



Economic Development Annual Report 2006

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2006 Economic Overview



Federal Overview –

There were a few federal cases and bills that proved to be of interest and had some affect to local companies this past year. **DaimlerChrysler v. Charlotte Cuno Court Decision on Tax Incentives**, released in May 2006, found that the plaintiffs in the case of DaimlerChrysler v. Charlotte Cuno did not show harm by the state of Ohio. Because the Court could not find a specific harm, it determined that the plaintiffs did not have standing to challenge Ohio's tax credit program, and the Sixth Circuit Court of Appeals erred in agreeing to consider the case. The plaintiffs claimed they were injured because the tax breaks for DaimlerChrysler decreased the amount of funds available to the city and state, thus imposing a "disproportionate burden" on Ohio taxpayers. Ohio's tax incentive package provides a 13.5% Investment Tax Credit on new machinery purchases for a \$1.2 billion DaimlerChrysler Jeep plant in Toledo, Ohio. Cuno argued that tax incentives given to DaimlerChrysler were discriminatory and hindered in-state corporate tax revenues needed for other necessary services such as healthcare and education. The Supreme Court found this claim of harm "conjectural or hypothetical" and wrote that taxpayers, in general, have no federal standing to challenge state tax policy simply because they are taxpayers, but must show a specific, tangible harm to qualify for a federal hearing on their dispute. The Court also said the Federal Courts should allow states wide discretion when it comes to matters of state fiscal interests. **Immigration** has also played a large part with employers this past year and at the federal level. There continues to be ongoing discussions on the inherent authority of state and local enforcement of Federal Civil Immigration Law. State lawmakers through the National Conference of State Legislatures (NCLS) have supported the existing memorandum of understanding (MOU) process that gives states and localities the option to enter into a voluntary formal agreement with the U.S. Department of Justice and the U.S. Department of Homeland Security. Two bills have been introduced in the 109th Congress that would have profoundly different effects on this dispute. The "Secure America and Orderly Immigration Act" (S. 1033/H.R. 2330) would provide federal funds for state and local criminal enforcement and explicitly deny state and local authorities additional immigration enforcement authority. FCNL supports the "Secure America and Orderly Immigration Act." In contrast, the "Comprehensive Enforcement and Immigration Reform Act" (S. 1438) would confer authority to state and local actors to enforce federal immigration laws, invalidate state and local policies which limit involvement to criminal immigration law enforcement, and grant immunity to state and local officers who violate civil rights while enforcing immigration laws. In addition to these bills there is further discussion about the ability to fund the U.S. Citizenship and Immigration Services therefore looking at proposed increases in user fees. In February 2006, the Labor Department launched "**WIRED**" **Workforce Innovation in Regional Economic Development** through a competitive grant process in which 13 regions were selected to transform their economies. As with the previous WIRED call for proposals, this competition was open to all governors, each of whom received an announcement letter. Governors may submit up to two proposals for awards up to \$5 million each. Competing regions must identify sources of state, regional, and private funding to complement the Labor Department's investment. The competition will remain open through April 13, 2007, with awards to follow. The WIRED Initiative supports innovative approaches to workforce and economic development that go beyond traditional strategies preparing workers to compete and succeed. Through WIRED, the department has invested \$260 million in 26 regions throughout the country and has facilitated engagement among 10 federal agencies to catalyze the creation of high skill and high wage opportunities for American workers within the context of regional economies.

State Overview –

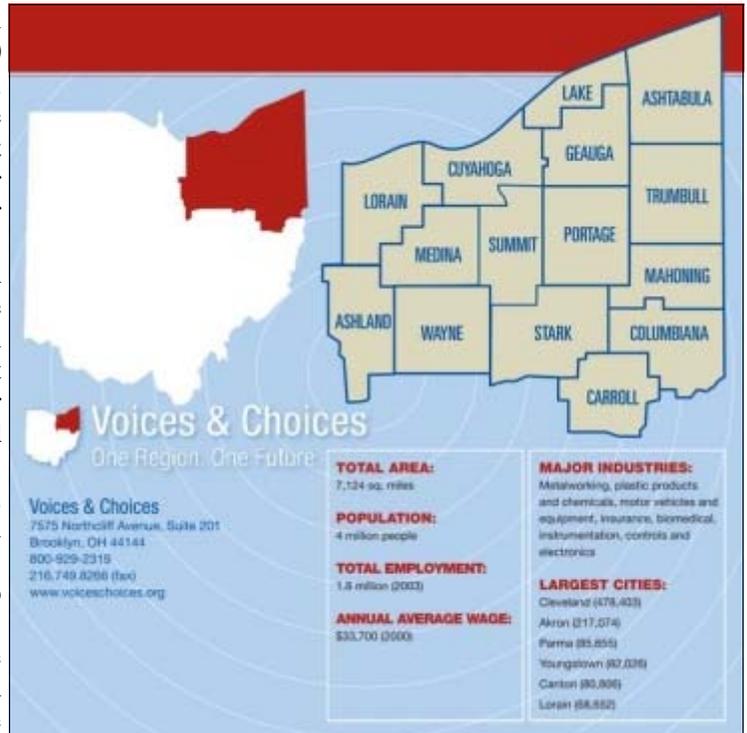


The State of Ohio's focused efforts on Tax Reform have proven attractive especially for manufacturing and high-tech industry. The **Tax Reform H.B. 66** is phasing out the tangible personal property tax and corporate franchise tax along with some reductions in personal income tax over 5 years. The projected outcome in 2010 is expected to bring Ohio's tax structure below the current tax structures of Indiana, Illinois, Michigan, Kentucky, Pennsylvania and West Virginia. This has also helped to initiate some additional press and interest from across the nation. **Site Selection Magazine** has **ranked Ohio number 3** for business climate. Stating that Ohio is one of the most attractive states in which to locate a business, according to a survey they conducted trailing to North Carolina and Texas. Ohio moved up on the rank from number 4 last year. The primary reasons were attributed to Ohio's central location, logistics infrastructure, easy access to North American markets and skilled labor pool, along with the recent tax and tort reforms. The Ohio Business Development Coalition's **Ohio Means Business**, a

