



**The Fayette Alliance**

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Elizabeth Knox van Nagell

LFUCG Urban County Council  
200 East Main Street  
Lexington, KY 40507

October 21, 2008

Dear Mayor Newberry and Urban County Council Members,

I am writing this letter on behalf of The Fayette Alliance. The Fayette Alliance is a coalition of agricultural, neighborhood, and development interests whose aim is to promote urban and rural vitality in Lexington-Fayette County.

Farmland preservation, and conversely innovative infill redevelopment are essential pillars of The Fayette Alliance's mission—and more importantly, to Lexington-Fayette County's future environmental, economic, and cultural prosperity.

As you know, Pepper Distillery LLC is seeking Tax Increment Financing for its \$190 million Distillery District project.

Through transparent community participation and collaboration, the Distillery District aims to revitalize roughly 28 acres of blighted real estate in downtown Lexington. Approximately 630,000 square feet of new mixed-use construction and 350,000 square feet of adaptive reuse projects will anchor roughly \$80 million in public improvements, including

- \$27 million in façade enhancement and cultural facilities;
- \$16 million in new parking;
- \$7.5 million in streetscape and greenway improvements such as sidewalks; landscaping and lights, and a signature Town Branch and Bourbon Line trail system;
- \$6.2 million in new and renovated parks;
- \$6.1 in environmental remediation and flood control;
- \$5.6 in grading and land preparation;
- \$3.5 million in burying and modifying utility lines;
- \$2.8 million in water and sewer repairs and construction;
- \$1.4 million in street upgrades and bus shelter installation; and
- \$764,000 in street furniture, signage, and public art.

Without Tax Increment Financing, this transformative project will not move forward—expressly satisfying the threshold requirement of Kentucky’s TIF statute KRS 65.7051(1)(a) and KRS 65.7049(4).

TIF will allow incremental tax revenues, generated over the course of twenty years by the Distillery District, to offset roughly \$80 million in public infrastructure needed to make the project attractive for commercial and residential development, and private equity investment—essential components that have been limited during the past 3.5 years despite the developer’s best marketing efforts and \$1.5 million in deferred maintenance and improvements.

In exchange for this 20 year expenditure of public tax revenue, the state of Kentucky and Lexington-Fayette County will gain a vibrant hub of retail business, mixed-income residential properties, art galleries and performing arts facilities, parks, walking and biking trails, an outdoor market, a 125-room boutique hotel, and signature bourbon micro-distillery and museum.

As evidenced by the success of like projects in Greenville South Carolina, Oklahoma City Oklahoma, and Toronto Ontario, the Distillery District promises to generate \$2.93 billion in total spending, \$1.16 billion in increased earnings, 1,577 jobs, and \$148.5 million in state and local tax revenues. C.H. Johnson Consulting. In addition, it will advance Lexington’s renowned quality of life by creating a unique amenity for Lexingtonians, knowledge-based professionals, and tourists alike.

With over 8,000 acres of blighted, underutilized, and vacant land inside the Urban Service Area, The Fayette Alliance strongly endorses the Distillery TIF district. If supported by LFUCG and adopted in Frankfort, it will be a catalytic tool in accommodating our future growth needs—by transforming tired, crime-ridden properties into dynamic urban spaces and streetscapes without needlessly consuming our finite and threatened natural resources.

This strategy expressly furthers Goals 5, 7, 8, 11 and 12 of the 2007 Comprehensive Plan, the spirit of the LFUCG Downtown Master Plan, and countless public visioning surveys.

Therefore, The Fayette Alliance respectfully requests that the Urban County Council support the Distillery District TIF development plan and designation.

Sincerely,

Knox van Nagell