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January 10, 2013

The Honorable Paul LePage
Governor of the State of Maine
State House Station #1
Augusta, Maine 04330

Subject: Annual Report of MRRA

Dear Governor LePage:

Pursuant to 5 MRSA §13083-S, I am writing to advise you of the activities of the Midcoast Regional Redevelopment Authority (MRRA) for the year ending December 31, 2012, at the completion of our fourth year of operation.

The highlights of 2012 include:

- ❑ MRRA has received over 1,554.18 acres of property conveyances to date (74% of total).
- ❑ MRRA operated a fully operational regional airport.
- ❑ Southern Maine Community College has established a vibrant Midcoast Campus to focus on business needs in this region. It has a current enrollment of nearly 400 students with a goal of expanding to about 3,000, and has developed a strong partnership with the University of Maine.
- ❑ Over 20 business entities now call Brunswick Landing home. More than 150 jobs have been created with the projection of an additional 350 just from these companies. These businesses currently lease 289,000 square feet of space, which has exceeded the historic annual real estate absorption rate for commercial/ industrial property in the region by a factor of three.
- ❑ There is also a 79,000-square foot state-of-the-art manufacturing facility under construction for Mölnlycke Health Care, which will begin operation next summer.
- ❑ Cumulatively, private investment in these activities is more than \$100 million.
- ❑ There are more than 100 current construction and maintenance jobs on the property.
- ❑ To aid its redevelopment efforts, Brunswick Landing recently received notification of its acceptance as a Foreign Trade Zone from the U.S. Department of Commerce (FTZ Zone 282).
- ❑ On May 3, MRRA sold 245 acres of land and a School Age Childcare Center to Affordable Midcoast Housing to enable the subsequent sale and lease of the former military housing units to young families in Brunswick and Topsham. To date, nearly 28 units have been purchased in the McKean Street neighborhood, and the remaining units are over 90 percent occupied.

- ❑ Since January 2011, MRRRA has paid nearly \$5.5 million to state and local contractors. In addition, MRRRA and its business tenants will pay more than \$450,000 in real estate and personal property taxes to the town of Brunswick this fiscal year.
- ❑ Investment of over \$1.7 million this year in transitioning the airfield into a civilian General Aviation Airport.
- ❑ Hosted the second International Fly In and second civilian Great State of Maine Air Show highlighting Maine's aviation sector.

The statute requires that the report must address the following issues for the previous year:

A. Description of the Authority's operations

The year 2012 was another busy, challenging and productive year for MRRRA. As a state, we continued to wrestle with an economy that is stagnant and the closure of NASB only compounds the challenges facing Maine and the Midcoast region. Despite these challenges, MRRRA continues to work hard to enhance the redevelopment of Brunswick Landing and Topsham Commerce Park and to be a catalyst for the State's economic recovery. Our business development efforts continue to focus on quality job creation in several targeted industries: aviation/aeronautics, renewable energy, composites, information technology, tourism, and higher education.

This past year's accomplishments include:

- ❑ In February there was national press attention to Kestrel Aircraft's decision to locate the manufacturing part of its operation in Superior, Wisconsin. While MRRRA was certainly disappointed that it could not put together a package that could win over the whole complement of the Kestrel facility, we are encouraged that Kestrel will still have a major presence in Brunswick. Hangar 6 will serve as their design, finishing and sales facility; some the higher paying and higher skilled workforce. They still expect to employ about one hundred.
- ❑ In late February MRRRA learned that it was not selected to be an allocatee for the 2012 round of the United States Treasury Department's New Market Tax Credit program. While disappointed, MRRRA's small geographic area compared to other applicants representing multi-state, statewide or some of the largest American cities, made our application less competitive. In the meantime, we have been in working with several of the successful federal and State allocatees for future projects at Brunswick Landing.
- ❑ The Board of Trustees authorized the sale of approximately 245 acres of property and the School Age Childcare Center to Affordable Midcoast Housing and the purchase of twelve housing units along Admiral Fitch Avenue (commonly known as the Station Quarters) and one on Bath Road for a net sale price of \$2,374,980. The closing was held on May 3.
- ❑ Maine School Administrative District (MSAD) #75 discovered that approximately 14 acres at the Topsham Commerce Park identified in its PBC application had a leasehold encumbrance that would be transferred to a private corporation. The Federal Department of Education advised MSAD #75 that it would not support the transfer of the property with such an encumbrance. MRRRA devised a work-out scenario, where the school district would abandon

its PBC request and MRRA added the property to its EDC request. MRRA would then convey the vast majority of it to the school district and a small sliver of land to Affordable Midcoast Housing adjacent to the housing development.