division set for the marketing of Ohio's industry, continues strong proactive marketing campaigns. The new focus demonstrates Ohio as a great place to do business and a great place for family. They have also remained focused on marketing the positive results of the Tax Reform on industry with up to date information on savings local companies are seeing through the reform process. Ohio will likely continue this transition period for business with the recent election of Governor Ted Strickland and Lt. Governor Lee Fisher. There are a number of ongoing economic development projects that will remain a focus of the new administration, however with the new administration came a new onsite of appointments in managing these programs that may take some initial resourcefulness to insure they are properly maintained. In an effort to ensure Economic Development in Ohio remains focused toward the plans that have been set forth the **Ohio Economic Development Association** sent recommendations to the Ohio Department of Development, Ted Strickland and Lee Fisher. These recommendations included: Maintaining and expanding economic development services and programs, support of the state's business park and infrastructure program Job Ready Sites, developing a regional approach for economic development in Ohio, continued marketing initiatives through the Ohio Business Development Coalition, continued focus on Ohio's companies and promoting investment in older communities, as well as integrate workforce development and economic development through a restructuring of local workforce programs.

Northeast Ohio's Overview –

On Northeast Ohio's front Voices and Choices concluded an 18 month process that engaged more than 21,000 individuals across 16 counties through interviews, workshops and town meetings. From these meetings the **Report On The Public's Priorities For Northeast Ohio's Future** has been published. The report sites our assets, challenges, priorities, goals and process for achieving those goals. It sites our assets to include: family and roots making Northeast Ohio home, arts and culture putting us on a world stage, diversity of people and culture, Lake Erie as a public treasure, along with various urban and rural living options. Challenges it voices for Northeast Ohio included: training workers for current and future jobs, improving racial inclusion and income equality, attracting and growing businesses, reducing government fragmentation and inefficiency, ensuring equitable school funding and accountability and reducing sprawl and improving regional connectivity. Priority goals included: encouraging local government to work together or combine services to reduce duplication, make post-secondary education in the region more affordable, increase public and private investment and support for businesses and local entrepreneurs, ensure that the schools have the financial resources necessary to



succeed, plan for future development and growth of the region, and preserve and enhance the region's existing cities and suburbs. A complete report can be viewed at www.voiceschoices.org. In addition to these findings **Magnet** the Manufacturing Advocacy and Growth Network who's mission is to support, educate and champion manufacturing in Northern Ohio with the goal of transforming the region's economy, has become a vocal entity for the need to pursue and explore education for careers in manufacturing. They have hired a regional education and training leader to work with the regional's educational institutions on behalf of companies in Northeast Ohio. They are using many of the guidelines set forth in the Voices and Choices report justifying the need for continued focus on the younger generation and the career opportunities that can be gained in manufacturing locally.

Painesville's Economic Overview



The primary focus of the Office of Economic Development in 2006 was to create a strong business, retention and expansion program with specific detail on local industry that would allow continual updates and monitoring systems to be in place with local key accounts and large employers in the City. The Business Synchronist Information System questionnaire which was developed by Blane, Canada, Ltd. of Chicago, was selected as the tool to utilize because it has been tested nationally and employed in 39 states and over 360 development organizations throughout the United States with great success.

The Synchronist survey is a structured business information system designed for collection, management, analysis and reporting of the business data impacting the City of Painesville's economy. The system helps to address six specific analytic topics crucial to economic development and the future of Painesville City's industrial marketplace. It identifies the company's value in the community, their growth potential, those at risk of downsizing or relocating, their level of satisfaction with city services and utilities, existing or emerging problems that could pose a threat to their business, as well as identifying untapped marketing opportunities that can be leveraged for attracting new companies.

The survey also reported that 23% of the city's largest employers and energy users came to Painesville since 2000. This proves to be valuable because it demonstrates the effectiveness of implementing and funding both economic development and infrastructure improvements in the community for industry. It demonstrates a direct correlation between economic development initiatives and the ability to attract and retain strong employers contributing to the future of Painesville's economy. All data collected in the survey indicates a strong future for the companies and future of Painesville City's industrial market.

(Painesville Business Retention & Expansion Survey: Please see complete survey in Exhibit A)

Business Retention & Expansion —

Business Retention & Expansion (BRE) is the cornerstone of our Economic Development efforts. The outcomes of the business retention program this past year indicated that of the 16 largest employers or electric users within the city which were interviewed 14 companies reported plans to expand in the next three years. Additionally, these companies project over \$8,365,000 in new capital investment and the creation of more than 192 new jobs by 2009 an increase of 20% in employment within those companies. In addition, an estimated 124,000 sq. ft. will be added to current facilities to accommodate these expansions.

