



PHOTO BY SUSAN C. THOMSON

Kentucky Town Seeks To Build On Bourbon and “Most Beautiful” Titles

By Susan C. Thomson

The self-proclaimed “Bourbon Capital of the World” just gained a new claim to fame. In July, Rand McNally and *USA Today* proclaimed Bardstown, Ky., the “Most Beautiful Small Town in America.”

A yards-wide banner to that effect hangs on the city’s dominant building—the red-brick, Victorian visitors center, which was once the courthouse for Nelson County. The visitors center looks out on a downtown that is vibrant with popular shops and eateries—a pretty vista, made all the more so by new landscaping, crosswalks, sidewalks, benches and lamps. Federal stimulus funds paid the lion’s share of the \$3 million cost.

The scene is the postcard-worthy centerpiece of a 26-square-block district on the National Register of Historic Places. Its 279 commercial and residential properties, some dating to the late 18th century, are impeccably kept, thanks to strict local regulations.

A mile or so beyond stands an architectural treasure all its own, My Old Kentucky

Home, where Stephen Foster supposedly wrote the song of that title in 1852. The restored Federal-style mansion anchors My Old Kentucky Home State Park, 235 manicured acres where a musical celebrating the composer’s life and music plays five nights a week during the summer.

For packing in the crowds, though, nothing in Bardstown beats its annual bourbon festival, held for six days each September. Bourbon-themed games, demonstrations, tastings and other activities typically draw 50,000 people from 30-some states and about a dozen foreign countries, says Dawn Przystal, vice president for tourism marketing and expansion with the Bardstown-Nelson County Tourist and Convention Commission.

The festival celebrates the whiskey that is synonymous with its native state, which the Kentucky Distillers Association says still accounts for 95 percent of the world’s production of bourbon. U.S. output rose 17.5



Bardstown/Nelson County, Ky. by the numbers

	CITY	COUNTY
Population	11,839	43,974*
Labor Force	NA	21,542**
Unemployment Rate	NA	8.7%**
Per Capita Personal Income	NA	\$31,677***

* U.S. Census Bureau, 2011 estimate.

** BLS/Haver, July 2012, seasonally adjusted.

*** BEA/Haver, 2010.

LARGEST EMPLOYERS

Nelson County School District	665 †
Tower Automotive	550 ††
American Greetings Corp.	531 †††
American Fuji Seal Inc.	500 †††
Heaven Hill Distilleries Inc.	420 ††
Flaget Memorial Hospital	340 †

† Self-reported in full-time equivalents

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††† SOURCE: Nelson County Economic Development Agency



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PHOTO COURTESY OF FLOWERS FOODS INC.

Above, Bardstown's visitors center houses the local economic development and tourism organizations and Chamber of Commerce. The three agencies cooperate with one another to advance the area and are highlighting the "most beautiful" award in their current promotions.

Below, Terry Young, production technician at Flowers Baking Co., checks the quality of hamburger buns as they come out of the oven. The bakery can produce up to 72,000 buns an hour.

percent from 2002 to 2010, according to the Distilled Spirits Council of the United States.

Kentucky's 20 or so distilleries are booming. Of these, Bardstown is home to four, all of which have expanded capacity or built new visitors centers in the past several years, says Frank Wilson, chief executive of Bardstown's Wilson & Muir Bank & Trust Co. In doing so, the distilleries have been "keeping contractors busy" during a down time for home building, Wilson says.

Heaven Hill, Bardstown's largest distillery, added two bottling lines and built two of its 42 Nelson County warehouses in the past two years. Lynne Grant, director of guest services, says the company is on track to welcome 100,000 visitors to its exhibits, tastings and tours this year.

Przystal credits "bourbon tourism" for several years of increases in overall tourism. Last year, for instance, visitors spent \$48.7 million in Nelson County, 9.2 percent more than in 2010, according to the Kentucky Department of Travel and Tourism.

Bardstown, a 45-minute drive south of Louisville by interstate, used to be tobacco and dairy country. But agriculture has gradually given way to manufacturing, which Wilson says now accounts for 26 percent of county jobs. He counts 1,000 distillery employees in that category, which also includes about 1,200 workers in the county's auto parts industry.

The auto parts industry here consists of six companies, five of them Japanese-owned and four of those new to town since 1988, when Toyota opened its first U.S. plant 65 miles away in Georgetown, Ky. Bardstown is also home to two other Japanese companies, both making packaging products. In having seven Japanese companies, Bardstown is hardly unusual in a state that boasts more than 150 of these.

