



2012 Economic Development Report

Economic Development Division

Jason C. Millard, Director

2012 ECONOMIC DEVELOPMENT REPORT

OVERVIEW

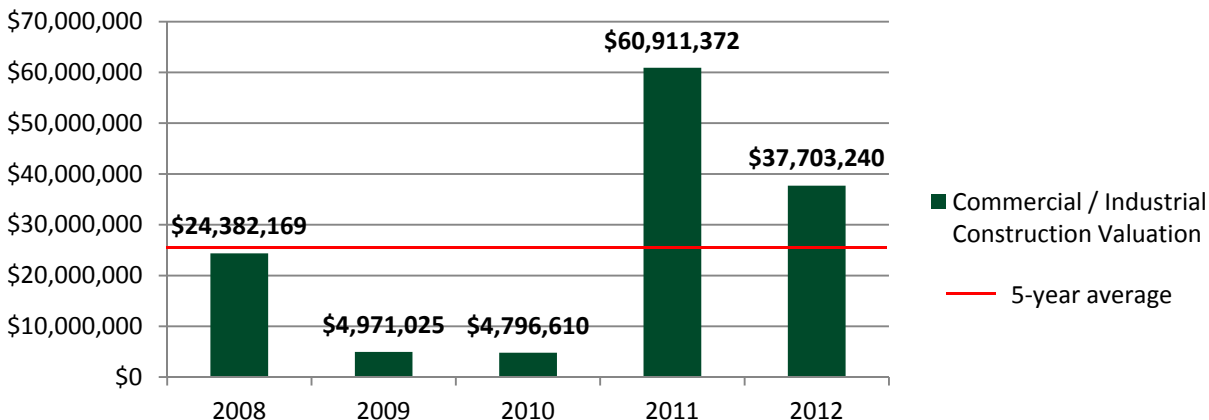
During 2012, the City was very successful in attracting new investment into the community. The City had quality growth in both the industrial and commercial sectors. The industrial sector rebounded significantly with new development and investment. The commercial sector has also seen expansion in terms of new construction, and more importantly, reuse of existing facilities. The residential sector continued to decline in a manner consistent with regional and national market trends, as reflected by the decrease in permits issued during 2012.

Lebanon continues to position itself to capitalize on new and emerging business opportunities as the market strengthens through long term investments in land and infrastructure. Lebanon continues to leverage available economic development inducement programs to recruit new businesses and industry. The City's economic strengths come from within the community. The business-friendly environment, high-quality workforce, excellent school system, and great quality of life that have become synonymous with Lebanon will continue to drive our success in 2013.

2012 Construction Valuation	
Commercial / Industrial	\$37,703,240
Residential	\$3,225,260

In 2012, the total industrial/commercial investments reported in Lebanon decreased by 38% over 2011 (\$23.2 million). The modest decrease of investment in 2012 was encouraging considering that 2011 was an exceptional year as depicted in the following chart.

Commercial / Industrial Construction Valuation



2012 housing starts fell approximately 65% as compared to 2011, which saw a drop of 26% from 2010. One factor contributing to the further decline of new housing starts is the limited availability of platted lots.

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BUSINESS ACTIVITY

INDUSTRIAL SECTOR

The industrial sector dominated the majority of new real estate investment within Lebanon in 2012. The completion of Mane Incorporated's new headquarters/R&D facility and Phase 3 plant expansion, along with the new FedEx Ground facility in Lebanon Commerce Center accounted for over 330,000 S.F. of development, and investments of nearly \$70 million. Mane has created just under 200 jobs since locating to Lebanon in 2007, and a total investment of over \$120 million. The new FedEx Ground facility, located on the recently constructed Homan Road, will open in summer of 2013 and create 120 jobs.

Green Bay Packaging acquired the former Quad Graphics facility (280,000 S.F.) at 760 Kingsview Drive in December and will locate their corrugated packaging operations into the building. Green Bay will create 90 jobs and invest over \$7 million into the facility.

VisTech, manufacturer of automotive interiors, recently purchased the former PAC National building (123,000 S.F.) at 265 S. West Street with plans of relocating their manufacturing operations from Lebanon Commerce Center in Spring 2013. VisTech currently employs 39 people, and will create up to 20 additional jobs with the relocation to the new facility.