This year our efforts were able to secure major business expansions including Aero Control X, Altana-Eckart America, Xponent, Core Systems, IMAX, STP Products, Weaver Meats. These investments into the City of Painesville brought 79 new jobs, and over \$2,578,390 in capital investment along with an additional 20,080 sq. ft. in expansions to existing buildings and the purchase of one new building for future company operations.

We also continue working with an additional 18 companies within the City for future expansions. These include 8 Manufacturing Companies, 9 Service / Commercial Companies, and 1 Retail Company.



**Aero Controlex
2006 Expansion**

2006 Major Retention / Expansion Projects

AeroControl X: The City was able to secure the consolidation of a plant in California, this plant was affiliated with the fluid regulators portion of AeroControlex. This expansion added 7,450 sq. ft. to the existing building, created an anticipated 25 new positions some of which were high paying transferred jobs from the California area as well as additional capital investment, \$568,390 into the City of Painesville.

Core Systems: Core Systems recently relocated a plant from Greensboro, North Carolina here to the Painesville plant. The Company has invested over \$1 million in capital, added 35 new jobs, a 12,500 sq. ft building expansion and has brought new training to the plant to facilitate the implementation of a Center of Excellence concept. By focusing on Six Sigma, a renowned customer-centric approach to business processes, the Company will improve its quality, service delivery and long term financial strength. The Company remains on a growth trajectory, and expects to continue its recent growth via both acquisition and through enhancing relationships with existing customers.



Core Systems Begins Expansion in '06

Obron/ Eckart: New equipment which will assist the company in a new innovation of bonding pigment to aluminum was highly competitive with a division of Obron in Louisville KY. The equipment which was being delivered from overseas had the ability to go to an existing plant in KY where bonding machines were already in place or here in Painesville as a new operation to the facility. The expansion Painesville received brought in over \$1 million in equipment and an additional 5 jobs to the city. In addition, this makes the Painesville plant highly competitive for future machinery and equipment for the bonding process.

Tekraft Industries: After a search for various expansion locations and opportunities Tekraft expanded with a lease agreement of a building located directly in front of their current location. With planning approval they were able to re-zone the property to comply with the zoning necessary to operate at that location. This will allow them future room to expand and increase production.

Business Attraction —

The City has aggressively worked to attract commercial, retail and manufacturing companies into various city wide developments including 300 acres in the Shamrock Business Center Development Plan, Renaissance Business Park and with local property owners along the Richmond Street Corridor. Our business attraction efforts have focused on identifying companies from outside the area that are looking for a location to expand or relocate. This year a specific focus was spent on Renaissance Business Park in combination with the efforts of CBRE of which one formal proposal was written and still being considered by a plastics extrusion company for the 9.84 acre parcel. In addition information was specifically requested on Renaissance Parkway by 8 companies outside the City of Painesville and another 9 companies inside the city.

2006 Major Attraction Projects

Retail: There are currently 6 retail spaces in the downtown that remain vacant. One is due to an expansion, 4 have been vacant for more than one year and 1 was due to a business consolidating its operations with another location in Perry. We have had 2 new retail businesses open downtown, 1 business expansion and 1 façade improvement.

2006 New Painesville Businesses

<i>Company Name</i>	<i>Facility</i>	<i>No. of Employees</i>
Mike Brown Customs	Custom Car Repair	1-4
Weekend Pass	Retail Clothing	1-4
Lakeview Industries	Light Manufacturing	1-4
Excalibur Coatings	Manufacturing/ Roof Supply	1-4
Jay Custom Detailing	Auto Detailing	1-4
Jeanne Dillon Tax Service	Tax Services	1-4
Allstate Insurance	Insurance	1-4
North Shore	Auto Service	1-4
The Original Taco	Restaurant	1-4
Capital Choice Financial	Financial Services	1-4

Kayzie Inc.	Directional Boaring	1-4
Painesville Flooring	Retail Flooring	1-4
Janco Industries	Machining	1-4
Jackson Hewitt Tax Services	Tax Service	1-4
The Roller Palace	Entertainment	1-4
Pizza Pan	Restaurant	1-4
Flying V Enterprises	Machining	1-4
MgGroarty Enterprises	Distribution	1-4
<u>Hendershot Consulting Group</u>	<u>Plumbing</u>	<u>1-4</u>
New Business Total Employment		19 - 76

2006 Painesville Businesses Expansions

<u>Company Name</u>	<u>Facility</u>	<u>No. of Employees</u>
Around The Clock Home Care	Home Care	
Home Care of Lake County	Home Care	
CMP Racing Shop	Automotive	
Great Lakes Self Storage	New Ownership	
JPC Learning Center	Employment Training	
Parlor Quilts	Retail	
Lifeline	Non-Profit	
Tekraft Industries	Light Manufacturing	
Puritan Bakery	Remodel Only	
Aero Control X	Manufacturing	15 - 20
Xponent	Manufacturing	5 - 10
Obron / Eckart	Manufacturing	3 - 5
<u>IMAX</u>	<u>Manufacturing</u>	<u>0 - 1</u>
Expansion Employment Added		23 - 36
Approximate Gained Employees 2006		42 - 112



Consolidated Investments Façade Improvement on Local Bakery.



Painesville Flooring opens its doors in the Downtown after 3 years of running his business out of a home office.

2006 Unsuccessful Businesses

Peabody Landscaping: This was the first venture out of their Columbus market they were unsuccessful in competing with other local landscaping companies. *Imagine That Clothing:* After some damage to their building they never reopened their operations. *Carnegie Body:* We assisted them in their search for a location in the City with approximately 20,000 sq. ft to 50,000 sq. ft, they looked at the properties of Heritage Beverage and Gill Schwartz they were not satisfied with either site and after suggesting 3 other locations that would accommodate but not allow for future expansions they chose a property in Painesville Township. It was their intent to stay in the city however, the space they were looking for was not available.

