CHAPTER 21

THE ECONOMIC DEVELOPMENT PLAN
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SECTION 1
ECONOMIC DEVELOPMENT INTRODUCTION

The Economic Development Plan examines Solon’s economic development history, current demographics, existing economic development programs, and current and future challenges and opportunities. This analysis is ultimately intended to identify viable economic development strategies for the future.

The Economic Development Plan is organized under six (6) main categories:


3. Industrial Districts.
   - Current Conditions / Demographics
   - Challenges and Opportunities
   - Future Economic Development Strategy and Policy Plan

4. Retail / Commercial Districts.
   - Current Conditions / Demographics
   - Challenges and Opportunities
   - Future Economic Development Strategy and Policy Plan

5. Additional Recommendations.


As the issues and strategies relating to industrial development differ significantly from those relating to retail/commercial development, the industrial and retail/commercial areas are examined separately herein.
To understand where we are today, it is first useful to examine how we arrived at this point. To this end, the following information provides a synopsis of Solon’s economic development history.

Solon was first settled in 1820. For many years it remained a small agricultural community. Due to Solon’s proximity to Cleveland, which was a national hub of the railroad industry, rail also contributed to Solon’s growth. In 1857, the Cleveland-Youngstown section of the Cleveland and Mahoning Railroad established the first line running through Solon.

**“Figure 21-2-A”**

**Milk Stop at Harper Road Railroad Crossing**

In the 1860’s, dairy farming and cheese factories dominated Solon’s economic landscape. “Figure 21-2-A”, illustrates a milk stop at the railroad crossing at Harper Road circa 1905. (The train is traveling west to Cleveland where the milk would be processed).

The advent of trackside “pick-up services” for milk products, such as the one pictured above, ultimately contributed to the demise of Solon’s cheese factories which were mainly located near the center of town.

Solon’s first true industrial/manufacturing use, Bready Tractor (see “Figure 21-2-B”, below) opened in 1929. With the subsequent adoption of a new zoning code for the manufacturing district in 1951, the scene was set for further industrial development. Following adoption of the code, 2,200 acres of land, or one sixth of the city, was rezoned to permit manufacturing uses.
“Figure 21-2-B”
The Bready Tractor Building

In the mid-1960’s, developer Larry Davis embarked on a long career of development within the City of Solon with the purchase of 60 acres off of Cochran Road. Mr. Davis constructed the City’s first industrial park and his company went on to develop approximately 70% of Solon’s industrial district over the next three decades.

The extension of U.S. Route 422 to the Harper Road and S.O.M. Center Road exits was the catalyst for further growth. “Map 21-2-A”, below, shows an aerial photo from April, 1978 depicting the Route 422 interchange with SOM Center Road. The highway was later extended east to the Geauga County border. In 1968, the Stouffer’s Frozen Foods plant was built south of the Harper Road exit. Now owned by Nestle S.A., headquartered in Vevey, Switzerland, this company is currently the city’s second largest employer.

“Map 21-2-A” Route 422/SOM Center Road Interchange, April 1978

Source: Board of County Commissioners, Cuyahoga County
By the late 1960’s, the combination of freeway access, available land, and a vigorous recruitment program, specifically designed to attract quality industry, began to foster Solon’s current reputation as a regional leader in economic development activity.

The hiring of Solon’s first full-time Director of Planning & Development in 1980 further illustrates the City’s long tradition of recognizing the importance of economic development. This event led to the establishment of a concentrated marketing effort that included trade show exhibits, advertising, and the publication of marketing materials. Business attraction and retention strategies were further refined when the Solon Development Board adopted an economic development marketing plan in 1989. This plan continues to guide the city’s efforts to this day.

The results of these efforts ultimately led to Solon’s #2 ranking in Northeast Ohio for new industrial construction throughout the 1980’s, second only to the City of Cleveland. Recognizing the need to maintain a high level of competitiveness, Solon established an Enterprise Zone in 1988 to offer tax incentives for both new construction and expansion projects. Collaboration with the Solon Chamber of Commerce generated effective retention programs, such as the “business visitation” and “international business development” programs.

As Solon’s industrial and residential communities grew, so did the need for retail services. In 1991, an Industrial Service District was created to provide a mix of restaurants, retail services, day care and hotels to serve the companies and employees in the manufacturing district. This was followed in 1996 by the creation of the Restricted Retail District, which in turn led to the 1999 construction of Uptown Solon Shopping Center on Kruse Drive. In 1997, the Historic Business District was created to advance community character through the preservation and commercial use of historically significant structures and through new development of a compatible historic character. A more recent addition to the City’s retail offerings is The Shoppes of Solon North on Miles Road, built in 2007. It consists of three buildings totaling 49,000 sq. ft. with the potential for additional buildings totaling 111,000 sq. ft.
For several decades, Solon has been regarded as a leader in economic development. Innovative marketing programs, the judicious use of financial incentives, a close working relationship with the Solon Chamber of Commerce, and an appreciation of the importance of a strong business community have contributed to that reputation. Solon was active in this arena long before most communities recognized the benefits and importance of economic development. Solon enjoyed steady growth due to available land at reasonable prices and sufficient infrastructure in place to support development. Always guiding Solon’s development has been the recognition of the importance of industry to the community’s tax base and the philosophy that industrial development should keep pace with residential development in order to keep taxes low and city services exceptional.

“Chart 21-2-A”, above, illustrates industrial development trends over six decades.

“Map 21-2-B” and “Map 21-2-C”, below, represent the area now occupied by the I-2 Industrial Manufacturing District. “Map 21-2-B” is circa 1968 and “Map 21-2-C” is from 2008. The City’s impressive rate of growth during this forty year time span is apparent.

Source: City of Solon Department of Planning and Community Development
As the City’s economic development marketing slogan proclaims, “When It Gets Down to Business, Solon Gets It”. Solon’s reputation in Northeast Ohio as a leader in economic development dates back to the 1950’s when City leaders first recognized the importance of a solid business base to the welfare of the community. All successive Administrations and City Councils have championed economic development. As a result, Solon has gained regional recognition for its innovative business retention and attraction programs. Some of these programs have been adopted by other communities.

Formal recognition of Solon’s achievements came in 2003 when the City became one of only three charter members of the Greater Cleveland Growth Association’s Business Friendly Community Partnership, a designation afforded to those communities with best economic development practices. This award is shown in “Figure 21-3-A”.

In 2007, Team NEO, the major economic development organization for Northeast Ohio, and Inside Business Magazine recognized the City of Solon in its first annual Economic Development Impact Awards Program for its Growth & Revitalization Incentive Program (GRIP). The awards program recognized organizations and companies that made a significant impact in attracting, retaining, and expanding a strong business presence in Northeast Ohio.
Chapter 21: The Economic Development Plan

“Figure 21-3-B”

In 2011, Solon’s strong business base contributed to its designation by *Money Magazine* as the third best place to live in the United States among cities with a population of 50,000 or less.

See “Figure 21-3-B”.

The City is constantly developing and refining its business attraction and retention programs. This section examines the City’s current package of economic development tools, including:

1. Business Incentive Programs
2. Business Support Programs
3. Marketing Strategies and Programs

The proven success of these programs over the years certainly warrants their inclusion in any future economic development plan for the City. Of course, refinements may be required to these programs from time to time in order to meet changing conditions.

1. SUMMARY OF THE CITY’S EXISTING “BUSINESS INCENTIVE PROGRAMS”

Each of the programs examined below are currently utilized to attract new businesses to Solon, and/or to assist the expansion of existing businesses.

A. JOB CREATION GRANT PROGRAM – The Job Creation Grant Program is available to both new and existing businesses that will create within three years a minimum of 50 new jobs, or generate $1,000,000 in new annual payroll with at least 20 new jobs. This annual grant may be awarded for up to 10 years and is calculated based on a percentage (maximum 50%) of expected new annual payroll taxes.
B. ENTERPRISE ZONE PROGRAM – The Enterprise Zone Program is based on State law that enables communities to offer tax abatements of up to 75% on real estate taxes for new construction and building improvements, for a maximum of 15 years, for projects that are located within the boundaries of an Enterprise Zone. Solon’s Enterprise Zone encompasses the entirety of the “I-2” (Industrial Manufacturing) District located in the southwest portion of the City. To be eligible, businesses must establish, expand, renovate or occupy a facility and create new and/or preserve existing jobs.

C. INDUSTRIAL REVENUE BONDS (IRB) – Industrial Revenue Bonds are available to manufacturers and provide low interest financing for land and building acquisition, construction, renovation and the purchase of new equipment. Because of the City’s participation, interest on loans may be tax-free, resulting in considerable savings to the borrower. IRB’s are also available through County and State agencies.