Plasti-Fab purchased the former Knauf building at 2725 Henkle Dive in May. Plasti-Fab recently completed updates to the facility and will begin manufacturing polystyrene products in early 2013. The facility will create 15-20 jobs.

COMMERCIAL/OFFICE SECTOR

The commercial and office sectors saw moderate growth in 2012 with a majority of investment coming from reuse of existing buildings. In December, Rural King purchased the former Wal-Mart store (70,000 S.F.) in Countryside Place. Rural King is investing \$125,000 in store renovations and creating 50-60 jobs. The store will open in March 2013.

The Warren County Educational Service Center relocated their offices to the inline retail center adjacent to the former Wal-Mart store in February after completing major renovations to the building. The WCESC employs 165 people, and relocated from their former offices on Silver Street.

The former Big Bear Store in Lebanon North Plaza is undergoing significant interior renovations to subdivide the store for a new retail tenant, the Peddler's Mall. The owner of the shopping center, EIG, is investing \$350,000 in tenant improvements, with the Peddler's Mall investing an additional \$125,000 in renovations to their new store.

The Four Paws Animal Hospital completed their new facility at 1001 Columbus Avenue in November. A total of \$815,000 was invested in constructing the new 5,500 S.F facility.

CENTRAL BUSINESS DISTRICT / DOWNTOWN

The CBD is doing well, and continues to show signs of strength. The business vacancy rate has decreased over the past year with a majority of the storefronts occupied in downtown. The

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downtown area has a diverse business climate with a good mix of retail stores, restaurants and professional offices.

The City is committed to the economic vitality of the downtown, which is evident by the significant investments over the past decade. Since 2001, the City has funded over \$5 million in downtown infrastructure, while receiving \$900k in state and federal grants toward the improvements.

MAJOR COMMERCIAL & INDUSTRIAL INVESTMENT ACTIVITY

Address	Project	Area (ft ²)	Construction Value	Business
2501 Henkle Drive	New Construction	85,800	\$25,000,000	Mane, Inc. HQ/R&D Facility
325 Homan Road	New Construction	178,000	\$8,199,000	FedEx Ground
1001 Columbus Avenue	New Construction	5,500	\$815,000	Four Paws Animal Hospital
1535 Wal-Mart Drive	Int./Ext. Bldg. Renovations	30,000	\$600,000	Wal-Mart
916 Columbus Ave	Interior Bldg. Renovations	45,000	\$347,000	Peddler's Mall
760 Kingsview Drive	Interior Bldg. Renovations	280,000	\$251,000	Green Bay Packaging
909 Columbus Avenue	Int./Ext. Bldg. Renovations	842	\$247,000	Bob Pulte Chevrolet
635 Columbus Avenue	Tenant Improvements	7,600	\$160,000	Aarons Rent
345 Turtlecreek Union Road	New Construction	780	\$150,000	CBT
1879 Deerfield Road	Int./Ext. Bldg. Renovations	76,500	\$125,000	Rural King

BUSINESS ASSISTANCE AND INCENTIVES

PROGRAMS

Lebanon's economic development incentives are designed to provide diversified assistance that can be broadly applied to existing businesses and eligible industrial and commercial property throughout the City.

The following business assistance programs are available to qualifying businesses and properties.

- **Tax Increment Finance (TIF)**
- **Enterprise Zone (EZ)**
- **Forgivable Loan Program (FLP) - 2012**
- **Community Reinvestment Area (CRA)**
- **Kilowatt Hour (kWh) Tax Credit**
- **Development Fee Assistance**

The TIF program has been the most widely used incentive program over the past 25 years. The City currently has 37 general purpose, or parcel TIFs, throughout its five industrial parks. Historically, TIF has been used to finance land acquisitions and associated infrastructure costs for new industrial development. 2012 TIF revenue totaled \$1.75 million, and 2013 revenue is projected to be \$1.55 million.

Staff continues to evaluate the TIF Program as it relates to future incentive packages. With the more stringent revenue sharing requirements enacted by the State Legislature in recent years, the City is reviewing the compensation requirements to local school districts and the career

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center. In evaluating the TIF program, the City anticipates improving the pro-forma analysis and structuring future incentive agreements with the goal of limiting the exemption period to the greatest extent possible while maximizing the tax revenue to both the City and the local school district.