- ❑ In December the Town of Brunswick approved a minor zoning map change amendment to change approximately 27.5 acres of land that will be retained by MRRA from residential land use district to community mixed use (this does not preclude residential). The change will permit MRRA to sell and/or lease the property for higher value commercial and office use.
- ❑ The Town also approved a zoning text amendment for a temporary use permit within the professional office district for light manufacturing and warehousing. This gives MRRA a little more flexibility to get the buildings back to adaptive use quicker by having some short term leases until the economy recovers, and it will also give us time to develop our office park. Approval was granted by the Town in December.
- ❑ In addition, the Board authorized staff to seek a zoning text amendment in our Community Mixed Use District to allow light manufacturing. We have been approached by several low intensive manufacturing businesses, such as breweries and brewing pubs which were not allowable uses in the approved zone. Approval was granted by the Town in December.
- ❑ In March the Board authorized the establishment of a *Leasehold Improvement Revolving Loan Program*. This program would be available to tenants to improve our buildings at below current market borrowing rates, which also fills a financing gap that typically poses a fundamental lending challenge in the conventional lending community. The loans will fund permanent tenant leasehold improvements. The loans will require a tenant to leverage non-MRRA funds on a minimum 1:1 ratio. The fund will be capitalized by a portion of the proceeds received from the sale of the housing land to Affordable Midcoast Housing. The loan program doesn't allow for proceeds used to fund personal (equipment) tenant property or business operations. The loan shall not exceed \$50,000 for a term of not more than five years. Ultimately, the loans would improve the value of the buildings owned by MRRA.
- ❑ As part of MRRA's commitment to the green redevelopment of NAS Brunswick and energy efficiency, we have worked in concert with Fraunhofer Center for Sustainable Energy Systems (associated with the Massachusetts Institute of Technology), Dow Corning, Dryvit Inc., Mathews Brothers for the installation of a new high efficient vacuum insulated panels system (siding) which is being installed on building #592 as a demonstration project for buildings in a northern climate.
- ❑ With the inclusion of the Brunswick Executive Airport in the FAA's Military Airport Program (MAP) the federal government in partnership with the State of Maine and MRRA, will be making substantial investments over the next four years to transition the military airfield into a successful general aviation airport. The Board of Trustees authorized awards of bids to repaint airfield markings, complete airfield electrical improvements, and install wildlife fencing and new gates and airfield demolition projects on former military aviation equipment and hardware. FAA investments during 2012 totaled \$1,628,660 with a matching grant from MaineDOT of \$42,860 and a MRRA match of \$42,860.

Future MAP projects scheduled for the airport include construction of General Aviation “T-Hangars,” improvements to airport stormwater systems, installation of wildlife fencing, and various repairs and upgrades to airport buildings and systems.

