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Oldham Co., city say land project still worth the risk

Only 1 business moved to site

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Nearly five years after Oldham County and the city of La Grange embarked on a \$20 million plan to develop an office, retail and residential campus on 1,000 acres near Interstate 71, the so-called Oldham Reserve remains mostly vacant — only one business has moved in.

But while that has some county officials and residents nervous, local economic development leaders note that the one business — The Rawlings Group — is a large one, with nearly 600 employees in a sprawling, three-story building on a 67-acre parcel.



The Rawlings Group building in La Grange is on Eden Parkway. (By Pam Spaulding, The Louisville Courier-Journal) December 8, 2009



The Red Pepper has opened a second restaurant in Crestwood. Leaders in Oldham for decades have debated ways to get more businesses and jobs into the county. The county is pushing forward with projects that will help grow areas of the county where businesses are likely to build. (By Pam Spaulding, The Louisville Courier-Journal) December 8, 2009

They say they also are close to finalizing another deal for 180 acres — a major step to sparking the business park's growth.

And with an upswing in the economy, they say, the site could realize its promised potential — bringing in up to \$14.5 million a year in property taxes and as many as 11,400 jobs — in the next 15 years.

“We would have liked to make more progress in the last 18 to 20 months,” said Don Basham, chairman of the Oldham-La Grange Development Authority, which oversees Oldham Reserve.

But it takes time to attract businesses, he said, adding that the recent national economic downturn didn't help.

“There clearly is a reason for it,” he said of delays in growing the campus. “Everyone is suffering right now in these economic times.”

At stake is nearly \$20 million Oldham Fiscal Court and La Grange borrowed for the property, which is south of Interstate 71 and west of Ky. 53 in La Grange. The county began annual debt payments of \$80,000 this year, but will owe \$186,000 in 2011 and \$8.1 million in 2012 after restructuring much of its debt to push back payments.

La Grange began its annual \$190,000 debt payments last year and will owe another \$7.49 million in 2012.

That worries some residents and county officials.

“I think the taxpayers are a little bit concerned about this huge piece of land they bought, and basically nothing's going on with it,” said Karen Baughman, of Crestwood. “I don't think local governments should be in the commercial real estate investment business.”

But officials said the purchase was a necessary risk to provide relief to Oldham taxpayers, who pay some of the highest rates in the state for insurance premiums and school taxes, in part because there are so few businesses to offset such costs as maintaining roads and utilities.

“The more we generate revenue from businesses, the less of a strain it has on residents to cover those costs,” said Jim Kramer, head of the Oldham County Economic Development Authority board.

The road to big business

The push to bring businesses to Oldham began about 10 years ago with the construction of Commerce Parkway, a road linking Ky. 53 and Ky. 393 — just north of Oldham Reserve — that officials hoped would lure companies to the Buckner/La Grange area.

But a key factor limited its success: The 20 or so landowners along the road priced their property too high for many businesses, Judge-Executive Duane Murner said.

So in 2005, La Grange and the county chose a different route — buying the Oldham Reserve property and attempting to build a business and residential campus from scratch.

Each government sold \$10 million in bonds, the majority for purchasing the land; \$5million was for

infrastructure, most of which paid for the entrance road and utilities, and \$2 million was reserved for principal and interest for three years.

Plans were drafted and approved to allow a blend of offices, retail stores, single-family and multi-family homes and an elementary school.

“A person could literally live in that area, work in that area, and shop in that area,” Basham said. “It’s intended to attract higher-paying jobs.”

Within a year, The Rawlings Group paid \$1.34 million for its site, moving from downtown Louisville. It’s now Oldham’s largest private employer.

In 2008, the authority also began negotiations with The Hocker Group, a local real estate development and investment company that manages the Springhurst Towne Center in Louisville. The company was looking to develop 180 acres of the Oldham Reserve, but pulled out at the last minute, citing economic concerns.

Discussions rekindled earlier this year, though, and Basham said the authority hopes to have a deal in the next few weeks.

Hocker did not return calls requesting an interview.

But Basham said that the deal weighs heavily on three major projects in the area: construction of an interchange on Interstate 71 near the property, the paving of Ring Road, which would link the interchange to Ky. 53, and the expansion of the La Grange sewage-treatment plant.

All three are planned or in the works.

A taxing problem

Besides an estimated \$8.3 million to \$14.5 million a year in property taxes and as many as 11,400 jobs, a fully developed Oldham Reserve could bring up to \$5 million in new sales to existing businesses, including grocery stores and restaurants, according to a recent study by University of Louisville economist Paul Coomes.

Oldham officials said the numbers confirm their belief that Oldham Reserve can not only diversify the tax base, but allow residents to work closer to their homes.

About 60 percent of Oldham County’s tax revenue comes from property taxes and insurance premium taxes, mostly from households, Murner said.

By comparison, those two taxes account for just one-fourth of general fund revenue for Louisville-Jefferson County, Coomes’ report says. Oldham’s estimated 2,200 businesses employ only a fraction of its 57,000 residents. Around 12,700 of Oldham’s 21,700 workers were employed in Jefferson County as of the 2000 census, earning Oldham a reputation as Louisville’s “bedroom community.”

Oldham has one of the lowest tax rates in the state, at 9 cents for every \$100 of assessed property value, but its school tax, at 66.9 cents for every \$100, ranks 26th of 174 districts, and Fiscal Court raised its insurance-premium tax in 2007 to 10 percent, up from 5 percent, making it one of the state’s highest rates.

"I believe we are taxing homeowners as much as they can stand," Murner said.

He said he realizes the county assumed a risk when it purchased Oldham Reserve, "but we said to ourselves if we don't do something here, nothing is going to happen."

Unlike 218 other communities in the state, Oldham doesn't have an occupational tax. If the county had one, Oldham would be taxing the lowest-paid workers in the county, Murner said.

Coomes' study also showed that Oldham and La Grange could split an additional \$1.5 million to \$4.7 million a year from Oldham Reserve if they levy an occupational tax, depending on how the site is developed

Murner said an occupational tax and business license fee could be possibilities as the business base grows.

La Grange's annual business license fee brought in \$255,500 last year from its 600 businesses.

Still, just the business facilities can boost the tax base, Basham said. He points to The Rawlings Group, which paid \$187,800 last year in property taxes; the entire 1,000 acres brought in just \$8,000 a year as farmland, he said.

Fiscal Court Magistrate Scott Davis said he would like to see some tax relief for residents, who he said are on the line for the Oldham Reserve debt.

"I consider it the No. 1 largest risk and exposure of the taxpayers," Davis said of the project.

La Grange Mayor Elsie Carter said she also hopes that as the economy improves, more land will be developed and the site will generate more property taxes for her city.

Like the county, she said the city may consider refinancing some of its Oldham Reserve debt into more long-term payments.

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