Community Reinvestment Areas

The department continues to review all CRA applications which provide a unique tax incentive plan to owners and developers who wish to upgrade their properties by either renovation or new construction, in certain targeted areas of the City. During 2006, 13 applications were reviewed and approved for new CRA tax exemption. A total of 4 commercial CRA's indicate an investment of \$2,465,927.00 into the City of Painesville Business Community and \$731,120.00 into

the residential community. The CRA applications were for the following properties:

Community Reinvestment Areas

Area 1

Cornelius Valentyn, SCC Properties, 260 Prospect	Commercial	\$206,500.00
Melvin Motley, 171 Mathews	New Single Family	\$110,000.00

Area 4

Stephanie Morgan, 405 Community Lane	New Single Family	\$87,000.00
Hector Lopez, 398 Community Lane	New Single Family	\$87,000.00
Tammy Kelly, 596 Newell Street	Remodeling	\$33,561.81

Area 2

Dan Smith, Consolidated Inv., 15 St. Saint Clair	Commercial	\$103,007.93
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Area 3

Trans Digm, AeroControlex, 313 Gillett	Commercial	\$568,390.00
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CRA Annual Reviews

On October 17, 2006, the Community Reinvestment Area Committee inspected the City’s tax abated properties. Ninety-six (96) properties were inspected and eighty-seven (87) were found to be in compliance. The nine properties that were found to be non-compliant were re-inspected in late November and at that time six land owners had completed the improvements required by the City. The last three noncompliant properties were again re-inspected on December 27th, 2006 and were found to be compliant in late January.

Enterprise Zone Annual Report

During 2005 the City had a total of two (2) active Enterprise Zone tax abatements. The following companies have EZ agreements with the City:

Fluid Regulators and Avery Dennison. The City has not entered into any additional Enterprise Zone agreements since 2004. The companies’ performance during 2005 was reviewed by the Tax Incentive Review Council in March 2006.



Downtown Initiatives

- **Farmers’ Market:** As always the Farmers’ Market was a tremendous success during 2006. New this year we had added on street musical entertainment through a \$1,000 grant obtained by Painesville City Improvement Corporation. The market had 19 participating farmers/vendors from May to October. The 2007 Market will begin on May 17 and go through October 25th.
- **Art in the Park:** The fifth year for Art in the Park was hit hard by rains but during the break in rain shoppers still came out to shop around. The event showcased artists from the area, musical ensembles, and fine food from Roberto’s Restaurant and Painesville Rotary. The event which was hosted by the City and Art Essence Gallery attracted 32 artists and many visitors to downtown on August 19, 2006.
- **Taste of Painesville:** The 8th Annual Taste of Painesville was a great success this year. The participating restaurants and varied merchants were enthusiastic about their ticket and food sales at the event. This years event showcased 12 food vendors and 6 merchants or informational booths. The event sold almost \$10,000 in ticket sales and raised over \$2,500 for the Flood Relief

Local Chef Shops the Market For Ripe Produce



Fund of Lake County. The venue will be held again during 2007 on September 6th.



Downtown
Painesville



Rainbow Farms Sells Fresh Produce at Market

- **Historic Downtown Painesville Holiday Open Houses:** Twenty-one participating businesses kept their doors open till 9pm on November 14th and served a spread of food, gifts and entertainment for the Holiday Shopping Season in downtown Painesville. The annual event was a success for each of the participating businesses bringing in more than \$700 in recorded sales and 110 completed passports. The Fifth Annual Holiday Open Houses included: DC's Restaurant, Nemeth's Lounge, Painesville Flooring, JPC Learning Center, Riders 1812 Inn, Sidewalk Café, Art Essence Gallery, Aribica-on-the-Square, Joughin & Co. Hardware, Conway Land Title, Hari Designs & Bella Donna Spa, Grande Designs, Main Street Memories, Roberto's Italian & American Restaurant, Ye Olde Oaken Bucket, Parlour Quilts, Federico Tire Inc., Artful Hands Studio, Bistro 70, Curves, To Each His Own. The city will again hold the event in 2007 on November 14th.
- **Other Events:** Painesville Photography Contest, Business Appreciation Networking Event.

Business Communication / Publications

Painesville Police Assist With Homeless Issues in Downtown:

The Painesville Police Department and Officer Ryan Cueni worked closely with the Downtown Merchants to address issues of homeless causing nuisances with customers. In collaboration with Salvation Army small kettles have been distributed throughout the downtown businesses asking customers to make a small donation to Salvation Army and hand out a free lunch card to area homeless. This initiative was designed to discourage customers from handing out money to pan handlers in the downtown. This effort in combination with passing an aggressive pan-handling ordinance has proven to reduce some of the issues that merchants were facing and we have heard less complaints by merchants since both have been enacted.

Downtown Merchants Association: The Downtown Merchants Association met every month during 2006. At that time the merchants decided to further achieve more collective efforts they needed to formalize an organization with a Board of Directors. The board was formed in September of 2006 as the Painesville Main Street Program Board. The merchants this year achieved numerous collective initiatives including: Open Air Market & Community Garage Sale, Early Holiday Street Decorating for Open Houses, Puritan Bakery Grand Re-Opening, Formation of a Board of Directors to implement the Heritage Ohio Main Street Program, Co-Op "Shop Painesville" Advertising, Organization of Red Hats Society Day in Painesville and active involvement and representation throughout the community.