Wilson says he worries about the economic risks inherent in Bardstown's dependence on bourbon and auto parts. His concern was borne out in 2008 when one parts maker, a joint U.S.-Japanese venture, folded and put 150 people out of work. Kim Huston, president of the Nelson County Economic Development Agency, says there were layoffs in the remaining auto companies, the result of recession and the subsequent supply-disrupting tsunami in Japan. Through it all, however, American Greetings remained "a solid presence in Bardstown with only

seasonal layoffs each year," despite competition from electronic greeting cards, she adds.

As Nelson County's unemployment rate was spiking at 15.1 percent in February 2010, two promising job-creating enterprises new to town the year before were gearing up. One was call-center operator Sykes Enterprises of Tampa, Fla., which opened a unit in shopping-center space vacated by a supermarket. The other was Flowers Baking Co., a unit of Flowers Foods Inc. of Thomasville, Ga.

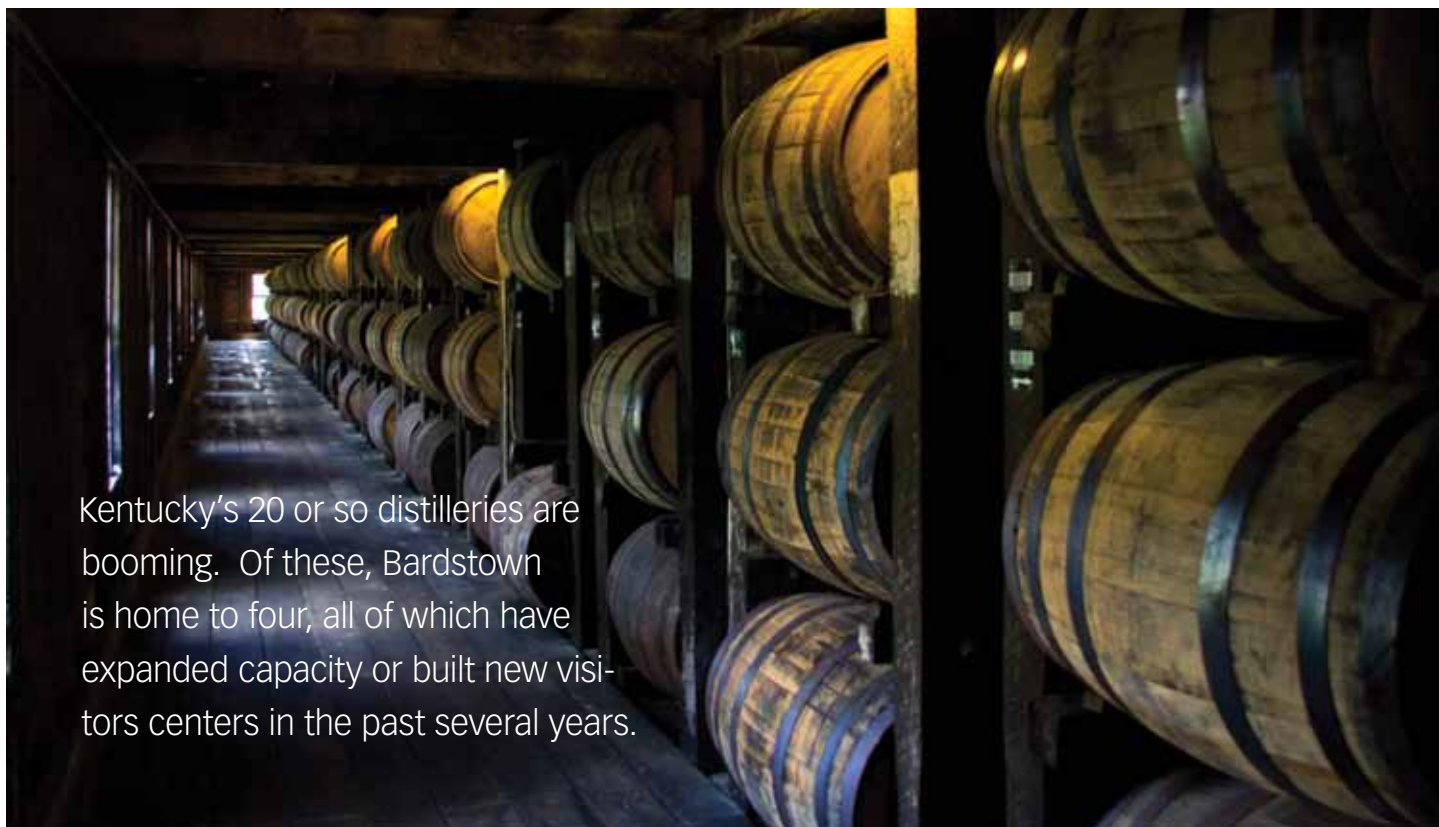
Because Sykes was leasing space, it was ineligible for state or local incentives. Flowers, by contrast, qualified for \$2.4 million in state tax incentives tied to job creation plus an improved plot in a new county industrial park and five years of local property tax rebates. Billy Donaldson, manager of the \$57 million, 200,000-square-foot facility, says the expanding parent company chose Kentucky for its generous incentives and Bardstown in particular for its "comfortable" small-town feeling. With its every function from ingredient storage to shipping automated to the extent possible, this is "the most state-of-the-art bakery in the United States," he says. It makes bread at a rate of 10,000 loaves an hour and also makes fast work of the hot dog and hamburger buns it bakes.