D. COMMUNITY REINVESTMENT AREA (CRA) – The Community Reinvestment Area encompasses 111 acres of land located at the southwest corner of Solon and Cochran Roads as shown in “Map 21-3-A”. Within the CRA, State law enables the City to offer up to 100% abatement on real estate property taxes for up to 15 years on new industrial /office construction projects with a fixed asset investment of at least $5,000,000. In addition, a 100% abatement for 12 years is permitted for industrial/office remodeling projects with a fixed asset investment of at least $3,000,000.

E. GROWTH & REVITALIZATION INCENTIVE PROGRAM (GRIP) – The Growth & Revitalization Incentive Program was developed in 2006 to encourage demolition, redevelopment, or improvements to obsolete, vacant industrial and office buildings, as well as to promote retail/commercial storefront renovation, through the issuance of a one-time grant. Grants are awarded upon project completion according to a point system based on various criteria, including, but not limited to, the age of the building; the length and amount of vacancy; project costs; the nature of the proposed improvements; and the employment potential resulting from the proposed improvements. In 2012, the program was amended to encourage the redevelopment of core shopping centers by offering higher levels of incentives tied to a development agreement between the developer and the City.

“Figure 21-3-C”, below, provides a superb example of GRIP money in action. The CARQUEST building (left) was heavily damaged by fire and received GRIP money to restore and upgrade the structure. Adjacent to CARQUEST is the Solon Business Center building that also later received GRIP funding to perform significant façade improvements. Both buildings utilize architecture consistent with that typical of commercial construction in Northeast Ohio at the turn of the last century - which is the design premise of the “C-1” Historic Commercial District.
F. FOREIGN TRADE ZONE – A Foreign Trade Zone was established by the Federal Government at the request of one of Solon’s major employers, with the support of the City and the Solon City Schools. This program affords the company exemptions on duties on raw material and products that are imported and then shipped out to foreign or domestic destinations. Prior to the elimination of the tangible personal property tax in Ohio, this program also offered a full or partial exemption of the tangible personal property tax.
G. TAX INCREMENT FINANCING (TIF) – A Tax Increment Financing district was established in 1997 to support the development of the Uptown Solon shopping center on Kruse Drive. Under this agreement, the real estate tax payments on 75% of the increase in assessed property value resulting from project improvements were redirected for ten years. In lieu of these taxes, the property owner made service payments equal to the amount of the redirected taxes to pay for the Kruse Drive road improvements depicted in “Map 21-3-B”, below. This ten-year TIF expired in 2007.

“Map 21-3-B” Uptown Solon and Kruse Drive TIF

Source: City of Solon Department of Planning and Community Development

2. SUMMARY OF THE CITY’S EXISTING “BUSINESS SUPPORT PROGRAMS”

The following programs provide special services to Solon businesses and are intended to advance both business retention and attraction.

A. THE BUSINESS VISITATION PROGRAM – The Business Visitation Program consists of visits to business executives by volunteer members from the Solon Chamber of Commerce Business Visitation Committee. Chamber members submit interview reports to the City’s Economic Development Manager. Follow-up letters or calls are then made in response to any questions or problems that were raised by the business executives and to thank the executives for participating. Visitation reports are reviewed by City staff to detect problems that require further action. The City’s perceived strengths, which are specifically identified within the reports, are used in the City’s marketing efforts. These reports, as well as an annual analysis of the comments contained therein, are shared with the Mayor and City Council. Since the inception of the program in 1989, more than 560 visitations have been completed.
B. THE INTERNATIONAL BUSINESS DEVELOPMENT PROGRAM –

Resource information is available upon request and on the City’s web site to Solon companies interested in international trade and foreign companies seeking to locate in Northeast Ohio. The Solon Chamber of Commerce International/Industrial Roundtable meets periodically throughout the year and provides a forum for educational seminars, and information exchanges. These meetings, such as the one pictured in “Figure 21-3-D”, are sponsored by the City of Solon Department of Planning & Community Development.

C. THE LEADER-TO-LEADER PROGRAM – The Leader-to-Leader Program promotes business retention by establishing personal relationships between the members of City Council and the Administration and our largest employers. This interaction is intended to foster a better understanding of the particular issues facing Solon companies. Leader-to-Leader Program activities are initiated with onsite tours of local facilities, which lead to ongoing dialogue and interaction between City officials and business executives.

D. EMPLOYMENT POSTINGS – The City provides Solon businesses with the opportunity to post available job opportunities on the City’s web site. This program provides local employers with an additional avenue to attract qualified personnel.

E. BUSINESS RELOCATION ASSISTANCE – The City maintains a listing of available office, warehouse, manufacturing, and commercial space within the community. This list is available by mail, fax, and electronically, and is also available on both the City and the Chamber of Commerce web sites. Customized assistance is also available upon request. If financial incentives are required, the City may facilitate contacts with other economic development agencies.

F. COMMERCIAL / INDUSTRIAL SITE PLAN REVIEW ASSISTANCE – The Department of Planning and Community Development offers assistance with site plan review and guidance through the project approval process. This assistance is available to both new and existing businesses that are planning new construction, exterior renovations, or landscaping improvements.
G. **SPECIAL BUSINESS RELATED EVENTS** – The Department of Planning and Community Development sponsors or assists the Solon Chamber of Commerce with special programs for businesses, such as receptions, job fairs, workforce resources fairs, and seminars.

H. **NEWSLETTERS AND COMMUNICATIONS** – The Department of Planning and Community Development sends periodic correspondence to the business community, including an annual newsletter and timely notices of local projects and events. In addition, Department staff authors the City Business news column for the Solon Chamber of Commerce monthly newsletter. The news column is also posted on the City’s web site.

I. **GET CONNECTED** – The City offers voice and data communications consulting services for potential and existing businesses and property owners, including review of service availability for local and long distance phone service, Internet connectivity, voice and data communications equipment, and premise wiring.

J. **GET SAVINGS** - The City and Solon Chamber of Commerce teamed up to create this program for businesses that are new to Solon. In their Welcome to Solon packets, new businesses receive an enrollment form that may be returned to the Chamber of Commerce for special discounts on business services and products provided by Chamber members. Businesses may take advantage of these special discounts from a list of 30+ vendors for 4 months, whether or not they are Chamber members.

K. **GET GROWING SMALL BUSINESS LOAN** - Rate and loan fee reductions are available to qualifying small businesses in Solon through participating local banks. Loans may range from $50,000 - $1,000,000.

L. **GET STARTED** - New businesses with 1-20 employees are entitled to a voucher for $200 worth of office supplies from a Solon vendor. Voucher application forms are included in the Welcome to Solon packets that are mailed to new businesses.

3. **SUMMARY OF THE CITY’S EXISTING ECONOMIC DEVELOPMENT MARKETING STRATEGIES AND PROGRAMS**

The overall purpose of the City’s marketing plan is to enhance the net tax revenues of the City by undertaking programs to attract tax-productive, new businesses to the community, and to ensure the retention of existing, tax-productive businesses. Marketing efforts target the following audiences:

- Economic development facilitators such as industrial and commercial real estate professionals, economic development specialists, developers, site selection consultants
- Solon businesses
- Northeast Ohio businesses
- Businesses based in other states and countries
- Industrial and commercial property owners
City of Solon elected officials and staff
Solon residents

Solon traditionally follows a marketing strategy that is principally focused on Northeast Ohio. It is the City’s experience that a targeted strategy that concentrates on attracting businesses with an established presence in this area is both more productive and cost effective than concentrating on an extra-regional economic development attraction strategy. However, the direct targeting and solicitation of specific businesses from other local communities is discouraged by regional economic development agencies, and is not part of Solon’s economic development strategy. Marketing efforts to target companies outside of Northeast Ohio have been conducted in collaboration with other agencies, such as the Ohio Development Services Agency, Cuyahoga County Department of Development, Team NEO, Greater Cleveland Partnership, and regional utility companies.

Solon’s typical marketing strategies are summarized below:

1. Building Solon’s image as a desirable business location through use of the “Solon Select” marketing logo, seen below in “Figure 21-3-E”, which is used in advertising, promotional literature, and mailings.

   “Figure 21-3-E” Marketing Logo

   When It Gets Down to Business, Solon Gets It!
   City of Solon 34200 Bainbridge Road Solon, Ohio 44139
   440.337.1313 www.solonohio.org

2. Coordination of efforts and regular communications with local industrial and commercial realtors who work with companies that are seeking business locations.

3. Coordination of efforts and regular communications with regional and state economic development agencies to attract businesses from outside the region and to assist regional businesses with their growth needs.

4. Consistent print advertising campaigns in carefully selected business publications, including new business announcements, periodic special features, and press releases.

5. Creation and periodic updating of the City’s economic development marketing video.

6. Maintenance of the economic development section of the City’s web site, including a listing of available industrial, office and commercial properties.
7. Other advertising and promotional activities, which may include radio, sponsorship of special events, exhibiting at trade shows, meetings, and conferences. An example of these activities is illustrated in “Figure 21-3-F” where Crain’s Cleveland Business recognized the City of Solon for supporting the “Cool Places to Work” business awards and special event.

