunities to view the River, to recreate along the River, and to be on the River...for both citizens and tourists alike.

Along the West Riverfront, the development of a community boathouse - providing increased opportunities for the public to engage with the river - will celebrate Frankfort's connection to the Kentucky River, highlight its connection to limestone and bourbon, and be the first civic structure that is seen when entering downtown. Creating a new mixed-use development along the riverfront also will provide residents and tourists with a variety of ways to better engage with the River. On the South Riverfront, providing new viewing areas at the end of Ann Street and adjacent to the boat ramp will further connect the River to those in the heart of downtown.

### **Strengthen a Sense of Identity**

Downtown Frankfort is a charming place that fortunately has retained a strong sense of its historic core. Its historic building fabric remains largely in place; there are relatively few "missing teeth" along its streets; and its authenticity and charm are evident. Nonetheless, other aspects of its character and identity are either hidden or not to be found in the downtown area: its connection to the River, the stunning limestone formations that are so evident as one drives into downtown, and the importance of the bourbon industry. Visual clues and other references to these important community character elements are largely missing. In addition, the railroad tracks along Broadway are not highlighted as a unique feature of its downtown, and the portion of downtown populated by state offices offers little sense of Frankfort's historic identity.

Opportunities to celebrate its unique identity abound. Opening up connections to the River, engaging limestone and wood as building materials, integrating public art elements that infuse the character of Frankfort into its streetscape, new water features, and an integrated identity program will in aggregate reinforce the uniqueness of downtown Frankfort as a place that is proud of its identity and authenticity.

### Encourage Walkability

Today's active and thriving downtowns are those that provide a comfortable and enjoyable pedestrian experience. Impediments to walkability severely limit the vibrancy and economic vitality of a downtown. While the historic downtown portion of Frankfort provides such walkability, there are impediments in walking to and from adjacent areas. These impediments include non-connecting streets, the need to navigate steps and grade changes, wide and high-speed one-way streets, traversing the rail tracks along Broadway, and lack of adequate and welcoming signage. In addition, the two hour on-street parking limit reduces the ability to spend a great deal of time on foot enjoying the downtown and all of its charm.

The removal of the Capital Plaza podium will go a long way to improve the walkability of downtown Frankfort, as long as its new development re-integrates this area into the downtown grid system and retains a more walkable and pleasant two-way street environment. Enhancements to the rail tracks along Broadway are also recommended, as well as a more pleasant and continuous pedestrian and bikeway trail system through and around downtown.

### Foster Greater Connectivity

Downtown Frankfort is often identified - quite accurately - as a "hidden gem." One major reason why it is hidden is that it is extremely difficult to get to...on foot, by car, by bicycle. The rail tracks, the Capital Plaza podium, the lack of access to the River, the circulation system, and the proliferation of turning prohibitions all combine to reduce downtown's visibility and its ability to connect to its adjacent areas. These adjacent areas contain a very large number of residents, office workers, and tourists; instead of adding to the economic vitality of downtown, many of them are bypassing downtown entirely.

Fortunately, there are a myriad of initiatives designed to better connect downtown Frankfort and "open up" this hidden gem: the removal of the Capital Plaza podium and re-establishment of the downtown grid; improved connections to the riverfronts; the elimination of the one-way traffic flow around and out of downtown; the ability to turn *into* downtown from Broadway; the establishment of a new downtown "activity node" at Ann/Broadway; and the expansion of the pedestrian and bicycle trail system.

### **Establish a Range of Housing Options**

All vibrant and active downtowns contain a core group of downtown residents, and any downtown revitalization strategy to be successful and sustainable must prioritize downtown housing. There appears to be significant demand for housing in downtown Frankfort, but the range of price points and style options remain rather limited. The ability to establish a wider range of housing options, within reasonable absorption numbers, should be a high priority for downtown Frankfort.

There are many buildings in the downtown core suitable for adaptive use into housing units on their upper floors. While the economics of such conversation currently are challenging, public and private support mechanisms and incentives should prioritize residential units. The redevelopment of Parcel B of the Capital Plaza site provides a unique opportunity to substantially increase the housing supply in downtown, in a phased, block-by block approach that reflects – and respects rather than attempts to overwhelm – the market demand. The combination of these two strategies will, over time, build the number of people living downtown.

### **Improve Traffic and Circulation**

One of the major challenges to the economic health of downtown Frankfort is its traffic flow and configuration, which currently does not prioritize access into and out of downtown. In fact, its current design encourages traffic to bypass downtown. The system's one-way street patterns, its prohibition of turns into the downtown area, and the lack of signage encouraging and welcoming drivers into downtown combine to make accessibility a major impediment to downtown's overall health.

Refinements and alterations to the circulation system designed to improve access into and out of downtown should be prioritized. These include retaining the current temporary two-way traffic flow on Clinton and Mero Streets, and in addition converting Ann and High Streets to two-way; extending Washington Street north to Mero; allowing right hand turns from Broadway to St. Clair, and revisiting the two-way potential of Main Street, especially to allow entry into downtown from Wilkinson Boulevard. The establishment of an extensive network of user-friendly and directional signage directing and welcoming traffic into downtown must accompany these revisions to the circulation system.

### Provide a Mix of Uses

Active and robust downtown areas – regardless of size – are characterized by a mix of uses: in districts, along streets, and in individual buildings. Historic downtown Frankfort is characterized in this way; unfortunately, the State office complex and the Capital Plaza have not been. Nevertheless, opportunities currently exist to add to and reinforce the mixed-use character of downtown, re-establish this pattern in the Capital Plaza redevelopment, and create a new mix of uses along the riverfront.

Single purpose buildings, such as office buildings, conference centers, health and recreational facilities, and even parking facilities, should be discouraged. Instead, efforts should be made to integrate a variety of uses into new or repurposed property: a mix of residential, restaurants, neighborhood commercial in the new Capital Plaza block-by-block development; hospitality, conference facilities, health and wellness, and parking at the riverfront site; first floor retail and upper floor residential in the rehabilitation of downtown buildings; even seasonal and/or “pop-up” uses in front of and atop the Sullivan Square Garage.

### Create More Usable Public Space

Successful downtowns contain strategically located and well programmed public spaces. While this is often correlated with the amount of “green space,” this is not necessarily the case. Downtown Frankfort and its surrounds contain quite a bit of green space: Morris Park at Fort Hill Park, River View Park, and Frankfort Cemetery. But not all of these green spaces are well utilized and/or easily accessible downtown “public spaces.” The Old State House Lawn is an example of a well-used downtown public space amenity. It is actively programmed, well located, and serves a variety of uses. A number of places in downtown are extremely well located, but currently are not as optimized as usable public space. Foremost among these are Craille Gardens adjacent to the History Center, River View Park on both sides of the River, with more active uses within it (such as a new Boathouse, a relocated Farmers Market, a downtown sculpture park), improved connections to Fort Hill, a redesigned “true” boulevard along Wilkinson, and a proposed new downtown public space at the intersection of Ann and Broadway.



### **Respect the Historic Scale of Downtown**

Much of the charm and authentic nature of historic downtown Frankfort is a result of the scale of the area; over time this scale has fortunately not been interrupted by new facilities or demolition of properties for surface parking. Most of downtown Frankfort's streets contain a mix of two, three, and four-story buildings interacting in an interesting and comfortable manner. While this scale changed dramatically at the Capital Plaza and north to the state office complex, the removal of Capital Plaza provides an opportunity to replace it in ways that reinforce the downtown scale and reintegrate this development parcel into the downtown fabric.

New development proposed for downtown is suggested to be undertaken within typical downtown block sizes, reconnected by public streets and alleys. Development is recommended to be undertaken within the scale of downtown, with similar mixes of two, three, and four-story structures, perhaps as high as five adjacent to the state office complex, if demand warrants. A mix of ground level commercial activity and upper story residential also reflects and respects the historic fabric of downtown.

### **Increase Bourbon/Cultural Tourism**

The rapid increase in the Commonwealth's Bourbon tourism, combined with national trends of cultural tourism growth, has downtown Frankfort well positioned to become a regional tourism "headquarters." Its location at the nexus of multiple heavily visited bourbon distilleries, the Josephine Sculpture Park, and even the West Six Farm, brings large numbers of people into downtown's proximity. And the charm and authenticity of historic downtown Frankfort only adds to its desirability.

However, today's cultural tourists are far more sophisticated, and seek not just attractions to visit, but overnight locations that extend the visitor experience. With nearby communities upping their game in this regard, Frankfort must up its game as well in order to optimize its desirability as a tourism destination. The potential to offer distillery access on the River provides downtown Frankfort with a distinct advantage over other locations. Current hospitality facilities are inadequate in quality and environment to meet tourism needs, and an additional number and variety of micro-distilleries, brew pubs, bourbon bars and restaurants, and additional cultural attractions are necessary. These should be given high priority in the overall tourism attraction strategy.

## MASTER PLAN MAJOR RECOMMENDATIONS

### Capital Plaza

The de-construction of the Capital Plaza represents a unique and significant opportunity for the City of Frankfort, removing a major disruption in the fabric of downtown Frankfort that has negatively impacted the connectivity of downtown for decades. A large majority of citizens strongly suggested that this area be re-integrated into downtown's grid system, extending Washington Street, and improving connections across Broadway, to the state government complex, the Kentucky River and Wilkinson Boulevard.

Given market conditions in downtown Frankfort, the re-establishment of the downtown grid provides the framework for the most economically viable redevelopment strategy for Parcel B: a multi-phased block-by-block approach that can best respond to market conditions at each phase. A mixed-use program consisting primarily of residential units, with ground floor commercial uses, would add much needed new downtown housing options, in a variety of buildings at a scale similar to those of typical streets in the downtown area. Parking for the Capital Plaza Hotel can be accommodated on one

of these development blocks. If YMCA chooses to relocate to another downtown site, two development blocks can be seamlessly added to the redevelopment program.