- ❑ In November of 2011, the Board voted to move the fiscal year from a calendar year basis to a July 1 – June 30 fiscal year. So this year, MacDonald Page & Associates of Augusta, Maine conducted two audits within six months of each other. These two reports represented the fourth and fifth consecutive audits of the MRRA’s Financial Statements that generated clean opinion letters to the Board of Trustees. The auditors noted that MRRA had in place “significant accounting policies” in place that were described in note 1 to the financial statements. The auditors found that “the disclosures in the financial statements are neutral, consistent and clear”. MacDonald Page reported that the Combined Statement of Revenues and Changes in Net Assets now include the Midcoast Regional Redevelopment Authority (all operations – airport, electric, water, sewer and stormwater utilities, MRRA Special Revenue Fund, OEA and grant expenses) as well as those component units which had substantive activity; Brunswick Landing MHC USA, LLC and the Midcoast Charitable Foundation of Maine.
- ❑ MRRA staff and two Board members had been working with the Town of Brunswick staff and three members of the Town Council to structure two Tax Increment Financing (TIF) agreements for Brunswick Landing and Brunswick Executive Airport. At its February 6 meeting, the Brunswick Town Council approved the boundaries of the TIF districts and submitted them to Department of Economic and Community Development (DECD) for designation pending the completion of the Development Program. The two parties continued discussions on the Development Program (eligible uses for TIF proceeds). The Town’s TIF model included an expected revenue of \$151 million of tax revenue over the thirty year period of the TIF agreement, with MRRA receiving a total \$12 million – 8.0% of the total TIF revenue. MRRA’s TIF revenue would have been used to support reinvestment in the infrastructure on base – roads and sidewalks, water, sanitary and stormwater utility delivery and collection systems. On September 4, the Brunswick Town Council voted to terminate the two tax increment financing districts that it had earlier approved and withdrew its application to the State of Maine. The MRRA Board will be reviewing and revising its five year financial model and capital improvement budget in light of this new development.
- ❑ On August 24, 25 and 26 MRRA held the second Great State of Maine Air Show. The Air Show, MRRA and the Brunswick Executive Airport received excellent coverage in the local media. The air show hosted the Maine Gold Star Families at Friday’s show and special fireworks show Friday evening. It also hosted a group of “wounded warriors” participating in the Veterans/No Boundaries program through Maine Adaptive Sports and Recreation and a small group of WWII vets from the Maine Veteran’s Home. Twenty non-profit groups participated in the air show, providing over 360 volunteers to staff concessions, parking and chalet areas that will result in a contribution of over \$20,000 to those organizations. An additional \$10,000 in community grants will be provided through MRRA’s subsidiary charity, the Midcoast Charitable Foundation of Maine.
- ❑ In August, the Navy notified MRRA that a Finding of Suitability to Transfer (FOST) had been approved by the regulators for about 101 acres. The acreage includes land around the ball fields, the one-plus-one units, the former gas station, EDC land reserved for the Army National Guard, and the Topsham Annex (except buildings 385 and 388). A corresponding

deed and transfer was signed by the Navy and MRRRA officials on September 20, 2012. Since the approval of the Public Benefit Conveyance and the signing of the Economic Development Conveyance Purchase and Sale Agreement in 2011, the Navy has conveyed 1,507.68 acres of land at Brunswick Landing and 46.5 acres at the Topsham Commerce Park, totaling approximately 1,554.18 acres of the 2,088 acres we are slated to receive.

- ❑ MRRRA has been advised that the FAA decided not to take possession of the former control tower on the west side of the property so MRRRA plans to acquire it through the airport PBC. So that the facility is accessible from airport property, the Town of Brunswick has agreed to give MRRRA 4.76 acres in its REC-1 land in exchange for MRRRA giving the Town 4.76 acres on the southwest side of the property abutting MRRRA's AIR-2 land and the Town's REC-4 land. On September 26, the Board amended the PBC conveyance request to the Navy and requested the tower facility (building 231). Bowdoin College will be requesting that the former transmitter site and the radar site be added to its PBC form the Department of Education.
- ❑ On September 7, the Foreign Trade Zone officially granted MRRRA FTZ Grantee status as Foreign Trade Zone No. 282 and designated 394 acres at Brunswick Landing as a Foreign Trade Zone (FTZ). The FTZ program helps U.S.-based manufacturing operations by removing certain disincentives associated with manufacturing in the United States. The duty on a product manufactured abroad and imported into the U.S. is assessed on the finished product rather than on its individual parts, materials or components. For U.S.-based companies involved in international trade, the FTZ program provides a means of improving their competitive position vis-à-vis their counterparts abroad. The fundamental benefit offered by the FTZ program is the ability to defer, reduce or even eliminate customs duties on products admitted into the zone.
- ❑ We have been advised by the Town of Brunswick Fire Department that we will not be able to hold temporary and incidental assemblies in Hangar 5 unless MRRRA installs a significant number of additional bathroom facilities and new doors to accommodate large crowds. The cost of adding these additional facilities is estimated to be \$750,000 to \$1 million and is not justifiable for those temporary uses. In light of the above, we are no longer accepting inquiries for special events in this hangar. To date, we have turned away at least fourteen major events for the hangar and it's not likely that we will be able to hold a Fly-in next year.
- ❑ In August, MRRRA was notified that the State of Maine had temporarily suspended authorization for drawdowns from the \$3.25 million State Bond Issue approved by the voters of Maine for investment property acquisition cost and capital infrastructure at the former NAS Brunswick and Topsham Annex facilities. To date \$2,857,466 has been drawn to support improvements to hangars 5 and 6 and demolition of an old Navy warehouse and utility extensions to support the construction of the new Mönlycke Healthcare facility, repair of HVAC systems in the former Wing Headquarters building that is now home to Oxford Data Networks. This \$2.8 million investment has leveraged more than \$100 million in capital investment as well \$2 million in wages, 50 jobs.
- ❑ On September 14, the Office of Economic Adjustment and MRRRA signed a Grant Agreement approving a budget of \$1,485,800 for FY 2013 retroactive to July 1, 2012.