8. Follow-up program after initial contact with prospective businesses, including mailings, phone calls, and notification of newly available properties.

9. Collection, presentation and updating of information required by realtors, and prospective and existing businesses, including available properties, local demographic information, and information on city, county and state incentive programs.

10. International Business Development Plan - In 2004, an International Business Development Plan was adopted to expand the City’s outreach to include global markets and to assist Solon businesses wishing to expand into the global market. A copy of the plan is found in the Appendix of this Master Plan. The plan still serves as the foundation for the strategies currently in use.
The following section examines current conditions in the industrial districts, likely trends that will present both challenges and opportunities for the community, and recommendations for the future.

This section is organized under the following general categories:
1. Current conditions in the industrial districts
2. Challenges and Opportunities

1. CURRENT CONDITIONS IN THE INDUSTRIAL DISTRICTS

Throughout its history, Solon has successfully weathered the loss of individual companies, as well as regional and national economic downturns. This is due principally to the City’s broad business base. Within this base, Solon developed its current niche as a strong manufacturing and distribution center, with concentrations in computer and electronic products, industrial and commercial machinery, measuring and controlling instruments, chemicals, and fabricated metal products.

The importance of Solon’s business community to the City’s welfare can best be illustrated by noting that typically 17-19% of the City’s annual income tax revenues have come from corporate net profits tax, and approximately 70-75% of revenues have come from employee withholding tax, the majority of which is paid by employees who do not live in Solon.

From 2008 to 2013, the number of business units in the industrial districts fluctuated slightly, but has remained at more than 400 units, excluding home-based businesses. By the end of 2013, full-time equivalent employment exceeded 20,000 employees, having remained fairly constant through the 2008-2009 recession. “Table 21-4-A”, below, provides a “snapshot” of Solon’s major industrial district employers mid-2014. Employment numbers shown are subject to frequent change and may include estimates.
### “Table 21-4-A” -
**Solon’s Major Industrial District Employers - Full Time Employment**

<table>
<thead>
<tr>
<th>Employer</th>
<th>No. Full Time Employees, 12-31-08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swagelok Company</td>
<td>2,960</td>
</tr>
<tr>
<td>Nestle Prepared Foods Company</td>
<td>2,225</td>
</tr>
<tr>
<td>CVS Caremark</td>
<td>500</td>
</tr>
<tr>
<td>ERICO International Corporation</td>
<td>505</td>
</tr>
<tr>
<td>National Enterprise Systems</td>
<td>500</td>
</tr>
<tr>
<td>Cleveland Clinic – Solon Contact Center</td>
<td>425</td>
</tr>
<tr>
<td>Arrow Electronics / Power &amp; Signal group</td>
<td>330</td>
</tr>
<tr>
<td>MRI Software LLC</td>
<td>320</td>
</tr>
<tr>
<td>AMRESCO, Inc.</td>
<td>305</td>
</tr>
<tr>
<td>Kennametal, Inc.</td>
<td>300</td>
</tr>
<tr>
<td>MICROS-Retail</td>
<td>295</td>
</tr>
<tr>
<td>Keithley Instruments, Inc.</td>
<td>250</td>
</tr>
<tr>
<td>Marriott Great Lakes Worldwide Reservation Ctr.</td>
<td>240</td>
</tr>
<tr>
<td>King Nut Company</td>
<td>225</td>
</tr>
<tr>
<td>InterDesign, Inc.</td>
<td>220</td>
</tr>
<tr>
<td>Graphic Packaging International, Inc.</td>
<td>210</td>
</tr>
<tr>
<td>ECRM</td>
<td>205</td>
</tr>
<tr>
<td>Bird Electronic Corporation</td>
<td>200</td>
</tr>
<tr>
<td>Cosmo Corporation</td>
<td>200</td>
</tr>
<tr>
<td>Schwebel Baking Company</td>
<td>175</td>
</tr>
<tr>
<td>Aclara RF Systems</td>
<td>194</td>
</tr>
<tr>
<td>HDT Engineered Products</td>
<td>160</td>
</tr>
<tr>
<td>The Robbins Company</td>
<td>155</td>
</tr>
<tr>
<td>Signum, Inc.</td>
<td>150</td>
</tr>
<tr>
<td>Joy Global Underground Mining</td>
<td>150</td>
</tr>
</tbody>
</table>

At the end of 2013, total building space within the 1,984 acre area zoned for manufacturing and warehouse uses reached 16,817,000 square feet. Map 21-4-A”, below, illustrates the location and configuration of the “I-1” and “I-2” Industrial districts. Of the 412 acres of industrial land that remain vacant, approximately 302 acres have the potential to accommodate future development, although most of the land is not currently on the market and presents development challenges. Additional potential for new construction exists on underutilized lots containing existing buildings.
Map 21-4-A” Industrial Zoning Districts

“Chart 21-4-A” and “Chart 21-4-B”, below, depict building usage based upon the current inventory of 245 buildings within the industrial districts.

“Chart 21-4-A” - Industrial District Building Use Percentages

Source: City of Solon Department of Planning and Community Development, 2013
From 2002-2009, Solon experienced an overall decrease in manufacturing operations from 26% to 19% of all businesses within the industrial districts. From 2009-2013, manufacturing remained at 19%. The actual number of manufacturing operations declined from 108 in 2002 to 84 in 2013, in keeping with reductions nationwide.

During this same time period from 2002-2013, office uses in the industrial districts increased from 41% to 49% of all businesses in Solon’s industrial districts, as depicted in “Table 21-4-B”. Actual numbers of office business units fluctuated during that time but ultimately increased from 173 in 2002 to 210 in 2013. A reduction in the last few years from a peak of 233 office business units can be largely attributed to the 2008-2009 recession.

With the exception of an atypical vacancy rate at the end of 2013, year-end overall vacancy rates in the industrial districts have been in the 6-7.25% range since 2005, reflecting a healthy market, even during the recession. Single user office/warehouse buildings make up more than 50% of
the industrial area building stock. Vacancy rates for this sector have been typically in the 3-4% range. The 2013 spike, largely due to the addition of two large buildings, is expected to be temporary given current market activity and demand for single user facilities.

After higher than normal vacancy rates of 15-17% during the recession, the vacancy rate for multi-tenant flex space has steadily decreased and hovered at 11-12% at the end of 2013. See “Graph 21-4-A” below.

“Graph 21-4-A” Industrial District Vacancy Rates 2005-2013

Source: City of Solon Department of Planning and Community Development

The office market was hit hardest by the recession and is slowly recovering from a peak rate of 21%, with a 2013 year-end rate of 17%. “Graph 21-4-B” and “Graph 21-4-C” below illustrate a snapshot of office vacancies in the industrial districts in March, 2013. Office units of less than 5,000 sq. ft. account for 61% of the available office units, but only 20% of total square footage available. Vacancies for office space greater than 25,000 sq. ft. accounted for only 6% of the number of business office units available at that time. Single user office buildings account for 7% of the city’s industrial building inventory.
Solon’s ability to attract businesses, even during difficult economic times, is evidenced by the number of new companies with 50 to 400 employees that moved to Solon in the last several years. Among them are MP Biomedicals, CVS Caremark, Euclid Universal, Swagelok Order Fulfillment Center, ECRM, Great Lakes Textiles, Signum, Findaway World, SageQuest/Fleetmatics, Sensical, Aclara RF Systems, Cleveland Clinic Solon Contact Center, Pile Dynamics/GRL Engineers, MRI Software, Techtron Systems, Pyramyd Air, Nestle Pizza Division, Nestle Product Technology Center, Cosmax USA, and Tarkett USA.

2. THE INDUSTRIAL DISTRICT - CHALLENGES AND OPPORTUNITIES

Since the 1950’s, Solon’s prime location, available land, easy access, and innovative economic development initiatives have insured a steady influx of new companies to the City from the larger region. In recent years, local, national and global forces have increasingly affected Solon’s economy. The most significant of these variables are listed below, as are the potential challenges and opportunities that may be presented by these changing conditions. Specific challenges and opportunities are highlighted within the text in “italics”.

A. MERGERS & ACQUISITIONS – Mergers and acquisitions have been a prominent feature of the economic landscape for many years. As such, we should expect that local ownership will occasionally give way to ownership by national and international corporations that often have no stake in the local community, and that may have out-of-state facilities that may be considered for the consolidation of operations. Similarly, as Solon based companies acquire other companies, they too may be faced with decisions relating to the consolidation of operations.

*Merger and acquisitions present opportunities for Solon to increase a company’s presence or, conversely, the threat of losing companies that may consolidate with their locations elsewhere.*
B. **MANUFACTURING AND OFFICE ACTIVITY** - The JobsOhio/TeamNEO 4th Quarter, 2012 Quarterly Economic Indicators Report for Northeast Ohio summed up the status of manufacturing in the region as follows: “From 1990-2010 there was a significant gap in the growth of manufacturing gross product between Northeast Ohio and the U.S. Both the U.S. and Northeast Ohio grew in the early ‘90’s, but Northeast Ohio began to lag in the late ‘90’s while the U.S. continued to climb. Both Northeast Ohio and the U.S. were hit hard by the 2007 recession. Northeast Ohio manufacturing output is projected to reverse this trend by growing faster than the U.S. over the next decade. (Manufacturing in) the U.S. is projected to grow 33% from 2010 to 2020. (Manufacturing in) Northeast Ohio is projected to grow 39%.”