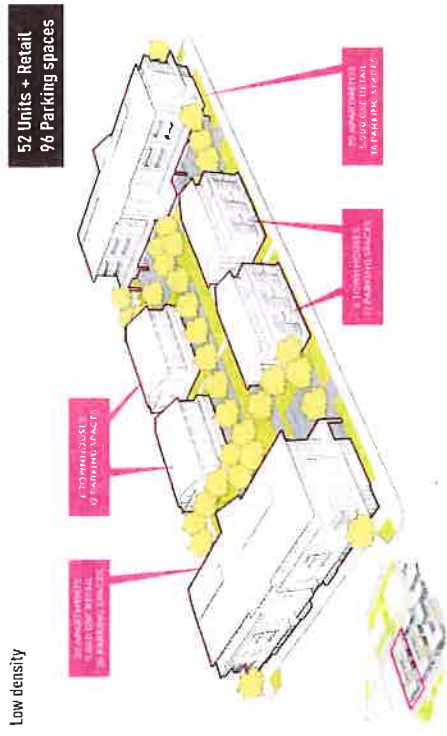


*Capital Plaza block-by-block phased development program*



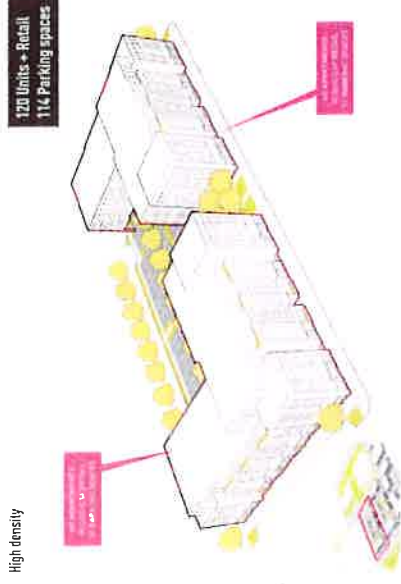
*parking option*

Low density



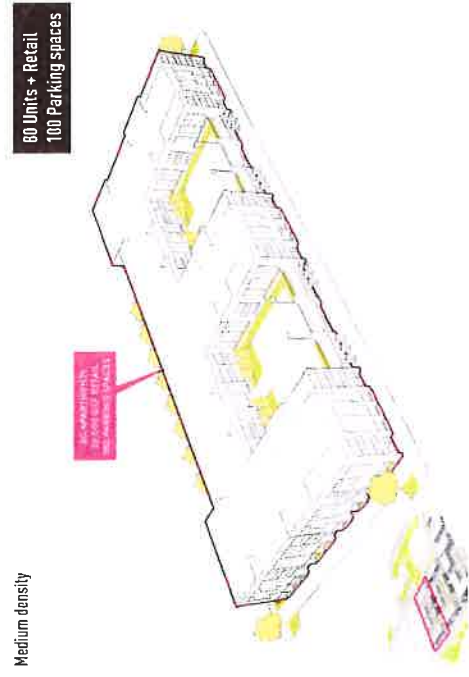
Low density sample building block

High density



Higher density sample building block

Medium density



Medium density sample building block



## West Riverfront

The west riverfront of the Kentucky River currently serves as a major gateway into downtown Frankfort, and contains parkland and a river trail parallel to its eastern bank. However, much of the property on either side is underutilized and disconnected, and its potential as a major asset to the citizens and visitors in Frankfort has yet to be realized.

The redevelopment of Capital Plaza, however, and strategic use of property in public ownership combine to provide opportunities to re-connect to the west riverfront, and increase activity along its banks. Improvements include the development of a Community Boathouse at the River View Park dock (and new boating options on the River); a mixed- use development integrating a new hotel, meeting and conference space, public/hotel parking, and river view dining; and possibly a relocated YMCA at the current Farmer's Market parcel; a relocated Farmer's Market across from its current site, and a major street improvement project to transform Wilkinson into a true boulevard. These initiatives will combine to transform the riverfront into a new vibrant entry into downtown Frankfort.



*Proposed Community Boathouse*



*Conceptual Mixed-Use Riverfront Development*



Capital Plaza and West Riverfront Activation

As a result, strategies to reconnect with the south Riverfront are focused on more discreet, rather than continuous, opportunities. Opening up the River with views at the north end of Ann Street will provide a cost-effective way to engage with the River, along with temporary/seasonal use of the upper level of the Sullivan Garage. Providing a true pedestrian path along the River in the parking area behind the Library and the KSU Building will encourage people to access the River at Singing Bridge and the public boat ramp. A later phase includes an extension of the current river boardwalk eastward connecting at Blanton Landing, which can be redeveloped with river-related uses.



*Ann Street River Overlook*



*West Riverfront Activation Plan*

## **South Riverfront**

One of downtown Frankfort's unique features is the existence of two riverfronts, each with its own character, opportunities, and challenges. While the west riverfront is easily seen and accessible along some of its length, the south riverfront is much more hidden, with few public viewsheds and linear accessibility. In many ways, although closer to the heart of downtown, the downtown has over the years turned its back on the south riverfront.

## Broadway and Anchors

Strong downtowns tend to have active “anchors” at each end of their major downtown streets. Strengthening the anchors at each end of Broadway is therefore a key element of this strategy. The mixed-use project recommended for the parcel at Broadway and Wilkinson, combined with the Capital Plaza redevelopment, will provide in the long term a strong western “anchor” for Broadway. The eastern end of Broadway currently does not have such an anchor, as Broadway essentially fades away east of Ann Street. The reuse of the Depot Building for a variety of public uses, combined with street and paving improvements can transform this downtown node as an attractive public space, adjacent to the History Center and the KSU trailhead, creating a true activity “anchor” at this key intersection.

The main feature of Broadway itself between these anchors is the presence of the rail line along its length. This unique “feature” of Broadway can be highlighted and be integrated into an enhanced overall streetscape environment along Broadway, through a variety of lighting, paving, and landscaping, along with signature identity painting of the rail trestle at Wilkinson.



*Depot Area Activity Node*



*Broadway streetscape/rail enhancements*

### Pedestrian/Bike Trail System

Frankfort has made great strides in the development of its pedestrian and bicycle trails, and a strong and connected trail system is a major asset to cities such as Frankfort. The current system in downtown Frankfort has some nice sections – and significant potential – but remains fragmented and does not provide the continuity and ease of usage that would make it exceptional.

Improvements to the system are recommended. Foremost is renovation and reuse of the Broadway Bridge into a pedestrian/bike facility. At the west end of the Bridge, a new connection along the River south along Taylor Street can connect to Second Street. To the north, potential exists for trail improvements across the Benson Creek Bridge at to the Rt. 127 bridges and along Kentucky Avenue to Lock 4; as well as improved connections along the eastern bank to Fort Hill and north to Buffalo Trace as part of the Wilkinson Boulevard redesign. These improvements will combine to create a continuous pedestrian/bicycle trail system in downtown Frankfort that would rival most comparably sized cities.



*Broadway pedestrian/bicycle bridge reuse*



*Downtown Frankfort Continuous Trail System*



## Connectivity

Downtown Frankfort as a “hidden gem” is due in large part to the difficulty of easily getting there, as well as interruptions in its connections to other parts of the community. Reducing these connection “gaps” is therefore critically important. The removal of the multi-level Capital Plaza in conjunction with restoring the city grid system and extending Washington will be a major improvement. Further improving the connectivity impacts will be the conversion of Clinton and Mero Streets permanently to two-way traffic flow, as well as Ann and High Streets. The aggregate impact of these changes will make it substantially easier to connect both parts of downtown, access the River and increase the activity levels throughout the downtown area.

In addition, improving the ease of visitors to downtown is critical. Providing easier access *into* downtown – as opposed to around it – can be accomplished by providing right hand turns from Broadway to St. Clair Street. Transforming Main Street to two-way flow to, among other benefits, provide a more gracious entry into downtown from Wilkinson, is recommended as well. The Broadway/Ann Street activity node will provide a new connection nexus among historic downtown, the state office complex, and Kentucky State University.



Broadway/Wilkinson Intersection



St. Clair Street

## SUMMARY OF RECOMMENDATIONS

### Capital Plaza

- Extend Washington Street/ provide alleys to enable block pattern
- Re-institute city street grid
- Consider block-by-block development strategy
- Development program: mixed-use, commercial ground floor, upper story residential.  
Mix of unit styles and price points, in 2 -5 story buildings, similar scale to downtown Frankfort. On-site residential parking, with on street as well. Density dependent upon market at time of phasing. 80 units plus/minus per block
- One block of 170-200 surface and/or covered parking spaces for the Capital Plaza Hotel.
- Institute new zoning with design standards

### West Waterfront

- Community Boathouse at current River View Park dock: community boating programs, high school and/or KSU programs, citizen usage, commercial tour embarkation to Buffalo Trace/Lock 4
- Riverfront mixed use development at the Wilkinson/Broadway parcel: new hotel, meeting and conference space, public and hotel parking, relocated YMCA; river view deck/restaurants
- Relocated Farmers Market Pavilion and parking across from existing site
- “True” boulevard design along Wilkinson from Broadway to Buffalo Trace

### **South Waterfront**

- Ann Street river overlook deck
- Sullivan Garage upper level seasonal use
- Pedestrian landside riverwalk parallel to River from Washington east to existing boat ramp
- Continuation of Boat Club floating riverwalk east to Blanton Landing
- River-oriented development at Blanton Landing

### **Broadway**

- Redesign of Broadway/Wilkinson intersection
- Identity painting/lighting of rail trestle
- Enhanced paving/landscaping/painting of rail right-of-way along Broadway
- Enhanced Broadway streetscaping
- New activity node anchor at Broadway/Ann intersection: public reuse of Depot; re-creation of historic canopy; pedestrian-oriented
- Paving/landscaping, lighting; connection to KSU Trail

### **Pedestrian/Bicycle Trail System**

- Rehabilitation/re-opening of Broadway Bridge for pedestrian/bicycle use
- New boardwalk trail segment on River along Taylor Street from Broadway Bridge to Second Street; coordinate with Second Street design and extend along Second Street
- Extend trail system west side of river across Benson Creek Bridge along River View Park (west bank) and north along Kentucky Avenue to Lock 4 Park
- Redesigned Rt 127 pedestrian/bicycle connector to River View Park
- New Trail connection from Wilkinson to Fort Hill

### **Improved Connectivity/Circulation**

- Extend Washington Street from Broadway to Mero
- Convert Clinton and Mero from one-way to two-way traffic
- Convert High Street and Ann Streets to two-way traffic
- Permit right turns from Broadway to St. Clair Street
- Convert Main Street from one-way to two-way traffic; create new entry into downtown from Wilkinson via Main Street
- Additional long term visitor parking lot
- Develop new “welcoming” directional and informational signage/wayfinding program
- Improve Broadway at Depot/History Center to better connect KSU Trail and State Office complex to downtown.

