



BUCKEYE POWER CURRENT

May 2014

Ferguson Finds Perfect Fit in Exurban Ohio



Over the next 30 years, research by Dr. Arthur “Chris” Nelson, FAICP, Presidential Professor of City and Metropolitan Planning and Director of Metropolitan Research at the University of Denver, shows that the Columbus, Ohio metropolitan area will add about 500,000 people while the state of Ohio will experience a net loss of about 300,000 residents. Most of the new industrial, commercial and residential structures are expected to be constructed in

areas that are already developed, resulting in greater urban density and concentration of traffic.

Unless roadway expansion keeps up with population growth and new transportation options are added, increased traffic congestion could significantly impact urban logistics and distribution facilities that count on rapid access to highways, rail yards and airports.

Leading site selection consultants and logistics managers are tracking these trends and factoring the potential impact of traffic flow, congestion and actual travel times into site searches and expansion decisions. Exurban areas with strong transportation infrastructure including many of the communities served by Buckeye Power and Ohio’s Electric Cooperatives, are attracting increased attention as excellent locations for distribution centers.

When Ferguson, the largest wholesale distributor of plumbing supplies in the U.S., began the location search for its twelfth U.S. distribution center, the criteria shared with JobsOhio stated the need for 70 acres on a four-lane highway with rail access in the western edge of Ohio. Mercer County responded with a site that fit the requirements and the location homerun of being within a two-hour drive of Toledo, Cincinnati, Columbus and Indianapolis.



“In terms of logistics, our location is perfect,” said Jared Ebbing, Mercer County Community/Economic Development Director. “The Ferguson site has the advantage of being in a less densely populated area but is located on a limited-access four-lane highway.”

But how does a cornfield site in rural Ohio attract one of the most sought-after distribution center projects in the Midwest? To stay in contention and win projects, exurban communities must be well-prepared, address the specific needs of the prospects, and illuminate the community’s unique attributes.

Ebbing shared the following insight about Mercer County's successful pursuit of Ferguson's Midwest distribution center.

“Let me show you what we're all about.”

Mercer County had submitted several rounds of site data and photos and was one of the four Ohio sites that Ferguson toured. Although the first site visit was only one hour, Ebbing thoughtfully considered what was important to Ferguson and mapped out a route to and from the site that demonstrated Mercer County's extraordinary community spirit, work ethic and well-maintained assets.

“Our strategy was to make their engineer's life as easy as possible.”

Ebbing's goal was to answer every site question before it was asked and it took a tremendous team effort to do so. Prior to Ferguson's site engineer's visit, the Mercer County team sent the site topo and survey in AutoCAD, the entire archeological report, Phase I environmental report, aerial photos, site video and utility service details. When Ferguson's engineer arrived for the site visit, representatives from Midwest Electric Cooperative, Dominion Gas, and the county water and sewer division all met him at the site. The extra effort established a comfort level with Ferguson that Mercer County could deliver as promised.

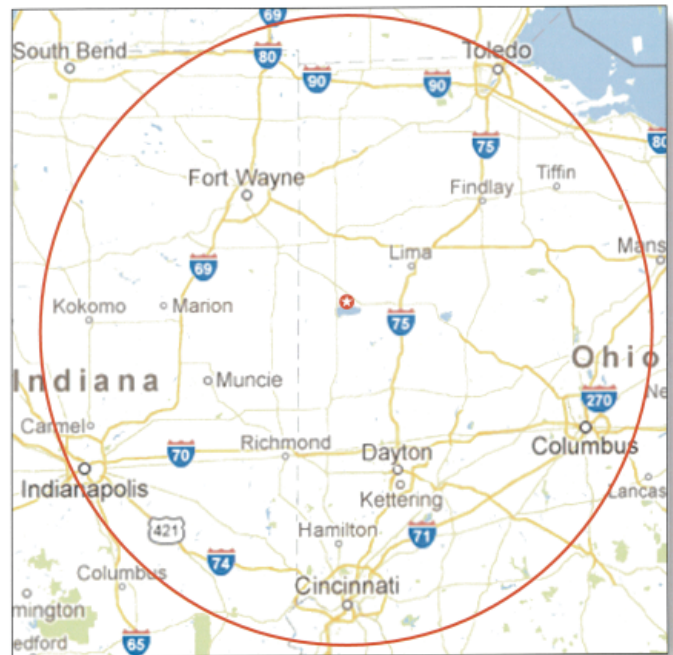
Early in the site selection process, Midwest Electric Cooperative which receives generation and transmission services provided by Buckeye Power, stepped up with an offer to secure a \$300,000 grant through the USDA's Rural Economic Development Loan and Grant (REDLG) program. With Midwest's 20% match, a total of \$360,000 was loaned at 0% to Mercer County for the extension of water and sewer service to Ferguson's site and the adjacent shovel-ready Route 29 Corridor sites.