Painesville Main Street Program Board of Directors: The Board of Directors for the Main Street Program has been formed to implement the Ohio Main Street Program through Heritage Ohio. This came as a recommendation during the Comprehensive Steering Committee Sessions. The Board has established a checking account in their name and is working to create a 501 c3 organization through the IRS. The Board has been set up solely for the purpose of implementing the Ohio Main Street Program. All fundraising and merchant activities will still be handled by the Main Street Merchants Group that meets on a monthly basis. This board of directors is designed to assist in economic development initiatives in the downtown central business district.



Police Established Downtown Program to Discourage Pan-Handling

Business Visitation: On a monthly basis, the Economic Development Office has been visiting downtown businesses, local manufacturers and commercial offices to foster communication between the City and the business community, promoting public/private partnerships for the overall development of the city, and remaining abreast about issues and

concerns facing the local business economy. New business packets are delivered on a quarterly basis to all new businesses welcoming them to the City of Painesville. In addition, we are exploring ways to celebrate grand openings in 2007.

Painesville Map, Visitors Guide & Historic Walking Tour: To better promote the City of Painesville collectively the City published its first visitors guide and map in combination with the existing Downtown Shopping Guide and Historic Walking Tour. The map was distributed within the community and throughout various tourist locations. In addition to having an up to date city map with parks, amenities, shopping locations and more we also contracted Lynn Vandervort, local artist to have a unique view of the downtown designed into the map.



Vandervort's Hand Drawn Downtown Map

Other Economic Development Programs: Quarterly Works For Business, Monthly Painesville E-Business News Updates, Quarterly Business Breakfast Series, Quarterly Business Task Force Committee Meetings.

Development / Redevelopment Projects

Lake East Hospital: A joint committee formed of hospital and city representatives announced the redevelopment idea of the 8+ acre site of LakeEast Hospital in the downtown area. The city is aggressively working to find area developers with visions for a urban style mixed use village within that 8+ acre site. It is also the city's intent to encompass surrounding properties and property owners to tie the re-use idea in with other downtown development projects. The city was also instrumental in gaining a commitment from LakeEast Hospitals for a new medical campus style facility similar to Madison or Chardon for future medical care to residents. This new medical facility is expected to be in place prior to the hospital leaving Painesville in 2009.

Richmond Street: The city has continued its focus on the redevelopment of one of the City's primary entrances, Richmond Street. Vacant store fronts have filled on Richmond Street this past year with the addition of two new retail clothing stores. The entrance has also been greatly improved with the repaint of Chester's Auto Detailing and the new ownership of Lakeview Industries at 429 Richmond. Paving of a parking lot at that location and improvements to the building are making additional aesthetic improvements. The city is also working with the new owner of the old Lake Photo building to try and gain additional interest in that site as a gateway to the community. There were also some additional renovations made to the roadway of Chester Street and the Chester's Restaurant re-paved their parking area which greatly improved the aesthetics of the corner lot.

Brunner Nixon Funeral Home

The City has met with an area developer interested in relocation of the old Brunner Nixon Funeral Home building. A memorandum of understanding has been signed between the property owner (Rite Aid) and the developer allowing the appropriate time to move the building should all financial elements fall into place. The City will be providing utility services needed to move or alter any utility lines. The City also has plans to enter into an agreement with the developer for the City owned property located at 47 S. State Street. It is expected that this will be the future location of the funeral home building in combination with a site plan from the developer.

Brownfield Assessments: In an effort to identify various hazardous substance and petroleum based Brownfield's within the City of Painesville, the City has applied to the US EPA for \$400,000 in Brownfield grants.

Job Ready Sites: In an effort to have a 25 acre State Certified "Job Ready Site" within Lake County the City of Painesville submitted a Job Ready Sites Grant on the Shamrock property in the amount of \$176,000. The City was informed in December that they had not received funding for this grant. Primarily larger industrial sites were selected.



Brunner-Nixon Funeral Home Building

Painesville Hotel: Requests were sent to various developers, architects and interested parties in 2005. The overall goal of the city is to work with a developer or a development team to redevelop the site into a vibrant downtown/central business district area and increase the City's tax base. The city has received three proposals for redevelopment and one proposal for building demolition and redevelopment. The economic development committee has reviewed the proposals and will be working with select developers to gain additional information about ways their proposals may be incorporated with the redevelopment of the 8+ acre hospital site.

Shamrock Business Center: The City in conjunction with M.E. Osborn and Forest City are at this time marketing this property to big box retail establishments. There have been 5 direct site marketing contacts that have been made with big box retail establishments for this development in 2005. The office of economic development has also sent additional marketing materials to 8 other prospects marketing this site and other locations within the city. The prospects were targeted based on expansion projects that they are doing in the Northeast Ohio area. Information was sent and followed up on to the following prospects: Chipotle, Schlotzsky's, Panera Bread, Waffle House, Sheetz, Quaker Steak & Lube, Red Robin Corporation, Maurices Corporation.

Colony Lumber Property: The City is working with the owners of Carter Lumber to market the 10 acre site, building with showroom and other storage buildings. The property has received interest and we continue to actively promote the development to prospects looking for large areas of land in the city. There are currently four prospects that have shown interest recently in the property.