### **Downtown Open Space**

- Initiate, in conjunction with Kentucky History Center, analysis or redesign of Craille Gardens to make it a more inviting/usable downtown public space
- Coordinate Ann Street improvements with West Banco plaza
- Improve west bank area of River View Park into bike path and Sculpture Garden

### **Downtown Identity/Public Art**

- Create Lighting on limestone wall and grotto at Taylor Avenue
- Extend River Park public art installations
- Create Entry Art and Sculpture Garden at 127 entry approach
- Infuse identity elements into Second Street improvement and Broadway streetscape programs
- Incorporate limestone and bourbon barrel wood elements into Boathouse design

### **Encourage Downtown Housing**

- Create Downtown Investment Fund
- Prioritize City Downtown Fund for residential upper floor conversion
- Work collaboratively with KSU on student/faculty/staff housing programs

### **Bourbon/Cultural Tourism Strategy**

- Improve ease of access and wayfinding
- Bourbon tourism lodging: boutique hotel, Bed and Breakfast, Airbnb
- Downtown river cruise to Buffalo Trace/Lock 4 start and end downtown
- Downtown micro-distillery
- Bourbon bars/restaurants
- Additional brewpubs

## DOWNTOWN FRANKFORT MASTER PLAN IMPLEMENTATION ACTION PROGRAM

PROJECT CATEGORY	IMPLEMENTATION ACTION	TIME FRAME	ESTIMATED COST	LEAD ENTITY	PARTNERS
<b>Capital Plaza</b>					
	Adopt Block-by-Block Development Strategy	A	N/A	City/County	City/County
	Follow MOA and select Master Developer	A	N/A	State	
	Adopt new zoning with Design Guidelines	A	N/A	City	
	Extend Washington Street	B	TBD	City	
	Re-establish City Grid Blocks	B	TBD	City	
	Temporary parking on one city block	A	\$750,000	TBD	State/Master Developer
	Begin Development Program:	B/C	TBD	Master Developer	City Investment Fund
	- Multi-phased, block-by-block				
	- Ground Floor commercial				
	- Upper Floors Residential				
	- +/- 80 units/block				
<b>West Waterfront</b>					
	Community Boathouse	A	\$2-3 million	Civic Funding	School District KSU
	- Possible High School Rowing Program				City Parks
	- Possible KSU Rowing Program				Canoe KY
	- Public Community Boating Program				Canoe KY
	- Canoe Kentucky				
	- Buffalo Trace/Lock 4 Tourist Excursion				
	Redesign of Wilkinson into "True" Boulevard	A	\$250,000	City	State
	- Design				
	- Construction	C	TBD		
	Riverfront Mixed Use Development	C	\$20 - \$25 million	City	State Private Developer
	- New Hotel				
	- Meeting and Conference Facilities				
	- Public and Hotel Parking				
	- New YMCA (potential)				

"A" Short-Term (1 -2 years)

"B" Medium -Term (3 -4 years)

"C" Longer-Term (5 + years)

## South Waterfront

Ann Street River Overlook Deck	A	\$125,000	City	
Sullivan Garage Upper Level Activation	A	\$50,000	City	KSU/Library
Pedestrian Enhancements: Library to Dock	A	\$50,000	City	TIGER Grant
Blanton Landing Activation	B	TBD	City	State/KRA
Floating Walkway Extension				
- Singing Bridge east to Blanton Landing	C	\$500,000	City	

## Broadway

Downtown Entry/Painting Rail Trestle	A	\$30,000	City	Railroad
Redesign: Broadway/Wilkinson intersection				
- Design	A	\$50,000	City	State
- Construction	C	TBD	City	Railroad
Enhanced Broadway Streetscape				
- Design	A	\$75,000	City	Railroad
- Construction	B	\$500,000	City	
Rail Right-of-way improvements				
- Design	A	\$50,000	City	Railroad
- Construction	C	TBD	Railroad	City
Depot Square Enhancements	C	TBD	City	History Center Private

## Pedestrian/Bicycle Trail System

Rehabilitation of Broadway Bridge Ped/Bike				
- Structural Analysis/repair	A	\$600,000	City	State
- Reuse Design	A	\$50,000	City	
- Construction	B	TBD	City	
Improved Trail Connector: River to Fort Hill	A	\$50,000	City	Walk/Bike Frankfort
Redesign of Rt 127/River View bridge	A	\$100,000	City	State
Improved trail: Benson Creek to 127	A	\$50,000	City Parks	
Kentucky Ave trail extension to Lock 4	B	TBD	City Parks	
Floating riverwalk extension along Taylor Av	B	TBD	City	
- Connect to Second Street improvement	A	TBD	City	TIGER Grant

"A" Short-Term (1 -2 years)

"B" Medium -Term (3 -4 years)

"C" Longer-Term (5 + years)

### Downtown Open Space

Craille Gardens Redesign	A	\$50,000	History Ctr	City
Coordinate Ann Street Improvements with United (West Banco) riverside plaza	A	N/A	City	West Banco
Enhanced west bank River View Park	A	TBD	City/Parks	Walk/Bike Frankfort
- Bike path extension		TBD	City/Parks	Josephine Sculpture Park
- Entry Sculpture/Sculpture Park				

### Improved Connectivity/Circulation

Extend Washington St: Broadway to Mero	A	TBD	City	State
Convert Clinton/Mero to Two-Way Traffic	A	TBD	State	City
Convert Ann/High Sts to Two - Way Traffic	A	\$300,000	City	State
Allow Right Turn from Broadway to St. Clair	A	\$50,000	City	City
Develop new Directional/Informational Signage and Wayfinding System	A	In process (to be revised)	State	City
Convert Main Street to Two - Way Traffic	B	\$300,000	City	City
- Enhance Main/Wilkinson New Entrance	B	\$25,000	City	City
Into Downtown				
Provide Long term Visitor Parking	A	TBD	City	State History Ctr
Depot Activity Node: Enhance connections from KSU and State Office Complex	C	TBD	City	KSU

### Encourage/Incentivize Additional Downtown Housing

Create Downtown Investment Fund	A	\$2 - 5 million	Local Banks	City
Prioritize City Downtown Programs for new and/or upgraded residential units	A	\$100,000/yr.	City	City
Consider Capital Plaza TIF	A	TBD	City	State Master Developer
Collaborate with KSU for downtown housing opportunities for students/staff	B/C	N/A	KSU	City

"A" Short-Term (1 -2 years)

"B" Medium -Term (3 -4 years)

"C" Longer-Term (5 + years)



### Celebrate Downtown Identity/Public Art Program

A	Lighting program for Taylor Avenue limestone cliff and Grotto	\$50,000	Civic Funding	City	Public Art Committee	
A	Infuse identity re-inforcing elements into Second St and Broadway enhancements	N/A	City	DFI	Josephine Sculpture Park	
A	Rt 127 Entry Public Art Element and Downtown Sculpture Garden	TBD	City	DFI	Josephine Sculpture Park	
A	Extend Riverwalk Public Art Program	continue existing program	City Parks	Josephine Sculpture Park	Buffalo Trace	
A	Incorporate limestone and bourbon barrel references in Boathouse design	N/A	Civic Project			

### Bourbon/Cultural Tourism Strategy

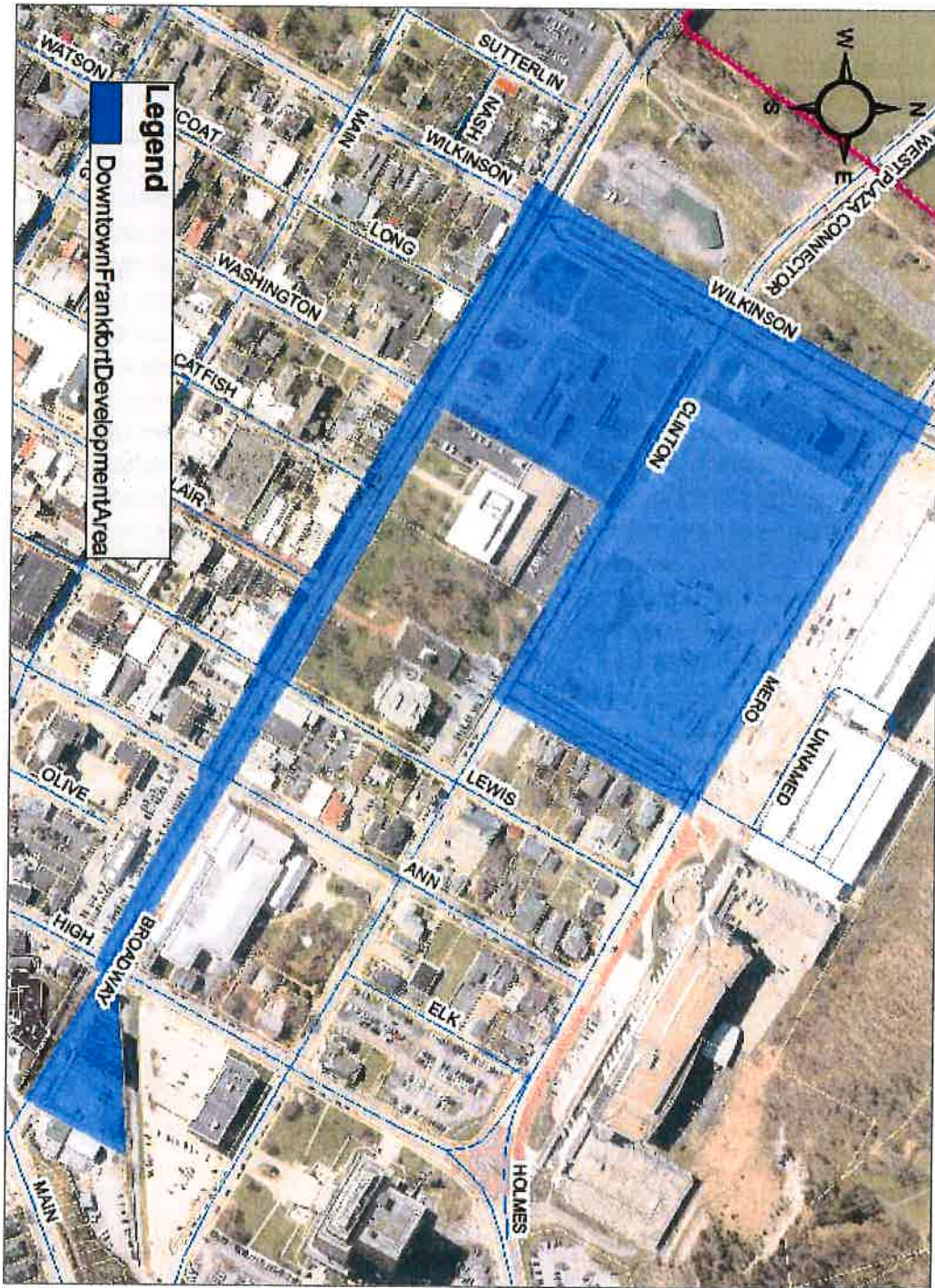
A	Improve Ease of Access and Wayfinding	revise existing program	City	Tourism Commission		
A	initiate Downtown Lock 4/Buffalo Trace tour boat	N/A	Canoe Kentucky	DFI	Buffalo Trace	
	Seek out downtown micro-distillery	N/A	KCDC	City Parks	Buffalo Trace	
	Seek of additional brew pubs	N/A	KCDC	Tourism Commission	Downtown Investment Fund	
	Encourage ground floor food and drink retailers	N/A	City	City	Downtown Investment Fund	
B/C	New bourbon trail tourist lodging options: - boutique hotel/B and B/Airbnb	TBD	City	Property Owners	Downtown Investment Fund	
				Tourism Commission		
				KCDC		

