

**Painesville City
Retention & Expansion Survey
2010-2011**

The Painesville City Office of Economic Development has conducted extensive surveys with executives of mid-sized manufacturing companies by means of one-on-one interviews during the past six months. This is a systemized approach to developing a strong retention and expansion program within the City of Painesville.

The Business Synchronist Information System questionnaire was developed by Blane, Canada, Ltd. of Chicago, and has been tested nationally and employed in 39 states and over 360 development organizations throughout the United States.

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 businesses to the community.

The respondents in this survey represent a wide variety of Painesville's industrial market but all are key companies that have had the potential to make future investments within the community. They range from independently owned start up companies to companies that employ more than 200 employees.

Due to the recent economic downturn this year's surveys were conducted with very specific questions that enabled us to determine the company's potential for impact.

The Hit of the Recession

The Office of Economic Development began meeting with companies in the fall of 2009 to determine what conditions were affecting them. The office worked with company chief executive officers and plant managers to assess the challenges they were facing and analyze any common forms of support that could be offered. Companies at that time were conducting their own impact analysis and trying to determine what appropriate actions needed to be taken to ensure the company sustained this economic downturn. The City met with select companies again in the spring of 2010, at this time companies were expressing a need to conserve utilities and reduce overall operational costs in anticipation of a longer recessionary period. Corporate offices were mandating amongst three (3) of the key account companies a 30% reduction in carbon emissions by 2030.

Other companies were trying to manage overall cash flow issues and bank financing concerns as they related to pulled or reduced lines of credit. In summer 2010 the City, Lake County Port Authority and SBA starting working closely with (3) companies that experienced significant financial constraints by banks and financial institutions that froze their ability to secure new contracts.

At the end of 2010 the Office of Economic Development again surveyed companies to see how they were hit by the recession and what tools would enable them to rebuild.

Detailed interviews were conducted on 10 companies and economic interviews were conducted on the remaining 9. From these surveys we found a mixed reaction to their individual impacts. Four (4) companies had little or no impact during the economic recession. Six (6) companies experienced some form of layoff's but all reported at the end of 2010 that they were back to their 2009 employment figures and sustained the recession. One (1) company reported an 11% loss in sales that still has not been recovered but they are diversifying into new markets to try and fill that gap. One (1) company intentionally downsized from \$5 million to \$1.5 million in sales because managing the company became difficult, this was in the midst of the economic downturn but they don't feel the economy had a great impact on the company. One (1) company was on the City's list of high-risk companies in 2003 and then again in 2007, the economic downturn directly impacted their potential to regain contracts and the company was purchased by a competitor. Some employment for this company remains in the City but is at high-risk and the company is expected to be completely dissolved from the community in 2011.

Overall companies affected by the economic downturn were hit hard at the end of 2009 and beginning of 2010. Most layoffs within the City's largest Key Accounts were between December 2009 and March 2010. These companies were from diverse industries including: Industrial Goods, Technology/Information, Consumer Goods, Industrial Machining, Advanced Manufacturing, and Durable Goods. No WARN notices were received.

Rebuilding During the Continued Recession

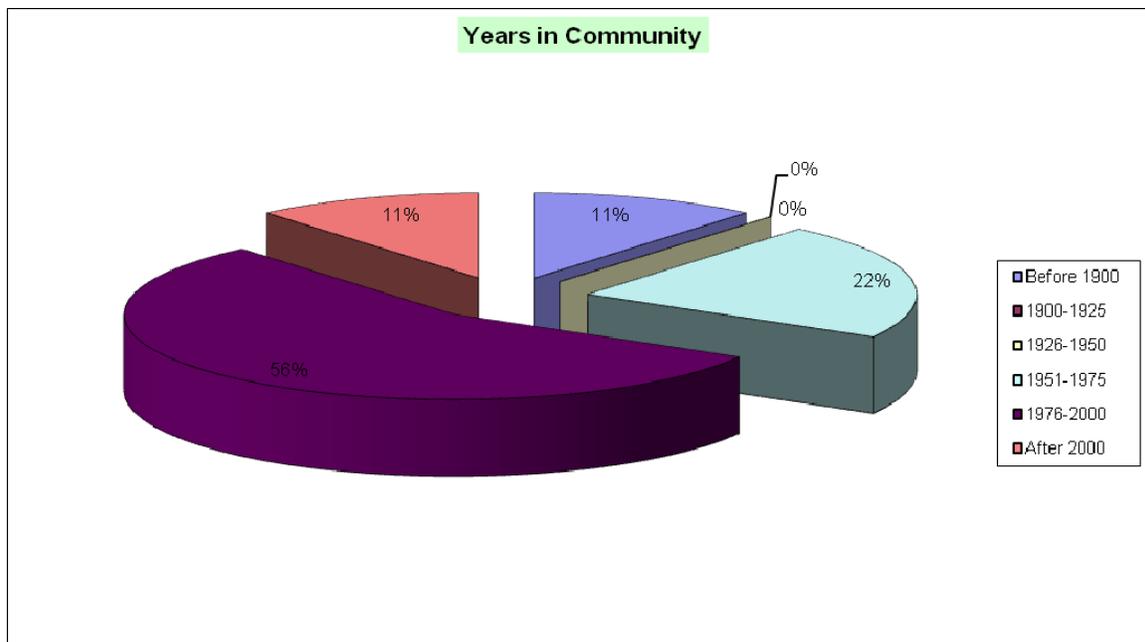
We directly asked each company what support could be offered to assist them to grow and expand in the near future. City businesses expressed a need to obtain working capital and acquire new machinery & equipment to fulfill new contracts leading to new employment, and a need to upgrade their facilities or find new facilities within the City that did not need significant investments for relocation. Needs varied across the board and no clear definition for assistance was derived from the surveys. The following were offered as priorities in order of importance.