Marketing and Public Relations

Advertising

The Economic Development Office has taken an aggressive marketing campaign aimed at CEO's of local corporations as well as entrepreneurs in Northeast Ohio. The marketing has been focused within publications which are commonly used by these two demographics. Throughout the year, the Economic Development Office placed numerous ads in regional business magazines including: Inside Business and the Lake Business Journal.

Downtown Marketing: Many of the downtown events such as Taste of Painesville, Art in the Park, the Farmers Market and the Holiday Open Houses, provide advertising in various publications and exposure to Painesville for both residents and visitors. In combination with the downtown merchants the City organized and managed a monthly "Shop Painesville" full page ad in the Gazette and Tribune. This advertising featured local restaurants, bakeries, and unique specialty shops that Painesville offers. In addition, new this year during the holiday season, the City ran a "Shop Painesville" Ad campaign that featured local merchants and the ability to purchase local gift certificates. The campaign ran in TGIF, the Gazette News and in the Tribune.

Industrial Marketing: The City has focused its industrial marketing in Inside Business this past year. With reductions in the marketing budget in 2005-2006 it has been a challenge to continue in some previous publications like Crain's. Therefore to maximize our exposure regionally and target companies looking for potential expansion the city has focus its advertising efforts, this past year all industrial marketing was incorporated with Inside Business Magazine. The Department put a large focus on the Entrepreneurial Tools that Inside Business offers companies which are both starting and expanding. These businesses are often also technology driven and through the state have a better opportunity to get grants and funding for their innovations.

Along with these ad's in Inside Business Magazine we are working closely with editors to enhance our overall exposure. We are pushing to get key stories on local companies and local successes here in the City of Painesville. This year Mike Miller of IMAX was featured for the innovation they are putting together in the fuel cell industry. We also had a paid feature article on the City of Painesville explaining the resources we offer to Northeast Ohio. In addition, the City of Painesville was listed monthly as a business resource, we had a feature ask the expert section highlight and we had a



Shop Downtown Painesville

Downtown Merchant Gift Certificates Available!

Shop Painesville for great specials this Holiday Seasons!!!

Call the office of Economic Development to request a downtown merchant's guide 440-392-5795 or request by e-mail at ecodev@painesville.com

feature on the City's website and the resources it offers businesses. We plan to continue an aggressive marketing campaign focused on entrepreneurs, industry and new technologies.

Community Involvement

The Economic Development Office has worked very closely with the Chamber throughout the year and partnered with the Chamber on various business communication, networking and resource based initiatives. In addition to involvement with the Painesville Area Chamber of Commerce I also serve on or have been involved in some capacity with: Lake County Development Council, Lake County Community Improvement Corporation, Lake County Economic Development Center, Lake County Entrepreneurial Club, Lake County Chambers of Commerce, Painesville City Improvement Corporation, Painesville Schools Educational Foundation, Painesville Main Street Program, Painesville Merchants Association.

Renaissance Business Park

Marketing Efforts

During 2006 our office ended its contract with NAI Daus to explore a more regional approach to marketing Renaissance and chose the professional marketing firm of CBRE with corporate real estate agent Fred Herrera. CBRE now has the responsibility of carrying out all sales and marketing functions as determined and approved by the City, including educating prospective purchasers about Renaissance Business Park, assisting the City in determining an appropriate market price, insuring coordination of prompt closings, facilitating meetings between City Administration and prospective purchasers, and working with the Office of Economic Development to market the site in the most efficient manner.

(CBRE Market Updates: See Quarterly Market Updates in Exhibit B)

Renaissance Business Park Prime Land for Development



Renaissance Company Updates

Cintas Corporation: The company has had some electrical concerns over the past year and is working closely with the Office of Economic Development, Amp Ohio and Painesville Municipal Electric on various infrared inspections, harmonics detention and electrical plan layouts for future expansions that may be possibilities for Painesville's plant in the future. The company is actively competing against other Cintas facilities for new products and services in the Painesville plant. They are working with our office to ensure that the plant here showcases the economic incentives and benefits of adding new operations to their Painesville plant in comparison to some of their other plant locations.

Core Systems, LLC: Core Systems is currently in the process of adding an expansion onto the west side of their current building. This has come after a recent announcement to relocate a plant from Greensboro, North Carolina here to the Painesville plant. The company has invested over \$1 million in capital, added 35 new jobs, an 11,000 sq. ft expansion and training to facilitate the implementation of the Center of Excellence concept. By focusing on Six Sigma, a renowned customer-centric approach to business processes, the company will improve its quality, service delivery and long term financial strength. The company remains on a growth trajectory, and expects to continue its recent growth via both acquisition and through enhancing relationships with existing customers.

Manufacturing Updates

Altana-Eckart: Altana-Eckart America L.P. received over \$1 million in large equipment which was relocated from overseas plants. The relocation of the equipment was to be decided between the Painesville plant and a plant in Louisville, KY. The Painesville plant was awarded the equipment and the unique new Non-Leafing Silver ink specially formulated for the patented MetalFX printing process. Since the relocation they are working to get the remaining line of equipment from the Louisville plant up here to Painesville, this would require them to expand the physical building size and add an additional 3-5 employees.

Coe Manufacturing: The city has worked diligently on the relocation of their Oregon plant and expansion. The Office of Economic Development has reviewed all terms agreed to during this expansion to ensure that we are meeting the demands of the agreements we have made. We are still working on an agreed upon method of clean-up, remediation and re-use for the properties that Coe Manufacturing no longer wishes to have ownership of. The property is a valuable piece due to its proximity to the Grand River and we feel that there will be future interest in the site once clean-up occurs.