"A" Short-Term (1 -2 years)

"B" Medium-Term (3 -4 years)

"C" Longer-Term (5 + years)

Exhibit B



Downtown Frankfort Development Area

### **Downtown Frankfort Development Area Description**

An area to be known as the Downtown Frankfort Development Area containing 22.2 acres located in downtown Frankfort more particularly described as follows:

Beginning at a point at the north eastern edge of the right-of-way of the intersection of St. Clair Street and Mero Street bordering the parcel containing the Kentucky Transportation Cabinet; thence following the northern edge of right-of-way of Mero street in front of the Mayo Underwood Building in a north westerly direction to a point at the north western edge of right-of-way of Wilkinson Blvd adjacent to the corner of the City park property; thence following the western edge of right-of-way of Wilkinson Blvd in a south westerly direction until meeting with the southwestern edge of right-of-way on Broadway Street at its intersection with Wilkinson Blvd; thence following along with the southern edge of right-of-way of Broadway Street in a south easterly direction until the meeting with the southeastern corner of the intersection of Broadway Street and High Street; thence continuing to follow the southern edge of right-of-way along Broadway Street until a point even with the edge of the property containing a gravel lot on the northern side of the right-of-way of Broadway Street; thence crossing Broadway Street to run north along the eastern edge of the aforementioned property until reaching the north eastern corner of that property; hence turning west and running along the edge of the same property until meeting with the northern edge of the properties located at 100 and 106 Broadway Street respectively and continuing along the northern edge of those properties until reaching the north western edge of 100 Broadway Street at the edge of right-of-way of High Street; thence crossing High Street in a north westerly direction and following the northern edge of right-of-way of Broadway Street until reaching a point along the right-of-way of the Broadway Street even with the property line between the YMCA property and Federal property; thence following said property line in a north easterly direction until a point at the southern edge of right-of-way of Clinton Street; thence following the southern edge of right-of-way of Clinton Street in a south easterly direction until reaching a point on the southern edge of the right-of-way of Clinton Street at the southeastern edge of the intersection of Clinton Street and St. Clair Street; thence following the eastern edge of right-of-way of St. Clair street in a north easterly direction to the point of beginning containing approximately 22.2 acres as shown on an attached exhibit.

EXHIBIT C  
PICTURES OF PROJECT A SITE









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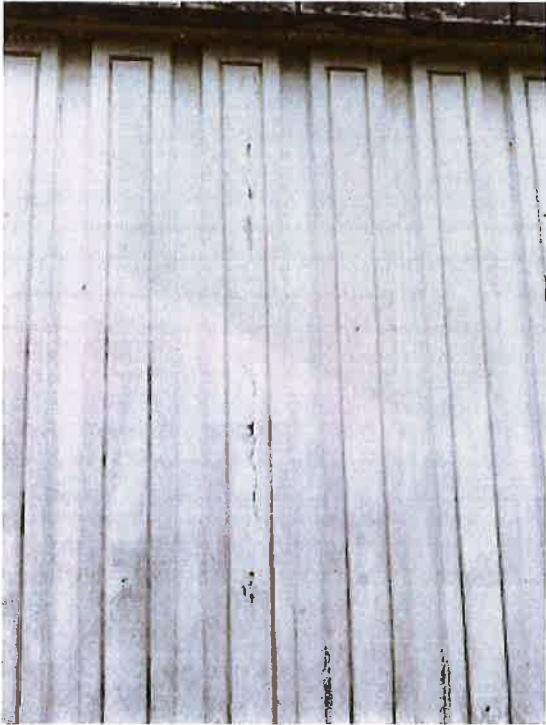












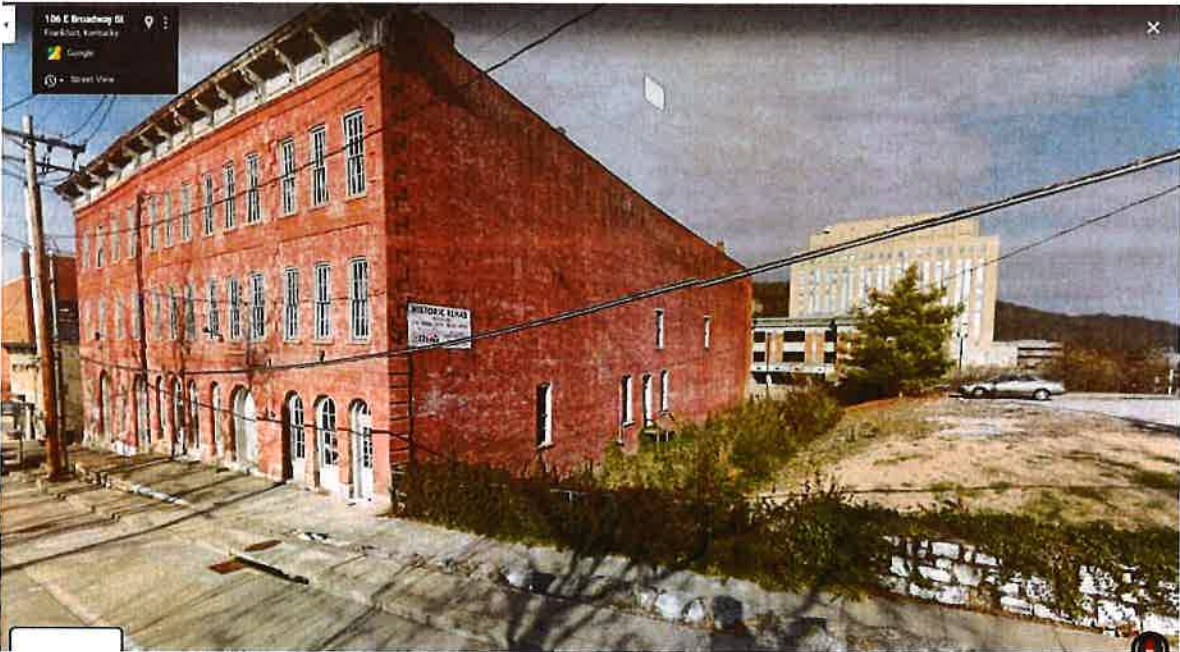






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EXHIBIT D  
PICTURES OF PROJECT B SITE







**Exhibit E**

**Commonwealth Economics Report**



**Downtown Frankfort Redevelopment Project  
Economic and Fiscal Impact Analysis**

Submitted to:  
CRM Companies

Submitted by:  
Commonwealth Economics

July 2020

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**V. CONCLUSION**

**APPENDIX: TIF-ELIGIBLE INCREMENTAL TAX REVENUE ESTIMATES**

## I. INTRODUCTION AND EXECUTIVE SUMMARY

### Introduction

Commonwealth Economics (“CE”) was retained by CRM Companies (the “Developer”) to conduct an economic and fiscal impact analysis of the proposed Downtown Frankfort Redevelopment Project (the “Project”) in Frankfort, Kentucky.<sup>1</sup> The purpose of this analysis is to estimate the Project’s impacts and the related state and local tax revenues.

### Executive Summary

The subject of this analysis is the Downtown Frankfort Redevelopment Project, which is to be constructed by CRM Companies on parcels b and c between West Broadway Street and Mero Street in Frankfort, Kentucky.

The proposed redevelopment of parcels b and c is anticipated to include a reimagining of the Capital Plaza Hotel, a brand-new YMCA building, new office space, new retail/restaurant space, and new residential units. However, successful redevelopment of the site will require various public infrastructure expenditures that may make the necessary financing difficult to achieve. Through better utilization of parcels b and c, the Project has the potential to revive blighted properties, safely replace dilapidated structures, and support and attract various new business activity to the area.

### Highlights

- **Project cost** - Total construction cost, public and private, is estimated to be approximately \$86.9 million. Of this amount, approximately \$10.6 million are related to public infrastructure costs.
- **Necessary public infrastructure expenditures** - The Project may not happen as planned without significant expenditures on public infrastructure. The Project

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<sup>1</sup> The results presented herein are fair and reasonable. Based on Commonwealth Economics’ analysis, the Project is a strategic development that will bring significant economic and fiscal benefits to both Frankfort and the Commonwealth of Kentucky. Commonwealth Economics utilized sources deemed to be reliable but cannot guarantee their accuracy. Moreover, estimates and analysis presented in this study are based on trends and assumptions, which usually result in differences between the projected results and actual results. And because events and circumstances frequently do not occur as expected, those differences may be material. Additionally, this analysis uses data and assumptions based on economic activity prior to COVID-19 shifts in economic behavior and, accordingly, assumes that economic activity and behavior will return to normal by the time this Project is completed and open. Should pandemic factors continue to affect economic industries, including travel, retail, dining, etc., the differences in realized Project impacts could be significant.

includes multiple public infrastructure elements, such as; a new parking garage, site prep, increased public spaces and amenities, Washington Street improvements, and demolition of various failing structures (existing YMCA building, old parking structures, etc.).

- Project could generate substantial tax revenue – Over a 20-year period, it is estimated that \$81.8 million in state and local tax revenue could be directly generated by the Project (Figure ES-1).

Figure ES-1

Downtown Frankfort Redevelopment Project Estimated Direct Tax Revenues Generated from Project			
	Tax Rate	10-Year Total	20-Year Total
<b>Estimated Direct Tax Revenues from Project</b>			
<b>State Tax Revenues</b>			
Property Tax	0.1220%	\$808,600	\$1,794,278
Sales Tax	6.0%	\$15,712,880	\$34,866,794
Individual Income Tax	4.6%	\$4,479,050	\$9,938,987
Transient Room Tax	1.0%	\$740,197	\$1,624,802
<b>Total State Tax Revenues</b>		<b>\$21,740,727</b>	<b>\$48,224,861</b>
<b>Local Tax Revenues</b>			
Franklin County General Property Tax	0.1870%	\$1,239,411	\$2,750,246
<b>Other District Taxes</b>			
Extension Property Tax	0.0162%	\$107,040	\$237,521
Health Property Tax	0.0725%	\$480,520	\$1,066,272
Library Property Tax	0.0850%	\$563,369	\$1,250,112
Soil Conservation Property Tax	0.0090%	\$59,651	\$132,365
Independent School Property Tax	0.9900%	\$6,561,587	\$14,560,126
Transient Room Tax	4.0%	\$2,960,789	\$6,499,206
Frankfort Property Tax	0.1980%	\$1,312,317	\$2,912,025
Occupational Tax*	1.95%		
Franklin County		\$767,109	\$1,702,210
Frankfort		\$1,131,619	\$2,511,056
<b>Total Local Tax Revenues</b>		<b>\$15,183,413</b>	<b>\$33,621,140</b>
<b>Direct Tax Revenues Generated from Project</b>		<b>\$36,924,140</b>	<b>\$81,846,000</b>
<b>State Tax Revenues</b>		<b>\$21,740,727</b>	<b>\$48,224,861</b>
<b>Franklin County Tax Revenues</b>		<b>\$2,006,520</b>	<b>\$4,452,456</b>
<b>Other District Tax Revenue**</b>		<b>\$10,732,956</b>	<b>\$23,745,602</b>
<b>Frankfort Tax Revenues</b>		<b>\$2,443,937</b>	<b>\$5,423,082</b>

\*Excluding the hotel, all businesses locating into the district are assumed to be new and therefore subject to an equal City/County split of the City Occupational Tax.