- 1) Financial Resources, Access to Capital
- 2) Reduction in Overall Business Operating Costs & Utilities
- 3) Energy Efficiency, Mechanisms to Reduce Carbon Footprints
- 4) Buildings that are in "Move-In" Condition

5) Mechanisms to Obtain a Qualified Workforce

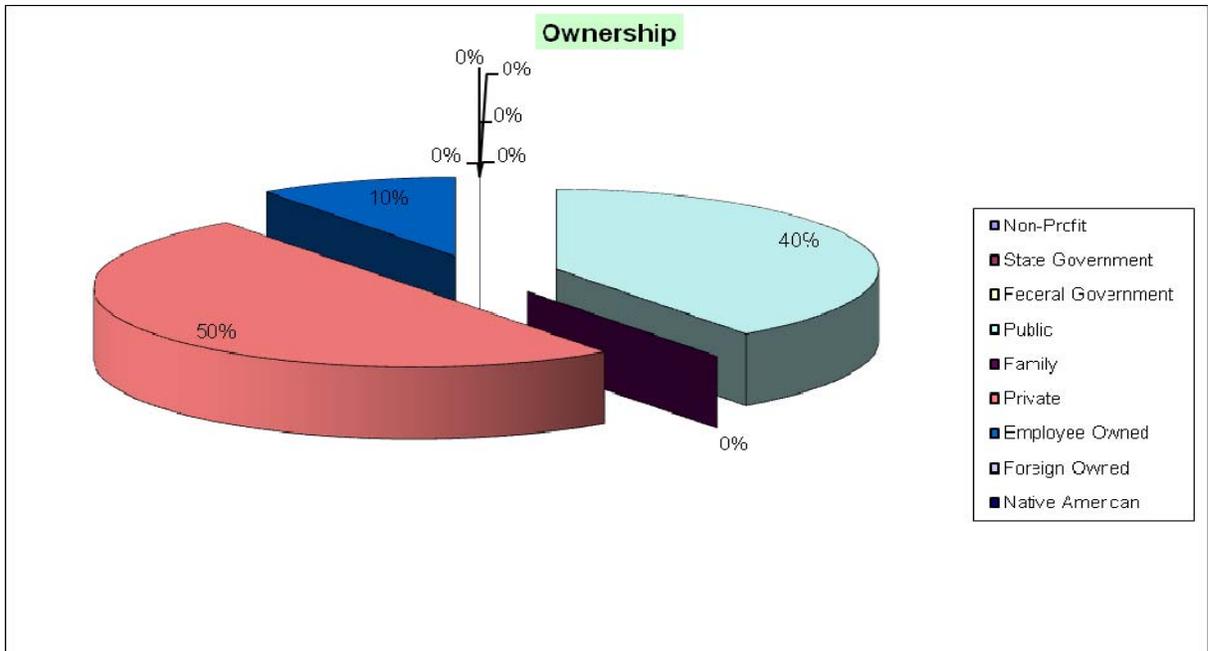
The Office of Economic Development is currently working with regional partners to identify existing resources and new resources that can be brought to each of these companies to assist them with these top priority items. The survey results for the companies here in Painesville mirror the concerns in other communities which have performed synchronistic surveys. The Office of Economic Development's focus going into 2011 will be to re-look its existing business programs and incentives to ensure that the programs and incentives are meeting the needs of today's business and industry and have the potential to meet their future needs.