Information from the U.S. Bureau of Labor Statistics indicates a decline in the number of manufacturing plants nationally. Lean manufacturing practices contribute to an increase in productivity with fewer physical plants.

*Given predictions for growth in manufacturing in the U.S., and particularly in Northeast Ohio, the strong presence of advanced manufacturing companies in Solon bodes well for the City. How lean manufacturing trends will ultimately affect the number of jobs is difficult to predict. In the short term, efficiencies in production could reduce the number of employees. However, productivity increases could lead to job creation.*

Prior to the recession, office uses were predicted to increase in the U.S. However, the office sector has been slower to rebound from the recession. Changing office leasing patterns have resulted. A trend to make do with less space has surfaced, aided by measures such as desk sharing, telecommuting and the use of mobile technology. The ability to conduct business remotely has reduced the need for permanent desk space for employees. Companies continue to downsize staff to trim labor costs. Part-time labor may be used so two or more employees can use the same office space on different shifts. Generally, recent new office construction has been primarily for office research or data centers.

*The trend toward downsizing of corporate offices should not have a major effect on future office vacancy rates, as large corporate office buildings comprise a small portion of the city’s building stock. However, vacancies in the small office market will continue to be a challenge to fill.* See the following section for more discussion of small businesses.

C. **SMALL BUSINESSES** - Prior to the 2008-2009 recession, the small business sector throughout the country was predicted to continue on its path of growth. However, small businesses were impacted disproportionately by the recession and have been slow to rebound. Solon’s higher than normal vacancy rate for small office space (less than 5,000 sq. ft.) indicates that small businesses in Solon were similarly affected.

*Although vacancy rates are improving, Solon will continue to see a higher than normal vacancy rate for small office and flex space (multi-tenant office/warehouse combination) in the short term. Any additional fluctuations in the economy, tax rates, and governmental mandates will impact this market.*
Job loss attributed to a recession tends to fuel the creation of entrepreneurial, home-based businesses. Highly educated employees, with experience and financial resources, can also foster entrepreneurial activity.

With Solon’s highly educated residents, many relocating from other countries, it is likely that home-based businesses will continue to be an increasing part of the City’s income tax receipts. Eventually, a portion of these businesses may grow to the point of seeking space within the industrial district and the other business districts in the City.

D. AVAILABILITY OF LAND AND BUILDINGS – The inventory of easily developable vacant industrial property within the City is limited. Approximately 15% of all industrially zoned land is vacant and potentially developable. This land, for the most part, may be suitable to accommodate expansions of some existing businesses. However, approximately two thirds of the land is not currently on the market and may not be when the need arises. “Map 21-4-B” designates the location of currently vacant industrial land.

Attracting or retaining a business is often a simple matter of having the right building available at the right time at the right price. Although this is entirely out of the City’s control, maintaining current information on available properties and following up with prospects when new buildings become available is essential.

Therefore, it is likely that Solon will occasionally lose industrial residents that cannot expand in Solon due to the lack of vacant land and existing buildings necessary to meet their specific growth needs. On the other hand, Solon’s historical experience indicates that such vacated buildings present opportunities for other new or expanding businesses.

There is also potential to increase the amount of vacant land in the industrial district through demolition of obsolete buildings. In recent years, two such properties were added to the vacant land inventory and one was subsequently developed for a new business.

The challenge of land and building availability relates directly to the challenge of competition from neighboring communities addressed below.

E. COMPETITION – It has become increasingly common for businesses to seek financial incentives from the communities in which they are located or in which they hope to locate. A growing number of communities in the region have established economic development departments, market their communities, and offer incentives to attract businesses. Some regional communities have adopted programs specifically modeled upon Solon’s Job Creation Grant and GRIP programs.

In neighboring North Randall, the potential demolition and rezoning of Randall Park Mall for industrial use would open up 100 acres in a currently tight industrial land market. In addition to land in Glenwillow, recently created industrial acreage is also available at the former Chrysler Stamping Plant site in Twinsburg. Therefore, increasing
competition from other communities is an obvious challenge for Solon, primarily from those in closest proximity to Solon.

“Map 21-4-B” Vacant Industrial Land

F. AGING BUILDING STOCK – The desired building characteristics for manufacturing and warehousing operations have changed significantly since many of Solon’s buildings were constructed. For instance, modern warehouse facilities require 24-40 ft. ceilings, wider turning radii for trucks, and buildings configured for greater efficiencies. (Note: 75% of Solon’s industrial district development occurred in the decades of the 1950’s through the 1980’s)

Solon’s older warehouse building stock, characterized by 21-22 ft. ceiling heights, may be deemed less desirable when compared to new construction in neighboring communities. Although potentially a threat, this situation may also present opportunities for Solon. For example, large distribution centers typically provide few jobs. With the elimination of the tangible personal property tax in Ohio, attracting businesses with expensive inventory is not necessarily advantageous for either City or School revenues. Therefore, demolishing obsolete warehouse buildings to create new construction opportunities or converting them to more job intensive uses has the potential to make
these properties more tax productive. As the cost of new construction rises, renovation and redevelopment of existing structures have become feasible options for businesses seeking space. This trend is well underway with several recent projects involving partial or full building transformations for new users.

“Figure 21-4-A” Renovated Paragon Office building

Formerly a fitness center, the renovated Paragon Office Environment serves as corporate offices of a law firm. See “Figure 21-4-A” above.

2. THE INDUSTRIAL DISTRICT- RECOMMENDATIONS

While Solon is often considered to be a prime location for manufacturing and distribution operations, the broad range of business types that are located within the City has helped Solon weather the economic downturns of the past.

Although manufacturing is currently growing in Northeast Ohio, lean manufacturing processes could result in continued downsizing of the labor force. It should be noted that a decline in the total number of jobs per employer does not necessarily equate to total revenue loss. To this end, the City should recognize the value of technical, higher paying jobs, rather than focusing exclusively on the number of jobs a company brings to the city.

Therefore, Solon should continue to welcome and support all types and sizes of businesses, both domestic and foreign, whether located in the business districts or home-based. Faced with ever increasing local, regional and global competition, Solon must find new ways to stand out in the crowded field of communities vying for businesses. It is essential that a variety of economic development and planning strategies be utilized to attract and retain businesses, maximize available land, and redevelop properties. This section of the Master Plan examines Economic Development recommendations relating to:

1. Marketing Activities
2. Incentive Programs
3. Infrastructure and Transportation Improvements
MARKETING ACTIVITIES

Marketing for industrial and office business attraction is a vastly different process from marketing for commercial businesses. Typically, an industrial/office business desires to locate within a narrowly defined area. Finding the right building or site at the right price is a major determining factor in site selection. Close proximity to markets and ease of access for chief executives and employees are also important factors.

“Figure 21-4-B”

The City’s principal role in the business attraction process is to create and maintain a business friendly atmosphere, consistently publicize the community’s attributes, disseminate current information required by business prospects in their decision making process, and otherwise assist prospects, developers, building owners, and realtors as requested. Incentives often help to tip the scale in the community’s favor, given comparable location alternatives in other communities. “Figure 21-4-B” illustrates an advertisement that is used to market Solon’s strong points as a place to locate a business.

In 1990, the City adopted a marketing plan prepared with the assistance of a public relations consultant and the Solon Development Board. Although the plan has been refined over the years and should continue to be revised as needed, its original goals and strategies have served the City well and are still relevant for the future. The overall purpose of the City’s marketing plan is to enhance the net tax revenues of the City by undertaking programs to attract tax-productive, new businesses to the community and to encourage the retention of existing, tax-productive businesses. The 1990 “Summary of Economic Development Marketing Plan” is found in the Appendix of this Master Plan.

Many of the marketing activities and their target audiences have already been examined in Section 3 above. However, some of the more successful activities that should be continued are noted below.

A. BUSINESS RETENTION ACTIVITIES – The City should continue to concentrate on business retention activities and providing excellent services for existing businesses, as these businesses are a primary source of future business growth.

B. FOSTER A BROAD BUSINESS BASE - The City should continue to foster a broad base of diverse business types, with the recognition that manufacturing and office uses can increase or decrease in keeping with national and global trends. Marketing materials and the choice of quality industry publications should be utilized to position Solon as a prime location for all business sectors. Solon will likely remain a manufacturing and distribution hub, and marketing efforts should reflect this strength.
C. **REGIONAL MARKET FOCUS** – The City should continue to focus the majority of its marketing efforts within the immediate geographic region, as businesses with an existing local presence are the greatest source for potential growth. For cost effectiveness, any national marketing activities should be done indirectly through establishing and maintaining relationships with national and global real estate firms, utility companies, site selection consultants, and regional and state economic development organizations. However, where opportunities arise to secure specific non-local companies, direct marketing is warranted.

