

Feasibility Analysis for the Creation of the Winchester Industrial Park Adams County, OH

Submitted by:

Evan Scurti, Principal

Scurti Consulting LLC

-serving as Adams County Economic Recovery Coordinator via contract with the Ohio Valley Regional Development Commission (1/10/20—12/31/21).

Introduction

The creation of a modern Industrial Park has been a goal of Adams County leaders dating back to at least 2015. As Adams County has historically been an agricultural and coal-dominated economy, with two Dayton Power & Light (DP&L) coal-fired power plants in southern Adams County, economic development leaders understood the need to diversify to build resiliency for local citizens. As coal-fired plants along the Ohio River Corridor and throughout Appalachia were being retired, momentum gathered to create a modern industrial park that would serve job-seekers for years to come. Of course, the wisdom of the vision was validated in 2018 when DP&L announced the immediate closure of the power plants, resulting in devastating effects on the local economy and local residents. Additionally, any analysis of available industrial real estate in Adams County and contiguous counties will lead to the conclusion that new industrial park creation is a very defensible goal for local government and quasi-government economic development agencies. There is very little industrial real estate “product” in the multi-county Southern Ohio area to offer to prospects. Thus, Adams County leadership understood their important role in filling this void and helping the area reach its economic development potential.

Adams County exhibited strong commitment to this goal in 2018/2019 with the purchase of 55 acres along US Highway 32 (the Appalachian Highway) for the ultimate creation of the Winchester Industrial Park. County Government and the Community Improvement Corporation (CIC) collaborated on the \$364,090.00 purchase, which was accomplished with local funds free of State or Federal subsidies. This bold commitment was recognized by regional and State leaders and discussions with them pertaining to an infrastructure buildout vision began in earnest.

Specific Economic Needs Analysis

In addition to the general rationale described above, the need for a modern industrial park to attract new job opportunities could not be clearer. The following key socioeconomic and competitiveness statistics have been shared with various State and Federal grantors and other stakeholders to explain the importance of Winchester Industrial Park within the economic development framework:

- As outlined in the Ohio University Voinovich School’s May 2018 report, the DP&L closures had a devastating effect on the local economy:

- 1,130 jobs lost (370 direct and 760 indirect contractors/vendors) that accounted for a total annual payroll of \$82 million
 - A loss of \$8.5 million in annual local tax revenue
 - A loss of \$700 million in regional output
- Children in Poverty: Even prior to the DP&L closures, 2018 Census updates revealed that Adams County was the third poorest of Ohio's 88 counties in terms of children under 18, with a rate of 29.1% vs. Ohio's 19.2%.
 - Commute Times: Ohio Department of Development research indicates a need for local job creation as Adams County residents commute averages 36.5 minutes vs. an Ohio mean of 23.4 minutes.
 - Realizing the Potential for Petrochemical (and related sectors) Industrial Development: Since the 2018 land purchase, County leaders have focused on a close partnership with leadership at JobsOhio's regional affiliate, OhioSoutheast (www.ohiose.com). As the regional arm of the state's dedicated economic development organization, OhioSE is a critical partner both in terms of petitioning for infrastructure funding assistance and implementing best practices in regard to marketing and prospect negotiations as the industrial park is prepared for parcel sales/leases to job creators.

OhioSE has remained a very close partner, as their leadership has explained how Winchester Industrial Park will fill a significant void of available industrial property in Adams, Scioto and surrounding counties. County leaders came to understand that this void was not only a problem in the local/regional economy, but an issue from a statewide economic development perspective as well. Natural gas development within the Utica Shale, despite some recent market volatility, continues to be a major opportunity for Ohio, with much of the activity and its associated industrial development potential occurring along the Ohio River Corridor throughout Ohio's Appalachian counties. Thus, if Adams County is to realize its potential and capture the investment of petrochemical corporations searching for locations along the corridor, the creation of Winchester Industrial Park is an absolute necessity. This dynamic coupled with the County's overall economic development track record is what led to a significant 2021 infrastructure grant from JobsOhio, as outlined below.

Infrastructure Analysis and Buildout Plan

The Adams County Economic Development, led by Executive Director Holly Johnson since 2011, has developed a complete infrastructure deployment plan that will allow the industrial park to entertain development proposals beginning in late 2023. In addition to the new infrastructure that will be necessary for manufacturing and logistics activities, the Economic Development Office

has clearly communicated existing infrastructure attributes that make Winchester Industrial Park a wise investment for State and Federal grantors. This includes:

- The Park offers a unique and strategic industrial location along the Appalachian Highway (US 32) in Southern Ohio. The park's rural selling points will be coupled with easy access to a metropolitan workforce and other business relationships. Winchester Industrial Park is located only 40 miles east of the Cincinnati outerbelt and 54 miles from the Port of Cincinnati.
- US 32 is an approved business corridor within the Federal government's 3,090-mile Appalachian Development Highway System.
- A rail spur into the park is feasible if two rail bridges in Portsmouth are rehabilitated.
- JobsOhio recognized the potential for the park, beginning in 2019 and funded full due diligence studies, which revealed no environmental or soil bearing capacity issues.