- ❑ MRRRA staff has been working with the Town staff and a community-wide stakeholders group to develop a recreation, trails and open space management plan for the properties to be acquired by the Town. The plan also identifies a perimeter trail system on the former base property that was envisioned as part of the reuse plan, which will utilize some of MRRRA owned existing roads and trail systems. An initial public meeting was held on the concept plan on September 18.
- ❑ On September 26, the Board of Trustees authorized the Executive Director to execute a Purchase and Sale Agreement and associated closing documents with Affordable Mid Coast Housing for the sale of the former Navy Gateway Inn, a 248 unit hotel facility and the 191 unit Bachelor Enlisted Quarters for a total sale price of \$6 million.
- ❑ MRRRA staff has been working with the Topsham Town staff to establish a process going forward to realize the rapid redevelopment of the 12.58 acre parcel commonly known as the Military Triangle. In December MRRRA issued a Request for Development Proposals that was advertised and mailed to thirty developers. Proposals are due January 31, 2013.
- ❑ MRRRA entered into a one-year power purchase agreement with Constellation NewEnergy through Maine PowerOptions to purchase 100% of the electricity required for Brunswick Landing from renewable generation. Under a program called NewMix Wind Renewable Energy Certificates, MRRRA is purchasing Green-e Energy Certified electricity from wind generating facilities located within the continental United States. Purchasing this Green-e certified energy demonstrates MRRRA's support for operation and development of renewable power plants, reduces our greenhouse gas emissions and provides MRRRA with stable, predictable electricity pricing.
- ❑ On November 5, the *Bangor Daily News* published an editorial siting Brunswick Landing as a Maine model for how economic development should be done.
- ❑ MRRRA entered into an agreement with PEMCO & Co., LLC to replace 305 existing street and parking lot lights at Brunswick Landing, many of which are nearing the end of their useful life, with a new system of 270 more efficient LED fixtures. PEMCO has designed and is financing and implementing the new lighting system. PEMCO will handle all maintenance and metering/monitoring over the 10-year term of the agreement. Installation of the new lighting under this project is projected to reduce the energy consumed by street and parking lot lighting at Brunswick Landing by over 300,000 kWh per year (68%).



- ❑ As a result of funding and support of the Office of Economic Adjustment, MRRRA hired Michael Russo as a Bookkeeper. Michael recently graduated with a Master's in Public Administration from the University of Maine. MRRRA also hired Joshua Breau, MRRRA's new assistant Public Works and Utilities Manager.
- ❑ At its Annual Meeting in November the Board reappointed its existing officers to a consecutive term of office.
- ❑ As of December 31, 2012, the following entities are doing business at Brunswick Landing:

Open for Business

- American Bureau of Shipping
- BluSource
- Bowdoin College
- Brunswick Naval Aviation Museum
- Brunswick Sewer District
- Flight Level Aviation
- Goodwill Industries NNE
- Great Island Boat Yard
- Integrated Marine Systems
- Kestrel Aircraft Company
- Lee Auto
- Maine Coastal Flight
- Maine DECD
- Maine Technology Institute
- Maine Tool and Machine
- Harris Golf
- Mölnlycke Health Care
- New England Tent and Awning
- Oxford Networks
- Savi Solutions
- Southern Maine Community College
- University of Maine College of Engineering

B. An accounting of the Authority's receipts and expenditures, assets and liabilities at the end of its fiscal year

Please find attached an Unaudited Financial Report for the year ending December 31, 2012, including a balance sheet and budget report. A copy of the final Audited Financial Statement and Single Audit Act Report for the period ending December 31, 2011 was submitted to your office last spring. Please find attached a copy of the audited Financial Statements for the period ending June 30, 2012. These have already been presented to office of the State Controller for inclusion in the State financials for the period ending June 30.

It should be noted that MRRRA does not receive a state appropriation as part of the General Fund Budget. MRRRA's funds come from a combination of funds from the Office of Economic Adjustment

within the United States Department of Defense and revenues from leases. Capital improvements projects are funded from a combination of aviation capital improvement funds from Maine DOT, the Federal Aviation Administration and the federal Economic Development Administration within the Department of Commerce. Capital funds have also been provided by a \$3.25 million bond issue approved by the voters of Maine in 2009.