D. **LOCAL MEDIA MARKETING** – The City should continue to pursue exposure within carefully selected local print media in order to foster Solon’s image as a business friendly community. This may take the form of paid advertising, press releases, and news articles. As the supply of available vacant land diminishes, it is important to publicize the fact that Solon actively welcomes new businesses into its existing building stock.

E. **REAL ESTATE MARKETING** – The City should continue marketing available properties through close cooperation with industrial and commercial real estate firms and economic development agencies. This is a cost-effective strategy that targets only those businesses that are actively seeking a location.

F. **WEB SITE MARKETING** – The City should continue to utilize the City’s web site to promote the community and provide the current information that is required by businesses to make relocation decisions, including listings of available properties. In addition, the City should maintain current information on the State’s OhioOne database of available properties. This database can be accessed by the public and is used by JobsOhio to create lists of potential sites for confidential prospects.

G. **ENTREPRENEURIAL BUSINESS ATTRACTION** – The City should continue to devote a small portion of marketing funds to target smaller entrepreneurial businesses while recognizing financial risks inherent in supporting start-up businesses.

H. **INTERNATIONAL MARKETING** – The City’s marketing efforts should include an international business development component. Due to the high cost of marketing overseas, it is advisable that the City partner with regional and state economic development organizations for the direct solicitation of businesses. Solon should foster international contacts through existing companies that have a global presence and through Solon’s diverse and well-educated residents. International business development is a long-term effort that usually begins with the establishment of small sales offices. The City’s resources should be used judiciously in proportion to the expected benefit. For specific recommended activities, please see the International Business Development Plan in the Appendix of this Master Plan.

I. **MAINTAIN OVERALL QUALITY OF LIFE** – The City should focus on maintaining a high overall quality of life within the community in order to continue to attract an educated work force, business executives, and entrepreneurs. It should be
recognized that the educational, cultural, recreational and housing amenities provided within the larger community directly impact and enhance the City’s business attraction efforts. “Figure 21-4-C” provides a few examples of quality of life amenities.

“Figure 21-4-C” Quality of Life Amenities

Solon Community Center Pool                         Cleveland Clinic Solon Family Health Center

“Chill N Grill” at Solon Arts Center

Source: Solon Magazine

J. REGIONALISM - There has been much talk about regionalism in Northeast Ohio in recent years. Through the efforts of the Cuyahoga County Executive, all communities in the county have agreed to participate in a non-poaching agreement to foster economic development cooperation. Although a major reorganization of the area’s local governments is not likely in the foreseeable future, opportunities to collaborate on economic development activities may present themselves. Team NEO’s efforts to market the Cleveland-Akron-Canton region as a whole may encourage the sharing of ideas and provide the opportunity to participate in joint projects. Solon’s geographic location within the larger region is illustrated on “Map 21-4-C” below.
Incentive Programs

Solon has a long history of using incentive programs to attract and retain businesses. It has been demonstrated that the use of incentive programs is an increasingly important tool to achieve the total redevelopment of obsolete buildings and to offset the cost of retrofitting buildings or demolishing outdated buildings in order to make these properties marketable. The use of incentives also supports the desired image of a business-friendly community. However, incentives should be used judiciously, in particular when there is evidence that the projects might not proceed without incentives. Budgetary concerns must necessarily influence the level of incentives, but it is essential that the combination of business incentive programs and other amenities be competitive with the incentive packages that are utilized both within and outside of the region.

It is recommended that the following programs either remain or potentially be added to the City’s economic development tool kit:

A. Growth & Revitalization Incentive Program (GRIP) – Solon’s success with the GRIP program indicates that it should continue to be used to encourage demolition, redevelopment, and improvements to obsolete buildings. One of the principal strengths of the GRIP program is flexibility, which allows the City to tailor this program to reflect the community’s changing priorities.

B. Job Creation Grant Program – The Job Creation Grant Program will remain an important tool to secure office prospects for the adaptive reuse of warehouse space and to attract and encourage the growth of manufacturing operations. Although this program is not directly related to building improvements, any incentives that enhance a company’s...
bottom line will positively advance the City’s business attraction and retention efforts. However, modifications to the program’s eligibility criteria may be needed periodically to reflect budgetary constraints. The increasing popularity of the program, as well shrinking non-tax revenue funding sources, may require scaling back of the incentives offered in the future.

C. ENTERPRISE ZONE PROGRAM & COMMUNITY REINVESTMENT AREA PROGRAMS - Although Solon has entered into only one new Enterprise Zone agreement since 2004, this program may see renewed usefulness in the industrial area, particularly for new construction projects on land where buildings have been demolished. The Enterprise Zone program is authorized by the State legislature until mid-October, 2015. Since 2009, the program has been extended for one to two years at a time to allow State legislators to consider revisions to the program. Such revisions have not yet been considered. Potentially, Enterprise Zones could be converted to Community Reinvestment Areas, which would be equally useful for new construction and for major building improvements.

D. FOREIGN TRADE ZONES – Federally established Foreign Trade Zones enable companies to take advantage of exemptions on custom duties on raw material and products that are imported and then shipped out to foreign or domestic destinations. It remains to be seen if there will be sufficient demand for this incentive in consideration of the elimination of the tangible personal property tax in Ohio. (Prior to the elimination of the tax, tangible personal property in Foreign Trade Zones was also fully or partially exempt from taxation.) If there is demand by individual companies or developers, the City should consider supporting requests to expand the existing Foreign Trade Zone.

E. SMALL BUSINESS INCENTIVES / SUPPORT PROGRAMS – The City recently expanded its package of support programs to encourage small business development. Such programs are justified by the current availability of office and multi-tenant flex space suitable for small businesses. However, appropriations for programs should consider the potential longevity and success rate of small businesses, including start-ups, and should not expose the City to unwarranted financial risk.

F. REGIONALISM - Solon should continue to closely monitor the use of incentives by other communities and the concept of regional revenue sharing. In the past, some ideas were proposed that could have negatively impacted economic development efforts in Solon. Therefore, Solon should participate in any regional discussion by contributing ideas that are mutually beneficial to both Solon and the larger region. Modifications to incentive programs may be needed should regional revenue sharing ever come to fruition. In keeping with Solon’s historic philosophy, and recognizing the trend toward regional cooperation in general, Solon should encourage policies of mutual notification and cooperation when working with prospects from other local communities. Requests for assistance from companies and their representatives should be handled expeditiously, with appropriate notice provided to affected communities.
INFRASTRUCTURE & TRANSPORTATION

Basic infrastructure needs are crucial to continued business development. However, some areas of the city have not always been adequately served at this time. Therefore, it is recommended that the following infrastructure issues be addressed.

A. TELECOMMUNICATIONS – From 2011-2014, the City successfully lobbied AT&T and Time Warner to make significant infrastructure improvements on Naiman Parkway and to provide new options for co-axial cable and fiberoptic service in portions of the I-2 Industrial Manufacturing District. In 2014, a new provider established wireless broadband access throughout the city, filling the service gap in the southern portion of the I-2 District and providing alternative primary or secondary disaster recovery/backup service wherever desired. The City should continue to encourage improvements throughout the industrial district and be prepared to provide right-of-way, permits, and infrastructure as needed, with particular attention given to high bandwidth wireless network needs. Through programs like Get Connected, the City should continue to monitor and address the telecommunications needs of individual businesses and prospects.

B. ELECTRICAL CAPACITY AND RELIABILITY – Recent improvements by the utility company have reduced power outages. In addition, the rebuilding of a substation in Walton Hills to be completed in 2014, and a planned substation in neighboring Glenwillow should further improve reliability. However, the City should continue to monitor the electrical energy needs of the business community and work with First Energy to improve electrical capacity and reliability as needed.

C. SIDEWALK INSTALLATION – The City should continue programs to install sidewalks within the industrial area, and should otherwise promote pedestrian amenities within this area.

D. PUBLIC TRANSPORTATION – The City should continue to monitor the public transportation needs of the business community during both peak and off-peak hours and should work with the Greater Cleveland Regional Transit Authority to provide bus shelters for employees in business districts.

E. RAIL SERVICE – The City should maintain the potential to provide rail service in the areas of the industrial district where service is currently inactive.

F. UTILITY FEES – The City should continually examine City utility fee structures, such as sanitary sewer tap-in fees, to ensure that they do not discourage new business development.
The following section examines current conditions and likely trends that will present both challenges and opportunities for the community, and recommendations for the future.