\*\*Includes property tax revenue from the independent school, extension, health, library, and soil conservation property taxing districts, as well as transient room tax revenue.

- Initial injection into the economy – During construction, the Project is estimated to generate one-time impacts, directly supporting an estimated 696 construction jobs in Frankfort-Franklin County, while indirectly supporting an additional 166 jobs throughout the area. These jobs are estimated to generate approximately \$41.9 million in wages in Frankfort-Franklin County and throughout the area.

- **Ongoing impact to the economy** – Over a 20-year period, the full Project (upon completion) is estimated to directly support 403 jobs in Frankfort-Franklin County, while indirectly supporting an additional 66 jobs throughout the area. These jobs are estimated to generate approximately \$269.2 million in wages in Frankfort-Franklin County and throughout the area.

## II. PROJECT DESCRIPTION

This section provides an overview of the proposed Downtown Frankfort Redevelopment Project (the “Project”) to be located on parcels b and c in Frankfort, Kentucky, including a description of the proposed Project scope, amenities, and site development costs.

### **Downtown Frankfort Redevelopment Project**

CRM Companies (the “Developer”) is planning to redevelop blighted properties and failing structures into a mixed-use development that attracts consistent year-round commercial activity. The existing YMCA on parcel c is deteriorating and unable to support a desire for more childcare options, health and fitness programs, and sports and recreation activities. Absent of a new facility, program offerings are at risk of being outsourced to other locations or canceled due to inadequate space. The adjoining parking structures behind the existing YMCA and on the other side of Clinton Street are also structurally failing and require a plan for reconstruction that will complement future economic development on parcels b and c.

The proposed redevelopment of parcels b and c is anticipated to include a reimagining of the Capital Plaza Hotel, a brand-new YMCA building, office space, retail-restaurant space, and new residential units that could encourage individuals to live and work in downtown Frankfort. However, successful redevelopment of the site will require various public infrastructure improvements that may make the necessary financing difficult to achieve. These improvements are necessary to meet the increasing demand for safe demolition of the existing YMCA and parking structures, adequate structured parking, fluid connections between parcels b and c, and more walkable space on Washington Street.

Based on construction, site work, and miscellaneous costs, the total construction cost, public and private, is estimated to be approximately \$86.9 million. Of this amount, public infrastructure expenditures are estimated at approximately \$10.6 million, including: parking garage (parcel b) at \$6.0 million, site prep/public spaces at \$3.1 million, Washington Street improvements at \$937,500, and demolition at \$500,000.

For the purposes of this analysis, each Project component is shown as being completed and opening for operations at the same time. It is important to note, however, that certain Project components may be phased in depending on demand, financing,



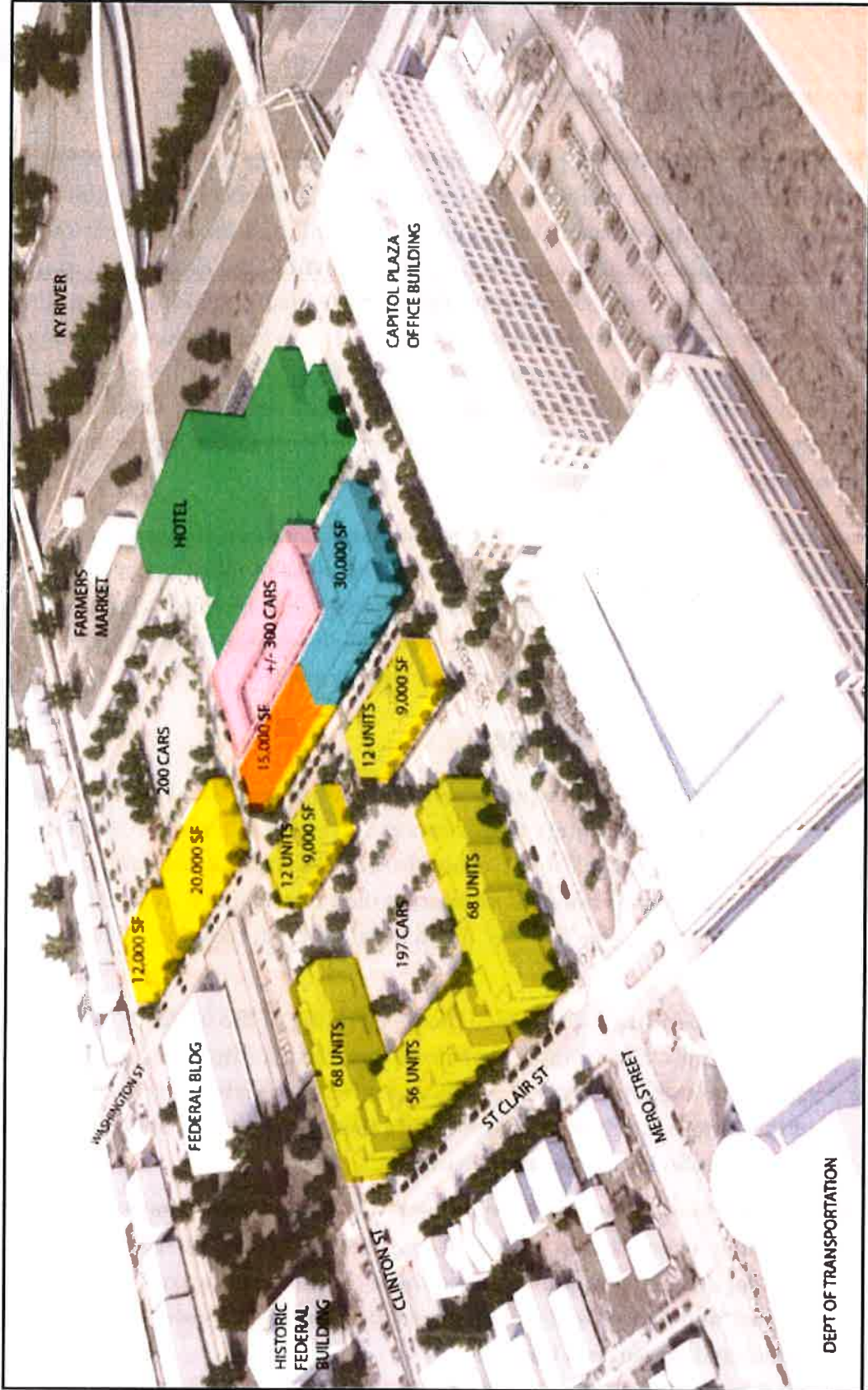
construction timing/ ability, etc. This can result in a slightly lower overall amount of incremental revenue being generated during this timeframe as any components that are built-in or open at later dates will have less time to generate incremental tax revenues. A summary of the Project’s anticipated components upon completion can be found below.

Figure 1

<b>Downtown Frankfort Redevelopment Project Estimates</b>		
	<i>Component Cost</i>	<i>Unit Measure</i>
<b><u>Public Infrastructure</u></b>		
Parking garage (parcel B)	\$6,000,000	300 Spaces
Site prep/public space	\$3,125,000	
Washington Street	\$937,500	
Demolition	\$500,000	
<i>Sub-total</i>	\$10,562,500	
<b><u>Private Components</u></b>		
Hotel (162 rooms)	\$14,000,000	181,300 Sq Ft*
YMCA	\$11,250,000	30,000 Sq Ft
Retail	\$5,578,125	32,500 Sq Ft
Restaurant	\$5,578,125	32,500 Sq Ft
Office	\$2,343,750	15,000 Sq Ft
Residential (216 units)	\$37,600,000	188,000 Sq Ft
<i>Sub-total</i>	\$76,350,000	479,300 Sq Ft
<b><i>Grand-total</i></b>	<b>\$86,912,500</b>	<b>479,300 Sq Ft</b>

\*Includes 20,000 square feet of meeting space

Figure 2



### III. METHODOLOGY OF IMPACT ESTIMATES

When construction of the proposed Project is complete, the hotel, restaurants, retail stores, office space, and various activities and transactions occurring within the improved site will generate ongoing, annual economic and fiscal impacts to the state and local economies. Initial transactions occurring within the Project will ripple out into the state and local economies and generate indirect spending, induced spending, increased earnings, and employment, as well as various tax revenues resulting from these activities. It is important to understand that these impacts include economic and fiscal activity that may take place outside of the Project footprint. These impact estimates, however, assist in quantifying the Project's overall economic role within the local community and the Commonwealth.

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

#### Economic Impact Methodology

Economic impact reflects the "ripple effect" or "multiplying effect" from the initial transaction or "direct spending" that occurs as a direct result of a project being developed. As relates to the Project, examples of initial transactions are the visitors' expenditures during their time in Frankfort at the Project's hotel, restaurants, retail stores, and office space. The "ripples" from these initial transactions include the following:

- **Indirect Spending** – consists of the re-spending of the initial or direct expenditures. For example, a visitor's direct expenditure on a retail purchase causes the store to purchase goods and other items from suppliers. The portion of these store purchases that are within the local, regional, and state economies is counted as an indirect economic impact.
- **Induced Spending** – represents changes to consumption due to the personal spending by employees whose incomes are affected by the Project. For example, a waiter at a restaurant may spend more because he/she earns more. The amount of the increased income the waiter spends in Kentucky's economy is considered an induced impact.

- **Increased Earnings** – measures the change in total personal income, area-wide, that results from the initial spending activities occurring as a result of the Project.
- **Increased Employment** – measures the change in number of jobs, area-wide, that result from the initial spending activities that occur as a result of the Project.