In addition, the City is beginning to repurpose TIF funds to finance improvements to replace and reconstruct aging infrastructure within the industrial parks. Recent projects include improvements to Henkle Drive, Columbia Road, and Kingsview Sanitary Sewer.

The CRA program has seen more exposure in recent years. In 2012, the City received five applications, of which four were approved, and one is pending approval. The projects involved renovations to existing commercial buildings with a total investment of \$1.25 million. The projects will receive property tax abatements on the improved value to the buildings.

The City implemented a Forgivable Loan Program in 2012. The FLP offers direct cash incentives to qualifying companies that meet certain payroll tax targets and property investment criteria. The FLP can apply to new construction and renovations to an existing facility. The City executed its first FLP with Green Bay Packaging, who will use the funds to offset the cost of facility renovations.

ECONOMIC DEVELOPMENT INITIATIVES

JOINT ECONOMIC DEVELOPMENT DISTRICT (JEDD)

The City and Turtlecreek Township enacted legislation in December to form a JEDD at the I-71/SR-123 interchange. The JEDD encompasses 382 acres and was created to attract higher quality development to the interchange by jointly providing government services. The JEDD allows the City and Township to set the conditions for development at the interchange and share in the fiscal benefits of economic development. The 71/123 Area Plan supplements the JEDD with establishing development goals that enhance the economic environment of the interchange by attracting a mix of quality industrial and commercial businesses in a sound, aesthetically pleasing manner, while mitigating negative impacts on surrounding residential areas.

WARREN COUNTY SMALL BUSINESS DEVELOPMENT CENTER (SBDC)

The Warren County SBDC is an economic development initiative designed to aid prospective and existing small entrepreneurial businesses in Warren County. The implementation of the SBDC was created and facilitated by member organizations of the Warren County Small Business Development Alliance. The Alliance is a newly formed Ohio nonprofit corporation that contracts with the Warren County Port Authority to provide the SBDC functions throughout Warren County.

The SBDC is designed to assist the member organizations to connect with the prospective start-ups and existing small companies who are already present in the community and determine what they need to grow and be more successful.

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The SBDC was formed in late 2012 and began operations in January of 2013. The City is a participating member organization and holds a seat on the Board of Directors.

BUSINESS OUTREACH

The City conducted business outreach visits with several companies in 2012. The visits are part of the City's business retention efforts to establish good relationships and communication with key businesses in the community. The outreach visits are targeted to companies that are expanding, new to the community, or in a growth sector. The business outreach initiative builds a rapport with the business community, encourages these businesses to remain and expand in Lebanon, and promotes the City to their business colleagues.

2012 Business Outreach Visits	
Addison-McKee	Nibco
Advics	PlastiFab
Amtex	Quantum Metals
Fecon	Rural King
Franklin Brazing	Service Wholesale
Ghent	Siemens
Mane, Inc.	WCESC

ECONOMIC DEVELOPMENT OPPORTUNITIES

HOMAN ROAD

The completion of Homan Road in December will provide primary access for the new FedEx Ground facility and direct access to an additional 40-50 acres of prime industrial property in Lebanon Commerce Center. The design and construction provides the flexibility to extend the street eastward to the Deerfield Road corridor, creating the potential for a northern gateway into Lebanon Commerce Center.