As Sykes and Flowers were creating about 450 jobs combined and were bringing welcome economic diversification to Bardstown and Nelson County, the local auto parts industry was bounding back, most obviously at Tower Automotive.

Tower is the area's largest and only U.S.-based parts maker. It turns out structural steel components for the U.S. plants of several foreign automakers, chiefly Toyota.

During a Chapter 11 bankruptcy, finished in 2007, parent Tower International of Livonia, Mich., closed 11 of its North American manufacturing sites. The 329,000-square-foot Bardstown plant was one of the 12 survivors; it also gained some of the work from the shuttered locations. Although sales were off 20 percent during the downturn, they have the potential to increase 20 percent over the next couple of years, plant manager Shawn Callahan says. In addition to its regular work, the plant is taking a small, tentative step into the manufacturing of components for solar mirror systems.

Huston counts Tower among the "four to five companies" that, at any given time, have been



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hiring in recent months. Others have included Sykes, Heaven Hill and American Fuji Seal.

In June 2012, the state of Kentucky approved American Fuji Seal for up to \$1.5 million in tax credits. These are linked to a plan for a \$10 million expansion that has the potential of creating 45 jobs. The plant, which makes labels for consumer products, is the North American headquarters for its Japanese owner.

The county's two largest nonprofit employers have spent even greater sums of late on building projects. The Nelson County School District opened a \$26 million high school this past summer, the latest of a total of \$45-\$50 million worth of renovations and new construction done in the past five years.

Fifty-two-bed Flaget Memorial Hospital moved into a new \$38 million facility in 2005 and added a medical office building to the premises two years later. The hospital plans to break ground late this fall on a second, \$7.2 million satellite building, which will include physician offices and new medical services.

Nelson County's unemployment rate has tumbled steeply this past year to a level more in line with the nation's. Now, says Mayor Bill Sheckles, "Most of the people who want to work are working."


Above, bourbon ages for two to three years in oak barrels in one of Heaven Hill Distilleries' 42 warehouses in Nelson County. The whiskey is riding a wave of popularity, and the company is one of the county's leading employers.

Right, at Tower Automotive employees Rosemary May (left) and Annie Skaggs inspect stamped components for a Nissan Altima door. The plant, Bardstown's largest, has bounced back from a slump in U.S. auto production and is on track to increase sales by an estimated 20 percent over the next two or so years.



PHOTOS BY SUSAN C. THOMSON

He likes what he sees in his hometown—a place, he says, where even the public housing is attractive. Still, he doesn't envision Bardstown resting on its current bourbon-and-beauty laurels.

He's not alone in lamenting that the city has just 14 bed and breakfasts and 10 motels and hotels, only two of them newer with interior corridors. Bardstown's greatest need now is a "convention-type hotel" with about 100 guest rooms plus meeting rooms and perhaps a full-service restaurant, Sheckles says. "That's the one thing that's lacking in this community." 

Susan C. Thomson is a freelance writer and photographer.

Read More about Bardstown's New Claim to Fame

Find out how Bardstown prepared to take advantage of being named "Most Beautiful Small Town in America" and what it expects to net from its marketing efforts. Go online to www.stlouisfed.org/re to read this part of the town's story.