Indirect spending, induced spending, increased earnings, and employment impacts are estimated using multiplier factors. The multipliers utilized were derived from an IMPLAN input-output model. IMPLAN is a nationally recognized model commonly used to estimate economic impact. An input-output model analyzes the commodities and income that normally flow through the various sectors of the economy.

### Fiscal Impact Methodology

Fiscal impact measures tax revenues that result from the spending and income related to the activities at the Project. This analysis estimates the full fiscal impact of the proposed Project and separates the various state and local tax revenues.

Below is a breakdown of the tax rates used to estimate the fiscal impacts of the Project:

- **State taxes:**
  - Sales Tax ..... 6.0 percent of sales
  - Property Tax ..... \$0.1220 per \$100 of assessed value
  - Individual Income Tax ..... 4.6 percent of income<sup>2</sup>
  - Transient Room Tax ..... 1.0 percent of sales
- **Local taxes:**
  - Franklin County General Property Tax ..... \$0.1870 per \$100 of assessed value
  - Other District Taxes
    - Extension Property Tax ..... \$0.01615 per \$100 of assessed value
    - Health Property Tax..... \$0.0725 per \$100 of assessed value
    - Library Property Tax ..... \$0.085 per \$100 of assessed value
    - Soil Conservation Property Tax ..... \$0.009 per \$100 of assessed value
    - Independent School Property Tax ..... \$0.9900 per \$100 of assessed value
    - Transient Room Tax ..... 4.0 percent of sales

<sup>2</sup> Given the recent tax code changes in Kentucky, Commonwealth Economics is using an effective income tax rate of 4.6 percent on all income earned in the State.

- Frankfort Property Tax ..... \$0.1980 per \$100 of assessed value
- Occupational Tax ..... 1.95 percent of salaries<sup>3</sup>

Tax rates were obtained from the Kentucky Department of Revenue, the City of Frankfort, and Franklin County. Estimated future tax revenues were generated using the following input assumptions based on industry averages, discussions with the Project team, and direct impact multipliers generated by the IMPLAN modeling software for Frankfort-Franklin, Kentucky.

#### Downtown Frankfort Redevelopment Project Assumptions<sup>4</sup>

- **Hotel ~ 162 rooms or 181,300 sq ft (meeting space ~ 20,000 sq ft)**
  - RevPAR ~ \$81
  - Catering revenue / per meeting space sq ft ~ \$100
  - Rooms / employee ~ 2.5
  - Average salary ~\$26,345
- **Retail ~ 32,500 sq ft**
  - Sales / sq ft ~ \$325
  - Occupancy ~ 90%
  - Sq ft / employee ~ 233
  - Average salary ~\$15,206
- **Restaurant ~ 32,500 sq ft**
  - Sales / sq ft ~ \$250
  - Occupancy ~ 90%
  - Sq ft / employee ~ 206
  - Average salary ~\$20,179
- **Office space ~ 15,000 sq ft**
  - Occupancy ~ 90%
  - Sq ft / employee ~ 339 sq ft
  - Average salary ~ \$46,930

<sup>3</sup> All new businesses (excludes hotel) locating into the district are subject to an equal City/County split of the City Occupational Tax.

<sup>4</sup> This analysis uses data and assumptions based on economic activity prior to COVID-19 shifts in economic behavior and, accordingly, assumes that economic activity and behavior will return to normal by the time this Project is completed and open. Should pandemic factors continue to affect economic industries, including travel, retail, dining, etc., the differences in realized Project impacts could be significant. As a result of the COVID-19 pandemic and the related actions under the state of emergency in the Commonwealth of Kentucky, many major events and routine activities scheduled within the boundaries of the Frankfort and Franklin County have been cancelled, postponed or rescheduled. These cancellations and postponements have resulted in a corresponding decline in demand, which has and may continue to result in a decline in corresponding tax collections, which may be significant.

#### IV. ECONOMIC AND FISCAL IMPACT

The following subsections estimate the initial and ongoing economic and fiscal impacts of the Project.

##### Impact Analysis of Construction

The construction of the Downtown Frankfort Redevelopment Project will create a one-time influx of spending, which will ripple throughout the economy and result in indirect output, induced output, increased wages, and employment, and will result in additional tax revenues from this increased economic activity.

There are two key impacts from construction to both Frankfort-Franklin County and the Commonwealth of Kentucky. First, the construction will directly create construction jobs, which are subject to state individual income and local occupational taxes. Second, construction spending will generate indirect output due to spending on materials, induced output, increased earnings, and employment throughout the economy, as well as state sales tax revenues associated with spending on materials and the induced impacts. Figure 3, below, conceptually illustrates the flows of construction impacts, as well as the assumptions and tax rates utilized for the impact calculation.

Figure 3

Downtown Frankfort Redevelopment Project		
Conceptual Diagram of One-Time Economic and Fiscal Impact from Construction		
Sources of Impact	Economic and Fiscal Impact	Rate
<b>Total Construction Costs</b>		
» Employment and Income Impacts		
	» State Individual Income Tax on Total Wages	4.6%
	» Occupational Tax on Direct Wages	1.95%
» Materials and Induced Output		
	Taxable Induced Spending Estimate	50%
	Taxable Materials Spending Estimate	25%
	» Sales & Use Tax on Materials and Induced Spending	6.0%

Figure 4, on the next page, shows the IMPLAN-calculated impacts derived from construction costs of the Project in order to estimate the resulting direct, indirect, and induced impacts.

Figure 4

<b>Impact Summary - Construction Only</b>				
<b>Impact Type</b>	<b>Employment</b>	<b>Wages</b>	<b>Total Value Added</b>	<b>Output</b>
<b>Direct Effect</b>	696	\$34,250,814	\$44,228,909	\$86,912,500
<b>Indirect Effect</b>	64	\$3,921,794	\$6,122,710	\$10,968,219
<b>Induced Effect</b>	101	\$3,726,255	\$6,721,290	\$12,106,126
<b>Total Effect</b>	<b>862</b>	<b>\$41,898,863</b>	<b>\$57,072,908</b>	<b>\$109,986,845</b>

Shown in Figure 4, the \$86.9 million of capital investment is estimated to generate 862 jobs (696 direct construction jobs and 166 indirect and induced jobs). These jobs are estimated to generate approximately \$41.9 million of total wages (\$34.3 million of direct wages and \$7.6 million of indirect and induced wages).

The one-time influx of these economic impacts will “ripple” throughout the economy and result in indirect increased earnings and employment, both of which generate tax revenues. These fiscal impacts are described in detail in Figure 5 on the next page, which shows the taxes derived from the IMPLAN model results generated using the estimated construction costs of the various Project components.

Figure 5

<b>Downtown Frankfort Redevelopment Project</b>	
<b>Estimates of One-Time Economic and Fiscal Impacts of Construction</b>	
<b>Full Project</b>	
<b>Economic Impact</b>	<b>Total</b>
Direct	\$86,912,500
Indirect	\$10,968,219
Induced	\$12,106,126
Total Output	\$109,986,845
Construction Materials	\$21,728,125
Total Employment	862
Direct Employment	696
Total Wages	\$41,898,863
Direct Wages	\$34,250,814
<b>Fiscal Impact (Tax Revenues)</b>	
<b>State Tax Revenues</b>	
State Sales and Use Tax	
On Induced Spending	\$363,184
On Material Spending	\$1,303,688
State Individual Income Tax	
On Total Wages	\$1,927,348
Total State Tax Revenues	\$3,594,219
<b>Local Tax Revenues</b>	
Occupational Tax	
On Direct Wages	\$667,891
Total Local Tax Revenues	\$667,891
<b>Total Tax Revenues</b>	<b>\$4,262,110</b>

As shown in Figure 5, the one-time impact of construction, alone, is estimated to generate \$110.0 million of total output, \$41.9 million of total wages, 862 jobs, and \$4.3 million of state and local tax revenues during the construction period.



## Annual Operational Impact

Upon completion of Project construction, the new hotel, restaurants, retail stores, and office space will generate annual impacts to the local community and the state.

## Economic Impact of Hotel

Spending at the hotel will support direct jobs and wages and will also have indirect and induced impacts on both wages and jobs throughout the area. Figure 6 shows the estimated economic impacts of the hotel, annually, and in a 20-year total.

Figure 6

Downtown Frankfort Redevelopment Project Summary of Economic Impacts - Hotel							
	Year 1	Year 2	Year 3	Year 4	Year 5	10-Year Total	20-Year Total
<b>Economic Impact</b>							
Total Revenue (Direct)	\$6,759,965	\$6,895,164	\$7,033,068	\$7,173,729	\$7,317,204	\$74,019,731	\$157,489,404
Indirect Impact	\$1,438,919	\$1,467,697	\$1,497,051	\$1,526,992	\$1,557,532	\$15,755,759	\$33,523,023
Induced Impact	\$752,006	\$767,046	\$782,387	\$798,035	\$813,995	\$8,234,255	\$17,519,759
<b>Total Economic Impact</b>	<b>\$8,950,890</b>	<b>\$9,129,907</b>	<b>\$9,312,506</b>	<b>\$9,498,756</b>	<b>\$9,688,731</b>	<b>\$98,009,744</b>	<b>\$208,532,186</b>
Total Employment	83	83	83	83	83		
Total Wages	\$2,459,913	\$2,509,111	\$2,559,293	\$2,610,479	\$2,662,689	\$26,935,359	\$57,309,498

## Economic Impact of Restaurant Space

Spending by visitors on restaurant dining will support direct jobs and wages and will also have indirect and induced impacts on both wages and jobs throughout the area. Figure 7 shows the estimated economic impacts of the restaurant space, annually and in a 20-year total.

Figure 7

Downtown Frankfort Redevelopment Project Summary of Economic Impacts - Restaurants							
	Year 1	Year 2	Year 3	Year 4	Year 5	10-Year Total	20-Year Total
<b>Economic Impact</b>							
Total Revenue (Direct)	\$7,312,500	\$7,458,750	\$7,607,925	\$7,760,084	\$7,915,285	\$80,069,835	\$170,362,017
Indirect Impact	\$1,396,515	\$1,424,445	\$1,452,934	\$1,481,993	\$1,511,633	\$15,291,452	\$32,535,130
Induced Impact	\$1,111,198	\$1,133,422	\$1,156,090	\$1,179,212	\$1,202,796	\$12,167,305	\$25,887,985
<b>Total Economic Impact</b>	<b>\$9,820,213</b>	<b>\$10,016,617</b>	<b>\$10,216,950</b>	<b>\$10,421,289</b>	<b>\$10,629,714</b>	<b>\$107,528,592</b>	<b>\$228,785,132</b>
Total Employment	178	178	178	178	178		
Total Wages	\$3,973,392	\$4,052,860	\$4,133,917	\$4,216,595	\$4,300,927	\$43,507,533	\$92,569,581

## Economic Impact of Retail Space

Spending within the retail space will support direct jobs and wages and will also have indirect and induced impacts on both wages and jobs throughout the area. Figure 8 shows the estimated economic impacts of the retail space, annually and in a 20-year total.