This section is organized under the following general categories:

1. Current conditions in the retail/commercial districts
2. Challenges and Opportunities

1. THE RETAIL/COMMERCIAL DISTRICTS – CURRENT CONDITIONS

Solon has six major retail centers as shown on “Map 21-5-A”, below. Four of these centers are located within the Central Retail District (See Chapter 15 of the Master Plan). These include the Solon Square Shopping Center, Solon Village (formerly Solar Shopping Center), Uptown Solon, and the Marc’s/Sears/Carter Lumber shopping areas. Two other centers - Solon Commons and The Shoppes of Solon North - are located outside of the “CRD”. It should be noted that three of the City’s six major retail plazas (including three of four plazas within the Central Retail District) were built in the 1960’s and 1970’s. One of those plazas, Solon Village, was totally redeveloped in 2013. The various components of Solon Commons, located on Enterprise Parkway, were built from 1991-2002. Uptown Solon on Kruse Drive was built in the late 1990’s. The Shoppes of Solon North on Miles Road opened for business in 2008, and additional buildings are possible.
Approximately 360 acres citywide are currently zoned for retail, commercial and office use as shown on “Map 21-5-B”, below. (This does not include office uses that are located in the industrial districts). Of this area, approximately 50 acres remain vacant. Within the retail, commercial and office districts, there is a total of approximately 2,300,000 square feet of existing building space. 1,358,000 square feet of that total is retail (including restaurants) and 374,000 square feet is office space. At the end of 2014, there were 360+ business units located in retail/commercial/districts, employing approximately 3,900 full time equivalent people.

Among existing retail businesses and restaurant operations, approximately 45% are locally owned, 15% are locally owned franchises, and 40% are national chains. “Chart 21-5-A”, below, depicts the types of businesses located in Solon at the end of 2013.
Map 21-5-B, Commercial and Office Zoning Districts

Source: City of Solon Department of Planning and Community Development
Solon’s retail areas primarily serve local shoppers, with some specialty stores drawing customers from surrounding communities. Until recently, more modern developments, including big box retail and regional malls in Beachwood, Bainbridge, Aurora, and Macedonia siphoned business from Solon vendors, as did the general proliferation of restaurants in nearby communities. Solon was not known as a shopping or dining destination. The City was in the early stages of a retail/commercial decline caused by several factors, including some business relocations to neighboring communities, the departure of three major retailers from Northeast Ohio, the obsolescence of the City’s older retail areas, and the worldwide downturn in the economy.

Conditions began to improve in 2010. Since then, Solon has enjoyed an influx of new eating establishments, including full service and fast casual restaurants, a wine bar, coffee house and ice cream/frozen yogurt shops. In addition, the redevelopment of Solon Village has attracted new tenants to that plaza and has contributed to leasing activity and improvements at Solon Square and to the Marc’s/Sears/Carter Lumber plaza. Uptown Solon filled a large vacancy caused by the closure of Border’s book store.

Since 2007, owners of fifteen small retail and commercial properties have upgraded their property exteriors in keeping with goals and design standards detailed in the City’s Master Plan.
Eight received incentives to do so. The planned redevelopment of Liberty Ford on Aurora Road will transform a visible retail area.

“Figure 21-5-A” Example of Exterior Upgrade

A property owner upgraded this former veterinary practice which now houses an accounting firm. See “Figure 21-5-A” above.

At the end of 2013, the vacancy rate for retail was approximately 5.5%, down from a high of 12% prior to the redevelopment of Solon Village. As in the industrial district, the office vacancy rate was higher than normal at 11.9% but was much improved from the previous year.

“Chart 21-5-B” Retail/Commercial Vacancy Rates 2004-2013


“Table 21-5-A” illustrates the recent history of types of businesses that are located within the commercially zoned areas of the City, and “Map 21-5-C” depicts the existing vacant commercial and office lots within the City as of March 2013.
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<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
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<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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<tbody>
<tr>
<td><strong>Professional</strong></td>
<td>21%</td>
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<tr>
<td><strong>Retail Sales</strong></td>
<td>22%</td>
<td>21%</td>
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<td>18%</td>
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<tr>
<td><strong>Office</strong></td>
<td>10%</td>
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<td>11%</td>
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<td><strong>Service (Personal)</strong></td>
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<tr>
<td><strong>Auto Service/Sales</strong></td>
<td>6%</td>
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<tr>
<td><strong>Restaurant</strong></td>
<td>13%</td>
<td>14%</td>
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<td><strong>Activity</strong></td>
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<td>3%</td>
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<tr>
<td><strong>School</strong></td>
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<tr>
<td><strong>Lodging</strong></td>
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Source: City of Solon Department of Planning and Community Development
2. RETAIL/COMMERCIAL DISTRICTS - CHALLENGES AND OPPORTUNITIES

Although the retail/commercial districts are enjoying a resurgence, Solon still faces challenges relating to the age of some of its retail infrastructure, an economy that has not fully recovered from a recession, and extensive retail offerings in surrounding communities. On the other hand, Solon’s strong market demographics, advantageous location, and recent redevelopment activity present opportunities to continue redevelopment and repositioning of the City’s retail areas. A more detailed examination of the major trends, challenges, and opportunities facing the City is provided below. Specific challenges and opportunities are highlighted within the text in “italics”.

A. STATE OF THE ECONOMY

After a few years of retail contraction, the improving economy has led to increased retail activity. In its *U.S. National Retail Report Forecast for 2013*, Kelly & Visconi Associates, a retail real estate firm, noted that certain retail categories are growing, including the following:
Discount stores - outlet centers, dollar stores, off-price apparel chains
Restaurants – fast food, fast casual, luxury
Urban centers with high income, high density population
Drug stores
Grocery stores – organic, upscale, ethnic, discount
Pet supply stores
Sporting goods stores

Traditional grocery stores and mid-value retailers have been slower to rebound from the recession. In general, suburban shopping centers are lagging behind urban centers, but those neighborhood centers anchored by grocery or drug stores should do well. The Kelly & Visconsi report predicts that full recovery of the retail market will follow recovery of the housing market.

These trends are evident in Solon with the construction of an upscale supermarket, the opening of an organic foods grocery store (that subsequently closed), relocation and expansion of an ethnic specialty grocery store and another one underway, recent openings of fast casual and higher end restaurants, the expansion of a pet supply store and the arrival of a new pet supply chain.

Across the United States, “big box” retailers are shrinking in size, while the “junior box” market (20-40,000 sq. ft.) is thriving.

By means of total square footage restrictions in the Solon Zoning Code, Solon chose not to participate in the big box construction boom of prior years. As a result, the presence of big box retailers in neighboring communities had a negative impact on the Solon retail market. Given current trends in favor of smaller store footprints, the shortage of big box facilities (80,000+ sq. ft.) will protect the City from large vacancies experienced by other communities.

B. GROWTH OF E-COMMERCE

According to the January 26, 2011 issue of Online Retailer, “Online sales will average 10% growth over the next five years”. The effect of e-commerce on brick and mortar retail stores is evolving. Although it was first assumed that online sales would replace in store sales, it appears that both types of shopping can complement each other with proper marketing and use of technology. Whatever the ultimate effect of e-commerce may be, restaurants do not compete with Internet shopping and can insulate shopping centers from any negative impact.

In the past ten years, the number of eating establishments in Solon has increased by almost 20% and several restaurants have made improvements to their properties. This is a positive trend that can provide stability to the City’s shopping areas.

C. COMPETITION – In spite of recent improvements in Solon’s retail offerings, Solon’s commercial core still faces competition from more modern retail centers that are located
in surrounding communities. Restaurants and retail establishments located in Beachwood, I-271/Chagrin Blvd., Legacy Village, Hudson, Aurora and Chagrin Falls provide the ambiance and types of goods desired by consumers and have, therefore, attracted many of Solon’s residents. National chain shopping options located in Bainbridge Township have further tapped the Solon market. In addition, a potential new mixed use development in Orange Village would only further diminish the attractiveness of Solon’s retail core to consumers.

With the exception of a few notable retailers located in peripheral commercial areas, Solon has not been perceived as a shopping or dining destination for Solon residents or non-residents. The recent increase in dining options and the redevelopment of Solon Village have begun to alter that perception.

D. RESIDENT DEMOGRAPHICS - Solon’s high average income, well-educated population, and large daytime population are attractive factors to high quality retailers and retail developers and will tend to generate interest in the community. Additional redevelopment will provide opportunities for retailers attracted to this demographic profile. The challenge will be to provide the right mix of businesses to encourage Solon residents to patronize Solon businesses.

E. CONSUMER EXPECTATIONS - Shoppers increasingly seek site amenities and ambiance that combine to create a total “shopping experience”. In addition, consumers prefer the convenience provided by the clustering of a variety of stores within close proximity.

The configurations of two of Solon’s major shopping areas do not adequately address the preferences and expectations of modern consumers. In contrast, interior and exterior improvements completed at Solon Village appear to have improved customer traffic for existing businesses in that plaza.