C. A listing of all property transactions pursuant to Section 13083-K

On February 7, 2011 the Navy and MRRRA and signed the airport Public Benefit Conveyance (PBC) for 990 acres, including three hangars, a number of aviation related support buildings and revenue producing facilities for the airport. The conveyance will come over time as properties as only properties that are determined to be “clean” through a Finding of Suitability to Transfer (FOST) can be transferred from the Navy. Accordingly, not all the properties will be conveyed at the same time, but in phases as clean-up continues and FOSTs are issued. As of December 31, 2012 MRRRA has received a total of 934.62 acres of airfield property and 31 buildings.

Public Benefit Conveyance Transfers	2011	2012	Total
Airport parcels (acres)	715.51	219.11	934.62
Airport hangars and Buildings	13	18	31

In 2012 the Navy transferred 219.11 acres of land to MRRRA with an estimated value of \$2.769 million and 18 buildings with an estimated value of \$2.682 million. As a condition of transfer from the Federal Aviation Administration and the Navy, land and buildings within the Airport property cannot be sold.

On September 14, 2011 the Navy signed a *Non-Binding Summary of the Acquisition Terms and Conditions for the Naval Air Station Brunswick, Maine by and between the United States of America and the Midcoast Regional Redevelopment Authority* (i.e. term sheet) for a total of 1,098 acres. MRRRA accepted a deed for the first 258 acres of property on September 29, 2011. As of December 31, 2012, MRRRA has received a total of 619.56 acres and 72 buildings.

Economic Development Conveyance Transfers	2011	2012	Total
EDC parcels (acres)	204.69	414.87	619.56
EDC buildings	16	56	72

During 2012, MRRRA received the transfer of 414.87 acres with an estimated value of \$10.374 million, and 56 buildings with an estimated value of \$27.589 million. The covenants we agreed to with the Economic Development Conveyance from the United States Government that requires all sales and leases of property be at market rate. MRRRA will also be required to pay a note of \$3.0 million beginning in 2014 and share for the next 20 years in a 25% gross revenue sharing agreement above the first \$7.0 received by MRRRA from sale or lease revenue with the United States Navy.

In summary MRRRA manages a total of 1,554.18 acres and all of the associated utilities serving those parcels – streets and sidewalks, street lights, traffic signals, electricity, water, sewer and stormwater utilities. MRRRA is also responsible for the marketing, lease and management of 103 buildings.

Total Property Transfers	2011	2012	Total
Land (acres)	920.20	633.98	1,554.18
Buildings	29	74	103

MARRA currently leases 289,000 square feet of space, which has exceeded the historic annual real estate absorption rate for commercial/ industrial property in the region by a factor of three. There is also a 79,000-square foot state-of-the-art manufacturing facility under construction for Mölnlycke Health Care, which will open its doors in the spring of 2013. Cumulatively, private investment in these activities is more than \$100 million so far. And there are more than 100 current construction and maintenance jobs on the property.

On May 3, MARRA sold 245 acres of land and a School Age Childcare Center to Affordable Midcoast Housing for \$2,374,980 to enable the subsequent sale and lease of the former military housing units to young families in Brunswick and Topsham. To date, nearly 28 units have been purchased in the McKean Street neighborhood, and the remaining units are over 90 percent occupied. In the transaction MARRA purchased twelve homes along Admiral Fitch Avenue and one on Bath Road. All but four of these homes will be demolished to make room for commercial mixed use purposes. Two of the four homes are currently being rented.

D. An accounting of all activities of any special utility district formed under Section 13083-L

In September of 2011 the Navy transferred all utilities on the base, including the potable water distribution system, the sewer collection and pump station assets, stormwater collection system and the electrical distribution system. We have inherited the Navy’s utility systems, but without the financial wherewithal of the federal government. We are faced with competing needs to (a) maintain service to the businesses, organizations and residential properties located on our properties and (b) provide for the sufficient funding to maintain and repair the utility system at Brunswick Landing. On October 1, 2011 MARRA began providing electrical distribution services, water and sewer/stormwater services to our tenants and through a Tenancy in Common Agreement with those who own property on the base (currently Southern Maine Community College and the United States Navy, Affordable Midcoast Housing).