Figure 8

Downtown Frankfort Redevelopment Project Summary of Economic Impacts - Retail Space							
	Year 1	Year 2	Year 3	Year 4	Year 5	10-Year Total	20-Year Total
<b>Economic Impact</b>							
Total Revenue (Direct)	\$9,506,250	\$9,696,375	\$9,890,303	\$10,088,109	\$10,289,871	\$104,090,785	\$221,470,622
Indirect Impact	\$1,333,560	\$1,360,231	\$1,387,435	\$1,415,184	\$1,443,488	\$14,602,105	\$31,068,429
Induced Impact	\$784,499	\$800,189	\$816,193	\$832,517	\$849,167	\$8,590,045	\$18,276,763
<b>Total Economic Impact</b>	<b>\$11,624,309</b>	<b>\$11,856,795</b>	<b>\$12,093,931</b>	<b>\$12,335,809</b>	<b>\$12,582,525</b>	<b>\$127,282,935</b>	<b>\$270,815,814</b>
Total Employment	156	156	156	156	156		
Total Wages	\$2,763,469	\$2,818,739	\$2,875,114	\$2,932,616	\$2,991,268	\$30,259,219	\$64,381,568

## Economic Impact of Office Space

Spending within the office will support direct jobs and wages and will also have indirect and induced impacts on both wages and jobs throughout the area. Figure 9 shows the estimated economic impacts of the office space, annually and in a 20-year total.

Figure 9

Downtown Frankfort Redevelopment Project Summary of Economic Impacts - Office							
	Year 1	Year 2	Year 3	Year 4	Year 5	10-Year Total	20-Year Total
<b>Economic Impact</b>							
Total Revenue (Direct)	\$3,113,973	\$3,176,252	\$3,239,777	\$3,304,573	\$3,370,664	\$34,097,133	\$72,547,376
Indirect Impact	\$689,470	\$703,259	\$717,325	\$731,671	\$746,304	\$7,549,504	\$16,062,837
Induced Impact	\$640,164	\$652,967	\$666,027	\$679,347	\$692,934	\$7,009,619	\$14,914,141
<b>Total Economic Impact</b>	<b>\$4,443,607</b>	<b>\$4,532,479</b>	<b>\$4,623,129</b>	<b>\$4,715,591</b>	<b>\$4,809,903</b>	<b>\$48,656,256</b>	<b>\$103,524,354</b>
Total Employment	51	51	51	51	51		
Total Wages	\$2,359,642	\$2,406,835	\$2,454,972	\$2,504,071	\$2,554,152	\$25,837,421	\$54,973,452

## Summary Economic Impacts of Project

The combined estimated economic impacts of all components over a 20-year period are shown below in Figure 10.

Figure 10

Downtown Frankfort Redevelopment Project Summary of Economic Impacts - Total							
	Year 1	Year 2	Year 3	Year 4	Year 5	10-Year Total	20-Year Total
<b>Economic Impact</b>							
Total Revenue (Direct)	\$26,692,688	\$27,226,542	\$27,771,072	\$28,326,494	\$28,893,024	\$292,277,484	\$621,869,418
Indirect Impact	\$4,858,463	\$4,955,633	\$5,054,745	\$5,155,840	\$5,258,957	\$53,198,819	\$113,189,419
Induced Impact	\$3,287,867	\$3,353,624	\$3,420,697	\$3,489,111	\$3,558,893	\$36,001,224	\$76,598,648
<b>Total Economic Impact</b>	<b>\$34,839,018</b>	<b>\$35,535,798</b>	<b>\$36,246,514</b>	<b>\$36,971,445</b>	<b>\$37,710,874</b>	<b>\$381,477,527</b>	<b>\$811,657,486</b>
Total Employment	469	469	469	469	469		
Total Wages	\$11,556,416	\$11,787,544	\$12,023,295	\$12,263,761	\$12,509,036	\$126,539,532	\$269,234,098

The combined operational economic impacts over a 20-year period are estimated to include approximately \$621.9 million in direct impact and \$811.7 million in total economic impact throughout the area. Ongoing employment is expected to support an additional 469 jobs and a total of \$269.2 million in wages over the 20 years.

## Summary of Fiscal Impact from Project Operations

Figure 11, on the next page, summarizes the direct fiscal impact of the Project over 20 years of operations, once all of the anticipated Project elements have come online. State and local tax revenues for the proposed Project site are estimated based on the scope of the Project components discussed in Section II.<sup>5</sup> To account for the potential growth in future tax revenues, all calculations are adjusted for inflation at a rate of 2.0% each year.

Throughout the 20-year period, it is estimated that the Project could generate approximately \$81.8 million in state and local tax revenues (state: \$48.2 million; local: \$33.6 million).

<sup>5</sup> It is expressly acknowledged that Commonwealth Economics cannot guarantee and shall face no liability regarding the success of any proposed project, bond issue, loan, grant, the ability to obtain funding from any source or the accuracy of any estimated revenue stream. Commonwealth Economics utilized second and third-party sources including CRM Companies, deemed to be reliable but cannot guarantee their accuracy. Moreover, estimates and analysis presented in this report are based on trends and assumptions (outlined in detail within this document), which usually result in differences between the projected results and actual results. And because events and circumstances frequently do not occur as expected, those differences may be material. This study is not intended to focus on the extent to which the Project will bring "net new" activity to the area. It should be understood that the "net new" economic impacts of certain redeveloped Project components will vary.

Figure 11

**Downtown Frankfort Redevelopment Project  
Estimated Direct Tax Revenue Generated from Project**

	20-Year Total	Year 1	Year 2	Year 3	Year 4	Year 5	10-Year Total	20-Year Total
<b>Estimated Future Tax Revenues from Project</b>								
<b>State Tax Revenues</b>								
Sales Tax	\$34,866,794	\$1,435,003	\$1,463,703	\$1,492,977	\$1,522,836	\$1,553,293	\$15,712,880	\$34,866,794
Property Tax	\$1,794,278	\$73,847	\$75,324	\$76,830	\$78,367	\$79,934	\$808,600	\$1,794,278
Individual Income Tax	\$9,938,987	\$409,056	\$417,237	\$425,582	\$434,094	\$442,775	\$4,479,050	\$9,938,987
Transient Room Tax	\$1,624,802	\$67,600	\$68,952	\$70,331	\$71,737	\$73,172	\$740,197	\$1,624,802
<b>Total State Tax Revenues</b>	<b>\$48,224,861</b>	<b>\$1,985,505</b>	<b>\$2,025,215</b>	<b>\$2,065,720</b>	<b>\$2,107,034</b>	<b>\$2,149,175</b>	<b>\$21,740,727</b>	<b>\$48,224,861</b>
<b>Local Tax Revenues</b>								
Franklin County General Property Tax	\$2,750,246	\$113,191	\$115,455	\$117,764	\$120,119	\$122,522	\$1,239,411	\$2,750,246
Other District Taxes								
Extension Property Tax	\$237,521	\$9,776	\$9,971	\$10,171	\$10,374	\$10,581	\$107,040	\$237,521
Health Property Tax	\$1,066,272	\$43,884	\$44,762	\$45,657	\$46,570	\$47,502	\$480,520	\$1,066,272
Library Property Tax	\$1,250,112	\$51,451	\$52,480	\$53,529	\$54,600	\$55,692	\$563,369	\$1,250,112
Soil Conservation Property Tax	\$132,365	\$5,448	\$5,557	\$5,668	\$5,781	\$5,897	\$59,651	\$132,365
Independent School Property Tax	\$14,560,126	\$599,247	\$611,232	\$623,457	\$635,926	\$648,644	\$6,561,587	\$14,560,126
Transient Room Tax	\$6,499,206	\$270,399	\$275,807	\$281,323	\$286,949	\$292,688	\$2,960,789	\$6,499,206
Frankfort Property Tax	\$2,912,025	\$119,849	\$122,246	\$124,691	\$127,185	\$129,729	\$1,312,317	\$2,912,025
Occupational Tax*								
Franklin County	\$1,702,210	\$70,057	\$71,459	\$72,888	\$74,345	\$75,832	\$767,109	\$1,702,210
Frankfort	\$2,511,056	\$103,347	\$105,414	\$107,522	\$109,672	\$111,866	\$1,131,619	\$2,511,056
<b>Total Local Tax Revenues</b>	<b>\$33,621,140</b>	<b>\$1,386,648</b>	<b>\$1,414,381</b>	<b>\$1,442,669</b>	<b>\$1,471,522</b>	<b>\$1,500,953</b>	<b>\$15,183,413</b>	<b>\$33,621,140</b>
<b>Direct Tax Revenues Generated from Project</b>	<b>\$81,846,000</b>	<b>\$3,372,154</b>	<b>\$3,439,597</b>	<b>\$3,508,389</b>	<b>\$3,578,556</b>	<b>\$3,650,127</b>	<b>\$36,924,140</b>	<b>\$81,846,000</b>
<b>State Tax Revenue</b>	<b>\$48,224,861</b>	<b>\$1,985,505</b>	<b>\$2,025,215</b>	<b>\$2,065,720</b>	<b>\$2,107,034</b>	<b>\$2,149,175</b>	<b>\$21,740,727</b>	<b>\$48,224,861</b>
<b>Franklin County Tax Revenue</b>	<b>\$4,452,456</b>	<b>\$183,248</b>	<b>\$186,913</b>	<b>\$190,652</b>	<b>\$194,465</b>	<b>\$198,354</b>	<b>\$2,006,520</b>	<b>\$4,452,456</b>
<b>Other District Tax Revenue**</b>	<b>\$23,745,602</b>	<b>\$980,204</b>	<b>\$999,808</b>	<b>\$1,019,804</b>	<b>\$1,040,200</b>	<b>\$1,061,004</b>	<b>\$10,732,956</b>	<b>\$23,745,602</b>
<b>Frankfort Tax Revenue</b>	<b>\$5,423,082</b>	<b>\$223,196</b>	<b>\$227,660</b>	<b>\$232,213</b>	<b>\$236,858</b>	<b>\$241,595</b>	<b>\$2,443,937</b>	<b>\$5,423,082</b>

\*Excluding the hotel, all businesses locating into the district are assumed to be new and therefore subject to an equal City/County split of the City Occupational Tax.

\*\*Includes property tax revenue from the independent school, extension, health, library, and soil conservation property taxing districts, as well as transient room tax revenue.

