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Kevin Scott, left, of Bunnell Hill Construction Co., looks over plans for a FedEx Ground terminal with Martin Russell, executive director of the Warren County Port Authority.

Warren Co. Port Authority wooing private developers

Change in wage law, tax-exempt status provide boost

BY JON NEWBERRY
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Empowered by changes in Ohio's prevailing wage law, the Warren County Port Authority is becoming more aggressive in its pursuit of private development projects.

One consequence is a \$15 million FedEx Ground terminal now under construction in Lebanon.

The Lebanon-based economic development agency is also forming a small business development center that will offer counseling to startups and other growing ventures. Those are the kinds of businesses that often miss out on incentives targeted to larger enterprises, said Martin Russell, the county's economic development director, who's also executive director of the Port Authority.

"The goal is to facilitate as many creative things as we can that contribute to economic development," Russell said.

The county's Port Authority, which is authorized by state law to issue bonds and spur development by other means to create jobs, has been in existence since 2007. But until last year its involvement in a project brought with it a requirement that workers be paid union-scale "prevailing" wages.

That requirement was lifted last year, making the Port's participation more advantageous for private developers.

The Port Authority is now intent on exploiting its exemption from state sales tax, which it can pass on to projects in which it participates, Russell said.

"It's a huge incentive if there's a lot of building materials involved," said Dick Spoor, a bond lawyer at Keating Muething & Klekamp in Cincinnati. Previously most companies found that the gain from the sales tax exemption was more than offset by the extra cost of paying union-scale wages, he said.

The first project the Warren County Port Authority used that incentive on was the FedEx Ground terminal being built at Henkle Schueler's Lebanon Commerce Park. The 175,000-square-foot facility is being developed by Lexington-based Setzer Properties for FedEx.

"They were looking at Lebanon. We were

throwing options out there to help attract them," said Russell, who has led the county's economic development department since 2010.

Warren County's Port Authority was created as an economic development tool that often revolves around bonds issued to finance a project or public improvements. But financing isn't the only tool at the Port's disposal, Russell said.

"They brought their own financing to the table. I think there's a misconception out there that the Port can't help you unless you finance through the Port," he said.

In the FedEx case, by having the Port own the property and lease it back to the developer, it exempts the project from sales taxes on all building materials. That's saving the company more than \$300,000, Russell said.

On a different front, the Port also has stepped in to organize a new small business development center to replace one that's been operating for about a year at the Northeast Cincinnati Chamber of Commerce in Mason. The Mason center is shutting down as of the end of September when a federal grant expires.

Russell said the Port Authority raised \$50,000 in commitments to finance the center's operations from municipalities, chambers of commerce and private businesses within a few weeks. A committee is drafting

governing documents now, and the center is expected to open Jan. 1. The Port will be its official sponsor, but it will be self-governing, Russell said.

It's important for Warren County communities to work together rather than risk losing businesses to other locales, Russell said, and a countywide center will help them do that.

Chris Pozzuto, assistant city manager of the city of Springboro in the northwest corner of the county, said the intention is to make the center bigger so that it aids more businesses in all parts of the county.

"If Springboro's involved and Franklin's involved, we're going to be touching a lot more small businesses," he said.

Details are still being worked out, but there will likely be a more centrally located main office, possibly in Lebanon, said Pozzuto, who is co-chair of the center's executive board.

Port helped bring in **\$15M** terminal.