2011 Survey Results



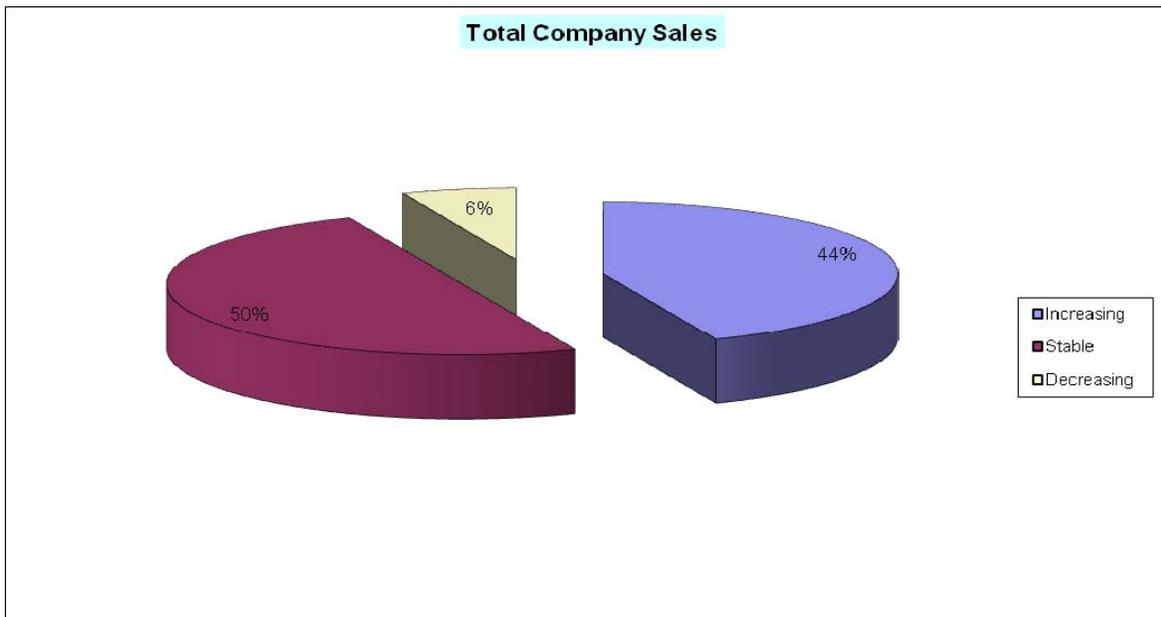
Businesses Longevity

The businesses that were a part of these surveys were all of diverse age's. There was 11% who were began operating before 1900, 22% from 1951-1975, 56% from 1976-2000 and 11% who began after 2000. These companies offered a solid diversity in market representation, stage in business and ownership.



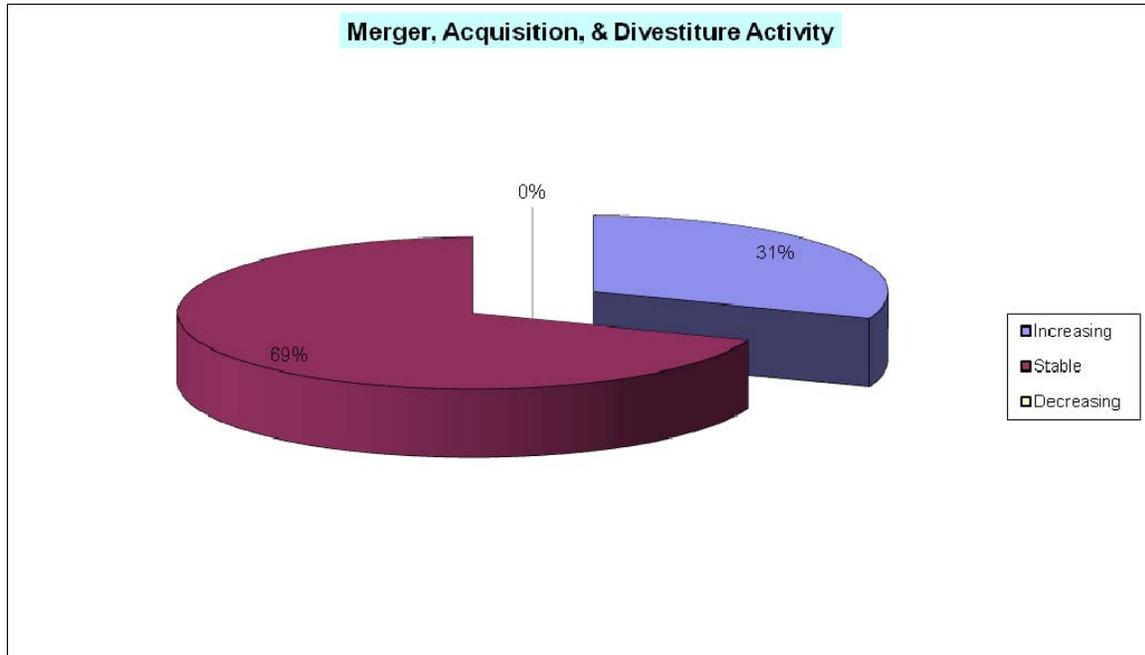
Total Company Sales

Despite the economic downturn the majority of company representatives reported stable total company sales and only 6% reported decreasing company sales. It is also encouraging that 44% show their sales to have increased despite the challenges throughout the year. These additionally are strong indicators of future investment and jobs along with continued increased sales and market share potential.