In the City of Solon 2012 Community Survey that preceded the formation of the goals of this Master Plan, respondents rated “improve selection of goods and services” and “storefront renovation” as the most needed improvements to Solon’s commercial districts. Specifically, respondents cited the number of empty stores, the outdated appearance of the shopping centers, and the lack of grocery store options.

Since 2009, fourteen storefronts in the central commercial districts have been renovated with two more underway, one core shopping center was redeveloped, grocery store options have been upgraded, and retail vacancy rates have decreased considerably. The City has the opportunity to keep the momentum going to address other areas of need.

F. MARKET GAPS VS. AVAILABLE INFRASTRUCTURE - The Chesapeake Group’s 2008 Market Opportunities Analysis indicated several under-represented business operations, or “market gaps”, in Solon. These included, but were not limited to, full service restaurants, clothing and clothing accessory stores, jewelry stores, and gift stores.
Since 2007, the addition of several restaurants has helped fill that particular market gap. However, clothing, accessory stores and gift stores are still limited.

Local commercial real estate professionals confirm a strong interest from specific businesses wishing to establish a presence in Solon. Until recently, the City’s aging retail infrastructure did not adequately serve these retailers’ needs in such crucial areas as store configuration, density, or image. The speed at which Solon Village was leased attests to the impact of providing the desired infrastructure. Although Solon’s retail offerings may never satisfy needs in all retail categories, there is opportunity to increase offerings through the continuation of an effective commercial infrastructure redevelopment program already in progress.

G. CURRENT REDEVELOPMENT ACTIVITY

In many cities, municipal and private investment have been used successfully to encourage development.

It is probably not a coincidence that so many property owners have invested in property upgrades, one property at a time, following the City’s investment in the Center of Town. As well, private investment in Solon Village and the speed at which retail space in Solon Village was leased has attracted the attention of retailers that have not considered Solon in the past or moved from Solon and have now returned. Major upgrades to the Sears/Marc’s Plaza shortly after Solon Village redevelopment was underway speaks to the concept that retail development encourages more retail development.

Although retail activity will continue to be sensitive to fluctuations in the economy in the near term, general market trends and major activity already underway in Solon may encourage further improvements in the City’s retail areas.

3. RETAIL.COMMERCIAL DISTRICTS – RECOMMENDATIONS

Retail business location decisions are primarily driven by the proximity of the proposed business site to a suitable customer base possessing an appropriate demographic profile. Therefore, Solon’s favorable demographics, high quality of life, gaps in the local retail market, and the residents’ expressed desire for improved retail have the potential to attract additional quality retail development. Municipal participation in the form of sound planning and financial assistance will likely be necessary to continue the transformation of properties on the scale necessary to achieve meaningful redevelopment and insure vibrant and viable shopping areas.

The recommendations below are intended to advance the viability of Solon’s retail/commercial districts and promote the redevelopment goals established in the Central Retail District section (Chapter 16) of this Master Plan. It should be noted that a separate strategy is not proposed relating to the office component of the retail/commercial districts because the recommendations that are relevant to retail/commercial uses will be equally effective as applied to the office sector.
A. COMMERCIAL REDEVELOPMENT STRATEGY – It is recommended that the City continue to focus specifically on a strategy of encouraging and facilitating the redevelopment of the Core Shopping Centers, specifically Solon Square and the Sears/Marc’s/Carter Lumber area, in accordance with the design principals established in Chapter 16 of this Master Plan. Redevelopment of these areas will be necessary if the City is to continue to attract quality retailers and restaurants and provide the type of shopping experience that Solon residents desire. Of course, this type of redevelopment can only be accomplished with the active cooperation of the particular property owner(s) in question.

B. STOREFRONT RENOVATIONS – In recent years, exterior improvements have been made to several small properties, as illustrated in “Figure 21-5-B” below. One project at a time, the commercial areas are undergoing transformation. It is recommended that the City continue to encourage smaller scale redevelopment of business units that are located outside of the Core Shopping Centers through the use of incentive programs designed to assist with storefront renovations. Such incentives can be used to encourage more extensive and costly design improvements than might have occurred without incentives.

C. CREATION OF CRITICAL MASS / CLUSTERING – It is recommended that sufficient critical mass and retail clustering be achieved within shopping areas targeted for redevelopment in order to attract quality retail operations. Critical mass is also necessary to change the mindset of residents of Solon and surrounding communities to make Solon a destination for dining and local shopping needs, and thus improving the overall viability of retail within the City.

D. PEDESTRIAN-FRIENDLY AMENITIES – It is recommended that pedestrian-friendly amenities be encouraged throughout the commercial areas, including convenient parking, landscaping, and attractive streetscaping elements. Code flexibility will be needed to permit sidewalk sales and special events to draw shoppers to the retail areas. In recent years, several restaurants have added outdoor dining to their establishments. This trend should be encouraged. An example is the restaurant pictured in “Figure 21-5-C” where a patio was installed to offer outside dining. Plantings and the decorative fencing provide a comfortable atmosphere for customers. The image at right

“Figure 21-5-B” Examples of Storefront Renovations

Source: City of Solon Department of Planning and Community Development

Chapter 21: The Economic Development Plan
City of Solon Master Plan

shows the Historic District paver design which compliments the building’s street appearance.

“Figure 21-5-C” Sgro Building Streetscape Amenities

Source: City of Solon Department of Planning and Community Development

E. MARKETING ASSISTANCE – It is recommended that the City provide marketing assistance to property owners, developers and their real estate agents once specific project plans are approved by the City, and/or buildings or properties become available. While property owners/developers/real estate agents must take the lead in marketing specific properties, the City can provide valuable assistance by making available demographic information and lists of available properties, facilitating meetings between City officials and prospects, communicating with commercial realtors, and by participating in promotional activities as needed to support developers’ marketing efforts. It should be noted that unless the City chooses to own commercial properties, the direct solicitation of retailers and restaurants, independent of the property owners’/developers’ efforts, is not likely to be effective.

As Solon’s retail areas are redeveloped, improved, and populated with businesses, the City’s general marketing efforts should be enhanced to promote Solon’s image as a shopping and dining destination. Solon’s retail areas should be promoted internally to Solon residents by supporting Solon Chamber of Commerce efforts to promote its retail members, programming collaboration with Solon Center for the Arts and local restaurants, media exposure, and use of the City’s web site.

Most shopping areas in the city will continue to be geared toward local residents. However, should future redevelopment include enough incoming businesses with regional appeal, the same strategies that have been used successfully to build Solon’s image as an industrial hub could be used to build a new retail center image with regional appeal. These strategies would include advertising within selected publications and other media, communications with realtors, and use of the City’s web site.

F. INCENTIVE PROGRAMS – In consideration of Solon’s favorable demographics, it is neither necessary nor desirable to offer incentives to attract specific retail businesses to Solon. Direct assistance to retailers can be risky, may not provide long-term benefits, and can breed resentment among existing retailers. This policy
should be re-evaluated if demographic conditions within the City change, or if development in surrounding communities has an escalating negative impact on the viability of Solon’s retail market.

For longer term benefits to the City, it is recommended that commercial incentive programs focus on larger scope issues such as improving real estate values within certain areas, or promoting broad aesthetic improvements. These types of incentives are best directed toward property owners and developers or tenants that bear financial responsibility for such improvements.

The Growth & Revitalization Incentive Program was revised in 2012 to accommodate a higher level of incentives for the redevelopment of a core shopping center. A precedent was set by granting GRIP incentives to the developers of Solon Village. It should be recognized that property owners and developers will likely request similar public assistance if redevelopment of the remaining obsolete core shopping centers is contemplated. Redevelopment of the core shopping centers will likely continue to have positive spill-over benefits, in that it will tend to encourage the upgrading of the City’s smaller retail buildings and strip centers.

The following incentive programs and strategies may be considered in order to assist preferred commercial redevelopment projects in the City. The nature, size, and location of each project will be determining factors as to which assistance programs are most applicable and preferable. Also, legal advice may be needed to determine and negotiate appropriate incentives for large-scale redevelopment projects.

1. **GROWTH & REVITALIZATION INCENTIVE PROGRAM (GRIP)** – As has been demonstrated, the GRIP program is well suited to assist with storefront renovation of small shopping strips and individual buildings. The successful use of the program for the Solon Village redevelopment project indicates that it can also be used to encourage the large-scale redevelopment of other strategically important core shopping centers (see Chapter 16).

2. **TAX INCREMENT FINANCING (TIF)** – In lieu of paying a portion of real estate taxes, Tax Increment Financing allows a property owner to make service payments equal to the amount of exempted taxes to pay for public improvements, such as roads, public parking garages, utility lines, and demolition. A project that is located on property that is owned or leased by the City may also be eligible for TIF exemptions. Exemptions are available for a maximum of 75% of real estate taxes for a maximum period of 10 years. Exemptions may exceed these limits with the permission of the local Board of Education, or with full reimbursement of foregone taxes to the local school district.