## V. CONCLUSION

This Project will provide a variety of benefits to Frankfort-Franklin County and the surrounding region of Kentucky. The proposed investment will bring new energy to one of Frankfort's oldest areas by reimagining the Capital Plaza Hotel, building a new YMCA facility, building a new parking structure, and redeveloping blighted properties into new residential, dining, shopping, and office space options for patrons and businesses.

In year five, annual economic and fiscal impacts from activities occurring as a result of the Project are estimated to include \$37.7 million of total economic output, \$12.5 million of wages, support for 469 jobs, and \$3.7 million in state and local tax revenues.

Over the 20-year period following Project completion, the anticipated development is estimated to represent \$811.7 million of total economic output, sustain 469 jobs annually, and support approximately \$269.2 million in wages throughout the area, creating a 20-year total of about \$81.8 million in state and local tax revenues.

Successful redevelopment of the site requires various public infrastructure improvements that are necessary to meet the increasing demand for safe demolition of the existing YMCA and parking structures, adequate structured parking, fluid connections between parcels b and c, and more walkable space on Washington Street. These improvements could make the necessary financing difficult for the Project to achieve without other sources of funding.

# APPENDIX: TIF-ELIGIBLE INCREMENTAL TAX REVENUE ESTIMATES

Downtown Frankfort Redevelopment Project									
TIF-Eligible Incremental Tax Revenues Generated from Project									
	20-Year Total	Year 1	Year 2	Year 3	Year 4	Year 5	Year 10	Year 20	20-Year Total
<b>Estimated Future Tax Revenues</b>									
<b>State Tax Revenues</b>									
Property Tax	\$1,794,278	\$73,847	\$75,324	\$76,830	\$78,367	\$79,934	\$88,254	\$107,581	\$1,794,278
Sales Tax	\$4,866,794	\$1,435,003	\$1,463,703	\$1,492,977	\$1,522,836	\$1,553,298	\$1,714,961	\$2,090,528	\$9,896,794
Individual Income Tax	\$9,938,987	\$409,036	\$417,237	\$425,582	\$434,094	\$442,775	\$488,860	\$595,917	\$9,938,987
Total Future State Tax Revenues	\$46,600,059	\$1,917,945	\$1,956,264	\$1,995,389	\$2,035,297	\$2,075,003	\$2,292,075	\$2,794,026	\$46,600,059
<b>Local Tax Revenues</b>									
Franklin County General Property Tax	\$2,750,246	\$113,191	\$115,455	\$117,764	\$120,119	\$122,522	\$135,274	\$164,898	\$2,750,246
Other District Property Tax									
Extension									
Health	\$237,521	\$9,776	\$9,971	\$10,171	\$10,374	\$10,581	\$11,685	\$14,241	\$237,521
Library	\$1,066,272	\$43,884	\$44,762	\$45,657	\$46,570	\$47,502	\$52,446	\$63,991	\$1,066,272
Soil Conservation	\$1,250,112	\$51,451	\$52,480	\$53,529	\$54,600	\$55,692	\$61,488	\$74,954	\$1,250,112
Frankfort Property Tax	\$132,565	\$5,448	\$5,557	\$5,668	\$5,781	\$5,897	\$6,511	\$7,936	\$132,565
Occupational Tax*	\$2,912,025	\$129,849	\$122,246	\$124,691	\$127,185	\$129,729	\$143,231	\$174,598	\$2,912,025
Franklin County									
Frankfort	\$1,702,210	\$70,057	\$71,459	\$72,866	\$74,345	\$75,832	\$83,725	\$102,060	\$1,702,210
Total Future Local Tax Revenues	\$2,511,056	\$103,247	\$105,414	\$107,532	\$109,672	\$111,866	\$123,509	\$150,597	\$2,511,056
Total Estimated Future Tax Revenues	\$59,116,866	\$2,434,908	\$2,483,406	\$2,533,279	\$2,583,944	\$2,635,623	\$2,909,941	\$3,547,202	\$59,116,866
<b>Estimated "Baseline" Tax Revenues</b>									
<b>State Tax Revenues</b>									
Property Tax	\$118,571	\$4,880	\$4,978	\$5,077	\$5,179	\$5,282	\$5,852	\$7,109	\$118,571
Sales Tax	\$5,603,789	\$230,634	\$235,246	\$239,951	\$244,750	\$249,645	\$275,628	\$335,990	\$5,603,789
Individual Income Tax	\$1,033,301	\$42,327	\$43,378	\$44,445	\$45,530	\$46,633	\$50,824	\$61,954	\$1,033,301
Total State Tax "Baseline"	\$6,755,661	\$278,841	\$283,602	\$289,274	\$295,059	\$300,960	\$332,285	\$405,053	\$6,755,661
<b>Local Tax Revenues</b>									
Franklin County General Property Tax	\$181,744	\$7,480	\$7,630	\$7,782	\$7,938	\$8,097	\$8,939	\$10,897	\$181,744
Other District Property Tax									
Extension									
Health	\$15,696	\$646	\$659	\$672	\$686	\$699	\$772	\$941	\$15,696
Library	\$70,462	\$2,900	\$2,938	\$3,017	\$3,078	\$3,139	\$3,466	\$4,225	\$70,462
Soil Conservation	\$82,611	\$3,400	\$3,468	\$3,537	\$3,608	\$3,680	\$4,063	\$4,953	\$82,611
Frankfort Property Tax	\$8,747	\$360	\$367	\$375	\$382	\$390	\$430	\$524	\$8,747
Occupational Tax*	\$192,435	\$7,920	\$8,078	\$8,240	\$8,405	\$8,573	\$9,465	\$11,538	\$192,435
Frankfort	\$438,030	\$18,028	\$18,388	\$18,756	\$19,131	\$19,514	\$21,545	\$26,263	\$438,030
Total Local Tax "Baseline"	\$989,736	\$40,734	\$41,549	\$42,380	\$43,227	\$44,092	\$48,681	\$59,342	\$989,736
Total Estimated "Baseline" Tax Revenues	\$7,745,397	\$318,575	\$325,150	\$331,653	\$338,286	\$345,052	\$380,966	\$464,395	\$7,745,397
<b>TIF-Eligible Incremental Tax Revenue Generated from Project</b>									
State TIF-Eligible Incremental Tax Revenue	\$43,447,600	\$1,788,161	\$1,825,924	\$1,860,402	\$1,897,610	\$1,935,563	\$2,137,017	\$2,605,012	\$43,447,600
Franklin County TIF-Eligible Incremental Tax Revenue	\$1,875,519	\$1,311,892	\$1,338,130	\$1,364,892	\$1,392,190	\$1,420,034	\$1,567,832	\$1,911,179	\$1,875,519
Other District TIF-Eligible Incremental Tax Revenue**	\$4,270,712	\$175,768	\$179,284	\$182,870	\$186,527	\$190,257	\$210,060	\$256,061	\$4,270,712
Frankfort TIF-Eligible Incremental Tax Revenue	\$2,508,753	\$103,252	\$105,317	\$107,423	\$109,572	\$111,763	\$123,596	\$150,419	\$2,508,753
Frankfort TIF-Eligible Incremental Tax Revenue*	\$4,792,617	\$197,248	\$201,193	\$205,217	\$209,322	\$213,508	\$235,730	\$287,354	\$4,792,617

\*Evaluating the land, all businesses located into the district are assumed to be new and therefore subject to an equal City/County split of the City/County Tax.  
\*\*Includes TIF-eligible incremental property taxes from extension, health, library, and soil conservation property taxing districts.

## Baseline Tax Revenue Calculation

To properly estimate the tax revenues that will actually be available for a Tax Increment Financing (“TIF”) project, it is necessary to subtract the baseline tax revenues from the expected future revenues. Most of the land within the Project’s footprint is currently owned by the Commonwealth of Kentucky, making them exempt from paying state and local property taxes. However, the Project footprint does include a private hotel, so the amount of property tax revenues currently being generated by the hotel has been estimated, as well as other eligible tax revenues the hotel is currently generating.

Commonwealth Economics and the Project team have estimated a total current assessed value of \$4.0 million for the hotel using the Franklin County PVA database, total existing wages of \$924,506, and total existing sales of \$3.7 million. Based on this analysis, the resulting property, sales, income, and occupational tax baseline calculation for the footprint totals an estimated \$318,775 annually, as shown in Figure 12.

Figure 12

Estimated On-Site Baseline Taxes - Downtown Frankfort Redevelopment Project				
	TIF Rate	Base Taxable		Tax Revenue
		Amount		
State Property Tax	0.1220%	\$4,000,000	(private property value)	\$4,880
State Sales Tax	6.00%	\$3,660,850	(gross sales)	\$230,634
State Individual Income Tax	4.60%	\$924,506	(gross salaries)	\$42,527
City of Frankfort Property Tax	0.1980%	\$4,000,000	(private property value)	\$7,920
Franklin County General Property Tax	0.1870%	\$4,000,000	(private property value)	\$7,480
Other District Property Tax				
Extension	0.0162%	\$4,000,000	(private property value)	\$646
Health	0.0725%	\$4,000,000	(private property value)	\$2,900
Library	0.0850%	\$4,000,000	(private property value)	\$3,400
Soil Conservation	0.0090%	\$4,000,000	(private property value)	\$360
Occupational Tax				
Frankfort	1.95%	\$924,506	(gross salaries & profits)	\$18,028
<b>Total Tax Revenues</b>				<b>\$318,775</b>

## Exhibit F

# City of Frankfort

## Capital of Kentucky

**Mayer**  
William L. May, Jr

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*Where History Is Made Every Day!*

**Commissioners**  
John R. Sower  
Scott Tippett  
Katrisha Waldrige  
Eric B. Whisman


August 25, 2020

Re: Proposed TIF Development Plan for Downtown Frankfort Development Area

The City of Frankfort Planning staff has reviewed the Development Plan created for the proposed Downtown Frankfort Development Area TIF District. The proposed main development on "Parcel B & C" is a mixed-use development with a series of uses including but not limited to residential, hotels, retail, restaurants, and office uses. The other associated development project is the renovation of a blighted historic furniture warehouse to be used as a boutique hotel and accompanying lounge bar/restaurant. Located between these two projects lies the Broadway Street corridor which is included because of proposed streetscape improvements. Upon reviewing the proposal, planning staff has determined that the proposed development is not in conflict with the Downtown Master Plan or the Comprehensive Plan. The Comprehensive Plan supports Mixed Use development in the downtown area generally and the Downtown Master Plan specifically recommended a similar mixed-use development regime for the subject property as well as the proposed streetscape improvements.

Please do not hesitate to contact me if you have any questions.

Sincerely,

  
Eric Cockley, Director  
Planning & Community Development