As Mercer County repays the loan over six years, payments go into the co-op's revolving loan fund that is lent at 2% to private businesses for capital and real estate investments. Since 2005, Midwest has loaned a total of \$1.1 million which supported the creation of 116 jobs.

“We guaranteed Ferguson would have the qualified employees they needed.”

Employers considering exurban communities are often concerned about where or whether they'll be able to find suitable employees for their positions. In rural settings individuals are accustomed to longer but quicker commutes (35 miles = 35 minutes) and developing a detailed labor shed map often uncovers a much larger labor pool within common commuting distances.

Two-Hour Radius from Project Site



“We evaluated multiple properties in several states and Mercer County immediately stood out from the rest. From the very first meeting and to this day, we have been impressed with the cooperation and support we've received and consider it to be a true partnership. We are delighted to call Mercer County home to our newest distribution center and consider it a win-win, both for Ferguson and for the region.”

----Don Swain, Ferguson's Manager of Real Estate Development

With a population of just 40,000 residents and one of the lowest unemployment rates in the state, Mercer County may look like a challenging environment for employers. But there's more to the story.

Mercer County's roots are in agriculture and as a result people have a remarkable work ethic. People are willing to be under-employed rather than unemployed, often working multiple jobs or commuting



outside the county. The Mercer County culture is characterized by personal responsibility and hard work and has resulted in a very low un-employable rate.

Ebbing went so far as to guarantee Ferguson that Mercer County would deliver three to five times the number of quality candidates needed to fill Ferguson's 70 new jobs. To deliver on this promise, Mercer County completed the well-publicized www.HometownOpportunity.com website which is now used by every compa-

ny in the county to post job opportunities and generates 65,000 unique visitors each week, many of whom are seeking to move back to the area.

Ferguson had hundreds of applicants for their positions within just a few days and they were delighted with the quality of the candidates.

“Overall, the long-term cost of doing business is less in Ohio.”

The local and state incentives and support for the Ferguson project included a job creation tax credit, workforce training grant, 100% real property tax abatement for 15 years, new turn lanes on the county access road and state highway, water and sewer lines extended to the building and a new regional water tank for fire suppression.

Even with the competitive incentive package, Ebbing focused Mercer County's message on the lower overall cost of doing business in Ohio and long term cost-saving factors such as a dependable workforce with very low turnover, no income tax in Mercer County, and the fact that Ohio does not have a personal property tax.

Ohio's exurban communities with suitable transportation infrastructure offer excellent distribution center locations away from the increasing congestion and traffic delays in densely-populated urban areas. Ebbing concluded, “We're very fortunate and blessed that Ferguson found us and gave us the time to explain who we are as a people and how great a match we believe this county is for a company with Ferguson's reputation. Logistically speaking, I think it it's a perfect fit for this area.”

About Ferguson

Celebrating its 60th year in business in 2013, Ferguson (www.ferguson.com) is the largest wholesale distributor of residential and commercial plumbing supplies and pipe, valves and fittings in the U.S. The company is also a major distributor of HVAC/R equipment, waterworks and industrial products and services. Founded in 1953 and headquartered in Newport News, Va., Ferguson has sales of \$9.7 billion and approximately 18,000 associates in almost 1,300 locations. Ferguson and its subsidiaries serve customers in all 50 states, Puerto Rico, Mexico and the Caribbean. Ferguson is part of Wolseley plc (www.wolseley.com), which is listed on the London Stock Exchange (LSE: WOS) and on the FTSE 100 index of listed companies.



Buckeye Power and Ohio's Electric Cooperatives can help with:

- Comprehensive site and building portfolios
- Preliminary site studies
- Site search tours
- Assistance in identifying financial incentives
- Electric rate analyses
- Community profiles
- State and local government contacts
- Contractor introductions



Contact Us:

Dennis Mingyar

Buckeye Power Inc.

www.buckeyepowersites.com

6677 Busch Boulevard

Columbus, OH 43229

614-430-7876

dmingyar@buckeyepower.com