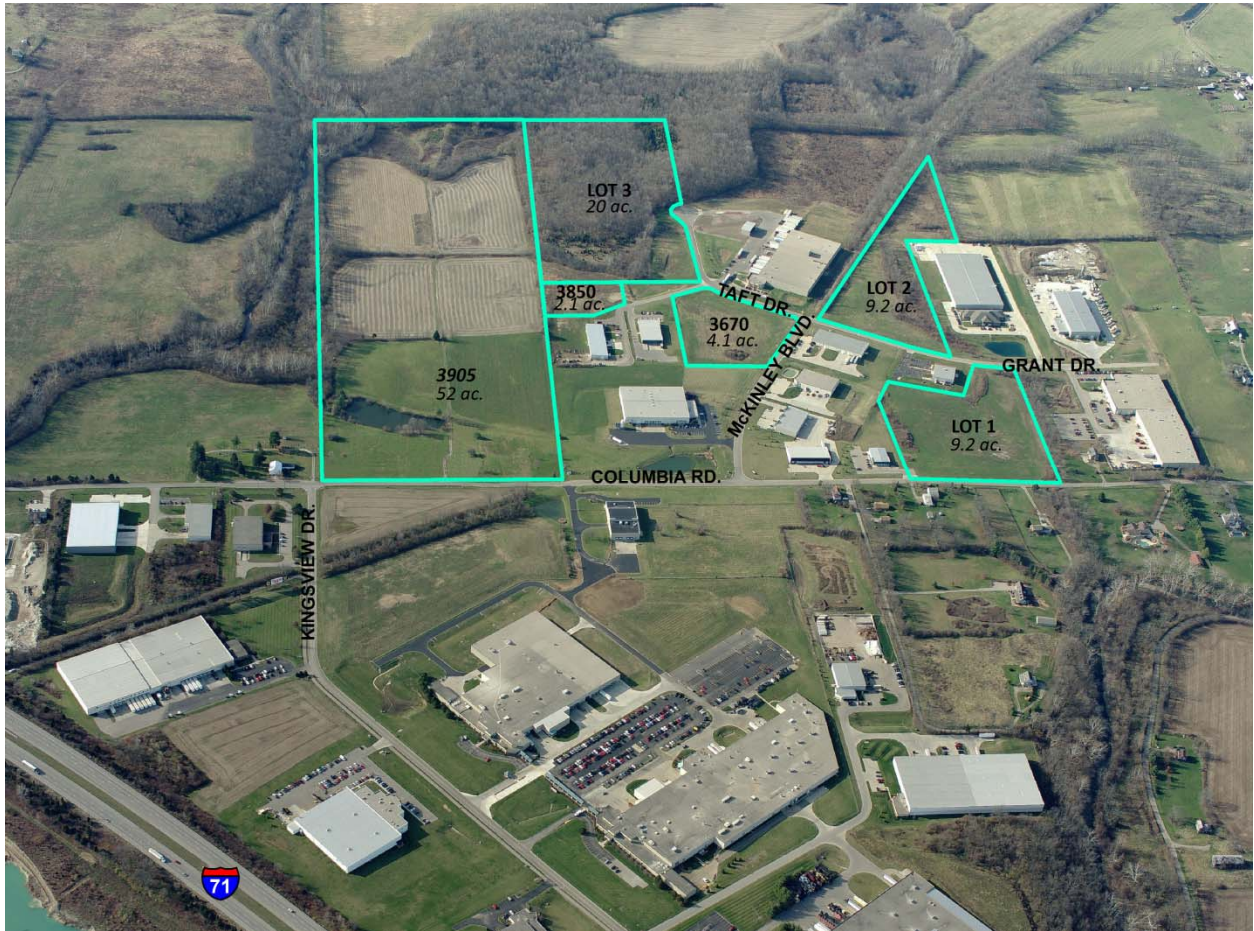


COLUMBIA BUSINESS PARK (CBP)

The Columbia Business Park continues to be a focal point for new business attraction within the industrial sector. The acquisition of 50 acres adjacent to the park in 2010 provides additional land for site development ranging from 20-25 acres. The Columbia Road improvements

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currently underway will extend sewer along the frontage of this acreage, and expand sewer capacity south to the industrial property at the intersection with Mason-Morrow-Millgrove Road.



Columbia Business Park

KINGSVIEW DRIVE

The transition to GCWW in November resulted in decommissioning of the well fields on Kingsview Drive. As a result, 17 acres of prime industrial property is available with direct frontage on I-71. The City has listed the property at \$55k an acre. The property is zoned Industrial Park, which encourages high-quality industrial businesses and attractive site development.



17-acre site

2013 ECONOMIC DEVELOPMENT STRATEGIC PLAN (EDSP)

The preparation of an EDSP is a primary focus for 2013. The City plans to engage a consultant through a formal RFP to coordinate and prepare the Plan. The EDSP will provide a framework to increase the City's tax base by enhancing the business climate and encouraging job retention and creation. The City's goal is to sustain and expand its economic base in order to provide for a high quality of life for all residents.

The EDSP will identify a key set of strategies with action items that build upon the City's current assets, identify strategies to address challenges, facilitate the growth and expansion of existing business/industry sectors, and promote key development and redevelopment opportunities integral to the City's economic future.

The strategy focus will address both the needs and impediments for existing business, while defining methods for attracting and growing new business opportunities. A primary goal of the EDSP is identifying and maintaining a balance between business retention and attraction.