JobsOhio jumpstarted the creation of the industrial park in 2021 by awarding \$4.2 million toward the thorough 12.8 million infrastructure buildout plan developed by the Economic Development Office. <https://ohiose.com/news/adams-county-community-improvement-corporation-cic-receives-4-2-million-jobsOhio-grant-to-develop-the-winchester-industrial-park-and-attract-new-business/>

JobsOhio fully vetted the situation and came to the strong conclusion that the local infrastructure plan is justified and will bring a solid return on investment to local and State tax revenue streams. The reasonable development analysis presented by the Economic Development Office included a buildout vision of 300,000 square feet of facilities and a \$10 million payroll throughout the Park, which would include a forecast of 300 jobs at an average salary of \$35,000.00 per year. This buildout potential will yield \$9 million cumulative over 20 years to local and State tax revenues, according to the JobsOhio-approved analysis.

In short, JobsOhio's large grant in an important Southern Ohio industrial asset validated the local leaders' vision and ability to procure the remaining \$8.6 million to complete infrastructure buildout. Applications to the Ohio EPA and federal Appalachian Regional Commission are in process and expected to be awarded in 2022. The \$12.8 million infrastructure plan will include:

- Land acquisition and roadwork construction to access the park at the eastern end from US 32.
- A 12" water main extension and construction of a 200,000-gallon tank to be owned by the Village of Winchester. At-site water capacity of 425,000gpd will be achieved.
- Construction of a 6" sewer main and a 700,000 gallon sewer system. At-site capacity will be 400,000gpd.

Alignment with Local Economic Development

The creation and management of industrial parks can be a complex process that requires sophisticated skills and patience at the local economic development level. Despite Adams County's rural

location and depleted local tax revenue since the DP&L closures, the county is blessed with a high-performing local development office. Led by Holly Johnson's 10+ years as Executive Director, the local office offers complete economic development services, including marketing and prospect negotiations and grant management. Under Holly's leadership, the office has secured and managed over \$32 million in infrastructure grants. Specifically, Holly has experience with large corporate investment proposals and is thus more than prepared to entertain and execute Winchester Industrial Park development proposals. Major successes have included the recruitment of Columbus Industries to a 167,000 square foot facility and leading incentives procurement and road expansion to facilitate GE Testing's \$90 million expansion in Peebles.

In addition to a strong track record, the local development office can offer unique assets to Winchester Industrial Park projects. Those include the Opportunity Zone, which contains Winchester Industrial Park in its entirety, a Workforce Development Center being developed by Holly's team and ready to offer classes in 2022. In addition to real estate, County leaders recognized that the lack of post-secondary training (Adams County contains no community college or other post-secondary facilities) was a major drawback in terms of new business recruitment. Beginning next year, industrial prospects will be able to utilize a 15,000 square foot renovated facility that will offer certificate training programs in welding, CNC training, CDS truck driving, and nursing assistance. The creation of the County government-owned Workforce Training Center is a great testament to Adams County's understanding of modern, comprehensive economic development. The local team is very prepared to invite and execute new development proposals that will bring a much-needed diversity of job opportunities.

Conclusion

The foregoing has hopefully illustrated how the creation of the Winchester Industrial Park is not only feasible but represents a once-in-a-generation opportunity for Adams County and all of Southern Ohio to realize its potential in modern site selection. Specifically, the successful development of the Park is likely because of:

1. A well-thought-out infrastructure deployment plan, utilizing local government partnerships and a significant grant (JobsOhio's \$4.2 million) that has spearheaded the process.
2. A local economic development office with deep experience in both infrastructure grant and construction processes and incentives negotiations. The team is well-equipped to lead parcel sale/lease negotiations and recommend final actions by the CIC Board and Board of County Commissioners.
3. Data presented by OhioSE clearly depicted the opportunity for 21st century industrial real estate development in the Adams County area. The growth of sectors like petrochemical along the Ohio River Corridor bodes very well for the likely success of job-creating parcel sales within Winchester Industrial Park.
4. Strong consensus around the overall *need* for the Park due to persistent poverty exacerbated by the DP&L closures. Local elected officials and regional/State leaders are expected to support the Park's growth and viability for years to come.