Key Account Summary

The Painesville City Office of Economic Development performed its annual key account summary analysis for each of the City's key account businesses listed below. This summary takes effect yearly to provide our key energy users with an overall analysis of their peak electric demand, annual average load factor, average monthly electric energy cost, and annual average cost of electric energy. This review was conducted annually in conjunction with the Painesville Municipal Electric Plant and AMPOhio. All letters and reports were sent to the following 2006 Painesville City key accounts: **American Rolled Formed, Coe Manufacturing, Associated Enterprises, Cintas Corporation, Core Systems, Eckart America, Extrudex, Fasson-Avery Dennison, Fluid Regulators, Grand Rock, High Tech, IMAX-Tasyd Industries, Lake Hospitals, Eckart- Altana, ROCO Industries, SAS Rubber, STP, Xponet.**

The Office of Economic Development also worked on specific projects for the following key account's in 2006:

Coe Manufacturing: Conducted an energy audit in January with a complete report stating that the assessment team identified and quantified an estimated \$112,140 per year in potential savings with a combined simple payback of 5.6 years with the implementation of key recommendations that would reduce CO2 emissions.

Cintas Corporation: In the process of determining what may be the best approach to determining the reasons for spikes, light flickers and outages. We have established a documentation over the past few months and will be reviewing the documented problems to determine what resources we can provide through AMP-Ohio to help detect the electrical problems. At this time it does not appear the problems are external but may have to do with the recent addition of equipment and the harmonics that equipment is creating.

SAS Rubber: Through AMP-Ohio we are seeking alternative energy sources that might be available to SAS Rubber to reduce gas costs.

Eckart America: Working to resolve a monitoring problem with their Itron system. The system allows them to monitor their current electric demand at any time throughout the day from the plant or from other locations over the internet.

Financial Programs

PLEDGE Linked Deposit Program: The Economic Development Office continued to market and assist local businesses through this financing program. The program is designed to encourage business growth and redevelopment of the downtown and under-utilized buildings and land. There is an existing loan from 2005 with Bella Donna Salon & Spa for \$230,000 into the purchase of 151 Main Street. Ending in 2006 the City has approved 2 additional PLEDGE Loan Agreements one for IMAX Industries & one for SHS Properties. SHS Properties was approved for a \$250,000 loan with Key Bank for the purchase of a building adjacent to Extrudex, the agreement was linked to Extrudex Corporation. This loan allowed them to separate the building from Extrudex into SHS Properties LLC and lease space to 4 tenants. They anticipate the new leases will generate 4 to 7 jobs. Imax Industries was approved for a \$150,000 Pledge loan to make electrical improvements and purchase a new high-tech CNC Machine that has allowed him to enter into new contracts substantially increasing business and hiring a salaried technical position.

Other Funding Mechanisms: We have begun to explore ways for other local non-profit organizations within the city to offer programs such as the Awning Program that was cut due to budget restraints in the city. We are trying to find interest from local non-profits in forming small business loans, low interest loans and grants.



IMAX's Purchase of High Tech CNC Machinery with City's PLEDGE Low Interest Loan Program

Painesville Economic Opportunities & Conditions

Site Selection

We have continued to maintain an up to date listing of available buildings, properties, square footage and amenities with each available property in the city to ensure that when a request is made into the Office of Economic Development we know which properties are available in the city that can meet the prospects needs. The City is also working closely with a list of well known site selection consultants within the State of Ohio. This list has been created and updated yearly by the Office of Economic Development to send out in-depth marketing information on major industrial property, commercial property and retail property with certain specifications. Other site selection marketing tools we are using include: Pro-Cure which is the State of Ohio Site Selection tool, the City of Painesville has received approval and access to keep its own updated record on the site. This allows us to keep listing properties current for the State of Ohio's searches. NEORGIS: This is TeamNeo's Site Selection Database, the City has listed all available industrial buildings and vacant industrial land for site selection consultants to view. We are able to update this information on a regular basis, keeping accurate information about our locations in front of relocation decision makers. Ohio's Brownfield Inventory Directory: We have listed the Brownfield Site of Coe Manufacturing and plan to update others as more data on the properties becomes available. This directory is searched by developers and investors looking for sites needing remediation or clean-up. In addition to keeping accurate and up to date site selection information we had a personal meeting with top site selector Don Schjeldahl of The Austin Company. We gave him an update on Renaissance Parkway and other initiatives that the City of Painesville has underway, in addition we explained the benefits of Public Power and the energy efficiency programs that Painesville can offer large electric users.

(Site Selection Directory: Please see complete site selection directory in Exhibit C)

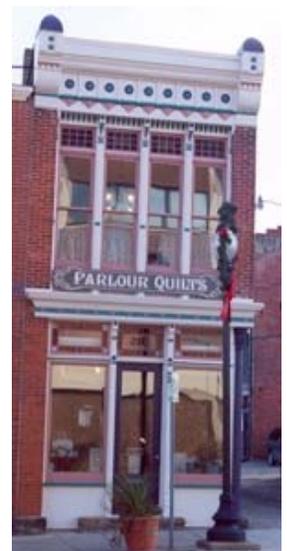
Lease Rates vs. Available Land Rates

Our office has continued tracking the requests for available space. This site selection directory has been an asset in determining and comparing the current demand with the city's current inventory of available space. This year we have received 21 Requests for Specific Detail on Industrial Space Available, 4 Requests for Retail Land / 7 Request Retail Space, 3 Requests for Office Space Exceeding 3,000 Square Feet, 16 Businesses in City Interested in Space Available for Expansion.