Merger, Acquisition & Divestiture

A large majority of companies in all areas reported stability within their respective industries. The 31% with increased mergers, acquisitions and divestiture within their industries reported it to be as a result of over capacity. In some cases this was as a result of the economic downturn and in others it was not.

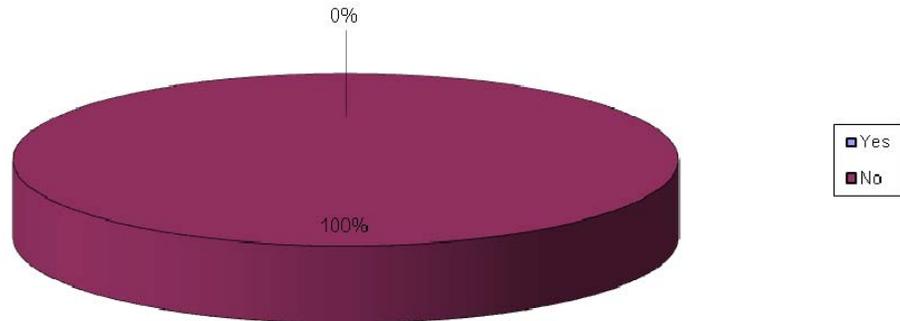


Community Evaluation

Business executives give Painesville City high marks as a place to do business. Good quality of life aspects, central to markets within their location, a strong sense of community, along with low electric rates were all identified throughout many interviews as the primary strengths, followed closely by professionally run utilities departments, ease of working with city administration / city officials, and strong stable workforce. The needs of roadway improvements, improvements to residential areas and industrial property zoning in residential areas all are issues that continue to merit attention in the near future.

Perceived barriers to growth seen by city business executives remained the absence of good available building stock that was “move-in” ready.

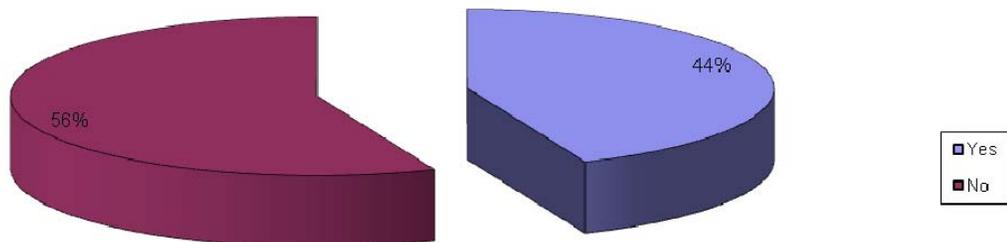
Any reason community may not be considered for expansion



Plans to Expand

Business executives interviewed are still planning despite the economic downturn to expand in the next three years. These expansions are from 3 companies interviewed with the expectation to bring on 71 new jobs with an additional \$19,300,000 in capital investments.

Plan to Expand in the next 3 Years



Public Services

The quality of public services rated high among existing industries, with more than 80% rating both police and fire above average, and ambulance/paramedic at 93% of this level. The City's water quality and sewage treatment facilities ranked at 80% above average and Painesville Municipal Power ranked 81% above average in electric service, reliability and response.

There were some obvious areas of concern that stood in agreement amongst executives interviewed. The first was the proximity of industry to residential neighborhoods; the second was the need for upgraded roadways and infrastructure to their facilities and one final concern was the property tax rate primarily in the city of which 60% rated the property tax rate below average of fair and equitable in the survey.

Overall Painesville City services and municipal utility services ranked 87% as above average. Perceived professionalism in city administration, elected officials and city staff was repeated along with ease of doing business in the community as primary reasons for high rankings of overall city services.

Survey Details

The Synchronist Retention & Expansion Survey was conducted by The City of Painesville Office of Economic Development. For additional information about the survey process or details please contact Cathy Bieterman, Economic Development Coordinator.

The following community members also assisted in the surveys conducted with local executives:

Henry Brooks, Infinity Resources
John Loftus, Lake County Port Authority