3. **COMMUNITY REINVESTMENT AREAS (CRA)** – The establishment of a commercial CRA would enable the city to offer up to 100% exemption of
real estate property taxes for up to 15 years on new commercial construction projects, or up to 100% for 12 years on commercial remodeling projects with a fixed asset investment of at least $5,000. Under certain circumstances, CRA agreements require the approval of the local Board of Education. If a CRA is utilized, the City may want to consider establishing higher minimum investment requirements.

4. **STOREFRONT RENOVATION REBATE PROGRAM** – Cuyahoga County’s Storefront Renovation Rebate Program offers business owners/property owners a rebate for improvements to storefront facades and/or corrections to exterior code violations for that side of the building which faces and is visible from a public street and is used for public access. New program guidelines instituted in 2013 require properties to be located in a County designated Improvement Target Area (ITA) or to be declared blighted by the local building commissioner in keeping with the Ohio Revised Code definition of blight. Solon does not currently have an ITA. Unless the guidelines change, this program will not be an option for most projects.

5. **JOB CREATION GRANT PROGRAM** – The Job Creation Grant Program can be used to attract office tenants to either existing or new buildings. Under current program guidelines, businesses creating within a three year period 1) 50 new jobs or 2) 20 new jobs with $1,000,000 in new payroll are eligible.

6. **PROPERTY ACQUISITION** - Certain options involving property purchase are available to the City in order to promote preferred redevelopment projects. First, the City could purchase strategically important land to be donated, sold, or leased to a developer at a favorable price. This option could also involve the demolition of structures or installation of improvements prior to sale. A variation of this approach would be to acquire property and retain ownership of the land under a ground lease, while the building(s) would be owned by the developer or retailer.

7. **CONSTRUCTION EASEMENTS** – The City could provide incentives for redevelopment through construction easement agreements or licenses, under which public improvements such as street construction, landscape/streetscape projects, or public parking, could be made on private property. For legal reasons, it is likely that such improvements would have to be funded with cash.

8. **WAIVER OF FEES** – The waiver of City fees, such as building permit fees, could be utilized to encourage preferred redevelopment projects in strategically important areas of the City.

9. **STRATEGIC MUNICIPAL IMPROVEMENTS** – The selective use of public dollars for specific capital improvement projects may be used to encourage private sector improvements within certain areas of the City. A good example of this strategy is provided by the City’s
implementation of the “Center of Town Plan” improvements at the corner of Bainbridge and SOM Center Road (See Chapter 16).

10. **SPECIAL IMPROVEMENT DISTRICTS (SID)** – A Special Improvement District allows property owners and merchants within a defined geographic boundary to use the City’s assessment powers to assess themselves. This assessment can be used to maintain and improve the SID. The assessment funds are collected by the City and turned over to the SID. Funds are typically used for security, maintenance, sanitation, marketing, streetscape enhancements, landscaping, decorative lighting, etc. Additional assistance from the City might take the form of seed money to pay for SID start-up costs.

11. **GROUP PURCHASING CONSORTIUMS** – To facilitate projects involving multiple properties under separate ownership, it may be advantageous for the property owners, or the City, to form a consortium in order to negotiate favorable pricing for the purchase and installation of such items as uniform signage, lighting, and streetscaping.

12. **LOAN PROGRAMS** – The City could consider the potential for establishing a linked deposit loan program for the purpose of providing low interest loans for the improvement of properties. Under this type of program, the City would agree to deposit funds that earn a lower than usual interest rate with a local bank. The bank, in turn would offer low interest loans to property owners.

13. **HISTORIC PRESERVATION TAX CREDITS WITHIN THE HISTORIC BUSINESS DISTRICT** – Under federal tax law, property owners may qualify for a 10% tax credit for the substantial rehabilitation of non-historic structures built before 1936. Buildings must be rehabilitated for non-residential purposes to be eligible. This program may be useful to encourage redevelopment and improvements within the City’s historic business district.

14. **NAMING RIGHTS** – The City could consider selling naming rights to companies and individuals for public greenspaces within redevelopment projects. Proceeds could be used for the general creation and maintenance of greenspaces, as well as to help pay for the greenspace components of redevelopment projects.
SECTION 6

MISCELLANEOUS ECONOMIC DEVELOPMENT RECOMMENDATIONS

The following general Economic Development recommendations are intended to promote sound practices in all phases of the City’s business retention and attraction activities.

1. **PROACTIVELY IDENTIFY ISSUES OF CONCERN** - The City should continue to identify and resolve issues of concern to the business community through its various programs. This will help the City to correct problems before they affect the viability of our commercial/industrial base.

2. **STREAMLINE REVIEW PROCEDURES** - The City should continue streamlining site plan and building permit review procedures to the extent possible. Consideration should be given to the development of a one-stop, on-line permitting process. Furthermore, it is advisable for administrative staff to be empowered to grant approvals for minor projects. It is essential that an effective balance be struck between a thorough, professional site plan review process that protects the community and a business friendly process that accommodates the needs of our commercial/industrial residents.

3. **CITY SERVICES** - Solon has a well earned reputation for providing excellent city services, including police and fire protection, infrastructure maintenance, and recreation. This should continue to be a priority, as city services are an underestimated but important factor in business retention decisions.

4. **INTERDEPARTMENTAL COMMUNICATION** - City staff must continue to foster and improve the effectiveness of interdepartmental communications regarding business projects. Appropriate communication is a simple way to expedite project reviews to the fullest extent possible.

5. **BUSINESS APPRECIATION** - One of the keys to Solon’s past economic success has been a clear understanding by successive Administrations and City Councils of the importance of the business base to the overall well-being of our community. As public officials and staff change, it is important to carry on Solon’s business friendly attitude. Therefore, all City employees, boards, and commissions that deal with businesses should be periodically reminded of the importance of the business community to Solon’s welfare and encouraged to make business residents feel welcome. In essence, business appreciation should be integrated into the cultural fabric of the City.
6. **CITY/CHAMBER OF COMMERCE PARTNERSHIP** - Collaboration between the City and the Solon Chamber of Commerce should be continued and strengthened. Considering the success and effectiveness of existing City/Chamber programs, such as the business visitation program, job fairs, International/Industrial Roundtable, State-of-the City address, and web site marketing of available properties, continued joint programming should be encouraged. In addition, input from the Chamber should be actively sought regarding topical issues that impact the business community. Finally, Council and Administration attendance at Chamber events should be encouraged, as should Chamber attendance at City Council and Planning Commission meetings.

7. **ECONOMIC DEVELOPMENT RELATED TO THE COMMUNITY AS A WHOLE** - The City must remain cognizant that businesses are attracted to the total community and are not necessarily focused only on specific business sites and incentives. Quality housing, excellent schools and recreational and cultural opportunities are obviously attractive to potential residents. One of the primary reasons that businesses locate in Solon is because company executives reside in the City. Therefore, the continued success of the community is reliant upon the supportive interaction of city government, business leaders, school officials, and residents.

8. **RELATIONSHIPS WITH REGIONAL ECONOMIC DEVELOPMENT ORGANIZATIONS** - The City should continue to foster close working relationships with regional economic development agencies that provide services for businesses and deal with business attraction and retention. Key economic development agencies include the Ohio Development Services Agency, JobsOhio, Team NEO, Cuyahoga County Department of Development, Greater Cleveland Partnership, Solon Chamber of Commerce, workforce training divisions of local colleges and universities, and the utility companies. Productive activities may include attendance at seminars sponsored by these agencies, co-sponsoring business events, working with specific prospects, and regular formal and informal communications.
Solon rose to economic development prominence at a time when few communities were actively involved in business attraction efforts. Regional competition was scarce, vacant land was abundant, many businesses had local roots, and global forces had little impact on Solon’s ability to attract new businesses.

All of these conditions have changed, and yet, Solon is still recognized as a leader in economic development. To remain in this enviable position, Solon must continue to pay close attention to the needs of the business community. As business owners tend to locate their businesses close to their homes, Solon’s high quality of life will continue to be a competitive advantage.

Solon weathered the 2008-2009 recession better than most communities. The City continued to attract and industrial and retail redevelopment, expansion and new business projects. After a two-year decrease, income tax revenues rebounded to an all-time high in 2013. However, the City is not immune to the impacts of the general economy, company downsizings, consolidations, closures, and other business decisions that affect communities throughout the region, the country, and the world. Although some forces are beyond the City’s control, continued marketing efforts and planning for the future will help to keep Solon well positioned for continued success.

City leaders must face the future with flexibility and inventiveness. They must think globally while also increasing the attention paid to businesses already located within Solon’s borders. Redevelopment, rather than the development of vacant land, will provide the majority of the opportunities of the future. Ongoing communication and cooperation among city officials and business executives, employees, residents, school officials, developers, the real estate community, and regional economic development organizations will be essential. These activities will help Solon preserve and enhance the amenities that have successfully attracted both residents and businesses in the past – excellent city services, superior public schools, diverse recreational and cultural offerings, convenient shopping, desirable neighborhoods, attractive business districts, and a safe environment.
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