Industry lease rates in the City of Painesville have remained steady averaging at \$4.50 per square foot which is consistent with the rates in Cleveland's Industrial Market reports. We are seeing small and mid-size buildings being requested more frequently which is comparable to market reports showing that building sales have become more active in small to mid-size buildings. East of Cleveland rentable area is estimated at 5,796,513 sq. ft of space which equates to a 12.67% vacancy rate. The average lease rates east of Cleveland are \$6.83 and the availability rate is at 13.23%. Painesville currently has 9 industrial buildings on the market (11 in 2005), with approximately 184,639 sq. ft. (198,039 sq. ft. in 2005).

City's Vacancy Rates

Painesville's Office vacancies still attest that a majority of the office space is still inline with the Camion report indicating that it is listed as Class C office space. There is currently 113,160 sq. ft of available office space in the city, 18,616 sq. ft can be considered Class A office space. Class A office space in the city ranges from \$9.50 sq. ft to \$13.50 sq. ft. Class B & C office spaces range from \$6.00 sq. ft. to \$9:50 sq. ft. There is just 1 office building completely unoccupied at 273 E. Jackson (Morley, Thomas Hill Building).



Retail Vacancy Rates

Painesville's retail vacancy rates remain stable with 6 retail spaces remaining vacant with 1st floor entrance. The retail rates per sq. ft. range from \$9.00 per sq. ft to \$13.50 sq. ft. One is due to an expansion, 4 have been vacant for more than one year and 1 was due to a business consolidating its operations with another location in Perry.



Summary of accomplishments from 2006

- Finalization of the Synchronist System and Results
- Site Directory to Realtors, Banks and Interested parties.
- Printing of the Downtown Map and Brochure Guide
- Enhance Website to include a complete data resource component.
- Focus on East Lake Hospital Relocation Options
- Focus on Coe Brownfield Redevelopment
- Focus on Hotel Redevelopment Options and Further Proposals
- Additional 2006 Project Focuses: Chester's Tavern, Arabica, SCC Properties, State Street Property, Goodwill Industries, JPC Learning Center, Lakeview Industries, IOATC, COE Manufacturing, Eckart America, Aero-Controlex, Cintas, CORE, Rose of Sharon.
- Facilitated numerous city expansions
- Substantially increased Properties Sold/ Leased in 2006
- Additional Funds Gained from Sponsorships and Grants.
- Renaissance Park Marketing Initiative
- Workforce Development Practices with Lakeland and Auburn
- Main Street Organizations Formation and Direction on Redevelopment Approaches
- Creation of a Main Street Board of Directors
- First yearly co-op advertising amongst downtown merchants.
- Successful events downtown including Taste of Painesville which drew a larger crowd and made additional profits for local restaurants.
- Added new music, entertainment and different advertising avenues for each event.
- Worked with police department on downtown visibility of law enforcement and in updating the Police Business Dispatch Directory.
- Initiated in Combination with Police a Homeless Deterrence Program as well as a new ordinance to prohibit aggressive panhandling.
- Working with various community groups on their Strategic Planning Sessions so that the city's economic development goals are also evident and in line with the strategic plans of those organizations.
- Working to increase the retention, expansion and attraction of businesses.



Pemery Corporation Receives over \$700,000 in Third Frontier Funding.



Taste of Painesville Raised Over \$2,500 for Lake County Flood Relief Fund.

Current local businesses which expanded or added additional investment into their companies this year include: JPC Learning Center, Parlour Quilts, Teckraft Industries, Aero Controlex, Core Systems, Around the Clock Health Care, Life Line, Eckart, Xponent, STP.

- Applied for the Job Ready Sites Grant through the State of Ohio.
- Strong Marketing Campaign through Inside Business focused on Manufacturing Attraction.
- Filled all but three manufacturing vacant facilities within the City, however limiting availability in space for attraction.
- Working closely with Lake County Entrepreneurs Group and assisting in organizations events to closely network with area CEO's from around the county.
- Working closely with HOLA to offer more communication amongst minority businesses and helping through the organization communicate on services available to their businesses owners. Participated with the Painesville Grande Fiesta.
- Received \$2,500 grant from PCIC for Visitors Guide & Map Design, received \$1,000 grant from PCIC for Farmers Market Entertainment, received \$1450 grant from AmpOhio for Public Power marketing materials.
- Established a quick PR and press release process for the Flood of 2006. Ensured that residents were kept informed throughout the floods about various contacts, city emergency assistance and recovery efforts, and assistance that was available to them from the city and the county.



2006 Art in The Park



2006 Taste of Painesville



2006 Farmers Market



Business Networking Breakfasts



2006 Holiday Open Houses

Exhibits

Exhibit A: [Business Retention & Expansion Survey Results](#)

Exhibit B: [Renaissance Business Park Market Reports](#)

Exhibit C: [Site Selection Directory](#)

Unable to Click on Links: Here are the full Exhibit Links

<http://www.painesville.com/pdf/Painesville%20City%20BR&E%20Survey%20Summary.pdf>

[http://www.painesville.com/pdf/'07%20PROPERTIES%20AVAILABLE%20FOR%20SALE%20\(1st%20Quarter\).pdf](http://www.painesville.com/pdf/'07%20PROPERTIES%20AVAILABLE%20FOR%20SALE%20(1st%20Quarter).pdf)



For more information about the 2006 Annual Economic Development Report or Exhibits contact Cathy Bieterman, Economic Development Coordinator at 440-392-5795.