MARRA entered into a one-year power purchase agreement with Constellation NewEnergy through Maine PowerOptions to purchase 100% of the electricity required for Brunswick Landing from renewable generation. Under a program called NewMix Wind Renewable Energy Certificates, MARRA is purchasing Green-e Energy Certified electricity from wind generating facilities located within the continental United States. Purchasing this Green-e certified energy demonstrates MARRA’s support for operation and development of renewable power plants, reduces our greenhouse gas emissions and provides MARRA with stable, predictable electricity pricing.

MARRA entered into an agreement with PEMCO & Co., LLC to replace 305 existing street and parking lot lights at Brunswick Landing, many of which are nearing the end of their useful life, with a new system of 270 more efficient LED fixtures. PEMCO has designed and is financing and implementing the new lighting system. PEMCO will handle all maintenance and metering/monitoring over the 10-year term of the agreement. Installation of the new lighting under this project is projected to reduce the energy consumed by street and parking lot lighting at Brunswick Landing by over 300,000 kWh per year (68%).

This year also marked MRRA's second year of operation of a regional general aviation airport which is becoming a great asset for the Midcoast region, with over 1,000 takeoffs and landings, just this year. With the inclusion of the Brunswick Executive Airport in the FAA's Military Airport Program (MAP) the federal government in partnership with the State of Maine and MRRA, made substantial investments this year at the airport including repainting of airfield markings, installation of new energy efficient LED runway and taxi lights, new wildlife fence installation and new airfield gates for pilots. FAA investments during 2012 totaled \$1,628,660 with a matching grant from MaineDOT of \$42,860 and a MRRA match of \$42,860.

E. A listing of any property acquired by eminent domain under Section 13083-N

No property was acquired by MRRA through its powers of eminent domain.

F. A listing of any bonds issued during the fiscal year under section 13083-I

MRRA did not issue any bonds during 2012.

The voters of Maine, however, approved a state transportation improvement bond which included \$500,000 for investment in aviation facilities at the airport facility in Brunswick. These funds are being used as the local match for FAA Military Airport Program investments at Brunswick Executive Airport. Each dollar of state investment leverages \$38 from the FAA and another \$1 from MRRA.

The State Legislature and the voters of Maine also approved a bond referendum for \$3.25 million to address Americans with Disabilities Act deficiencies at base buildings, utility meter upgrades, and building removals and other public improvements to support base redevelopment and job creation. As of December 31, 2012, MRRA has drawdown \$2,857,466.

While not a bond, MRRA through one its affiliates, the Brunswick Landing MHC USA LLC borrowed \$10.3 million from Bangor Savings Bank and a new market tax credit investment of \$4.0 from Wells Fargo Bank last year (December 29, 2011) to finance the construction of an 80,000 square foot "build to suit" manufacturing facility for Molnlycke Healthcare at Brunswick Landing. When completed Molnlycke Healthcare anticipates a workforce of starting at 45 and expected to grow to approximately 87 in a couple of years. Molnlycke expects to be in production in the summer of 2013.

G. A statement of the Authority's proposed and projected activities for the ensuing year

Please find attached a copy of the 2013 Work Plan.

H. Recommendations regarding further actions that may be suitable for achieving the purposes of this article

Finally, the actual realization of new jobs and the timing of such at NASB will be dependent on several factors, including, but not limited to: receipt of successful and timely conveyances from the Federal Aviation Administration and Navy for hangar 4 and buildings 200 and 250 to support the

airport operation, the condition and stability of the national and local economic markets; and the availability of sufficient financial resources for property management, security and operations, infrastructure, property improvements and marketing.

Successful redevelopment of closed bases is a very long-term proposition, which requires substantial public and private resources and patience. A key element in successful base redevelopment efforts is the level of support provided by the local, state and federal governments.

With the leadership and broad support of the Maine Legislature the voters of Maine approved an \$8.0 million bond issue to support the redevelopment effort. This bond included \$3.25 million to support investment in infrastructure replacement/ upgrades and building upgrades to meet civilian reuse and \$4.75 million for Southern Maine Community College to rehab buildings as NAS Brunswick. The bond has been an important key this past year to our ability to bring new businesses to Brunswick Landing. As mentioned earlier, MRRA has drawn down 88% of those funds. The remaining balance has been frozen we have been told until 2014. The remaining \$392,534 would certainly be helpful in maintaining and transforming some of the 74 buildings that we have acquired just over the last calendar year.

In addition to the bond issue for capital projects, the State of Maine adopted two additional pieces of legislation that will be key to ensuring the rapid and successful redevelopment of NAS Brunswick. The first is the Brunswick Naval Air Station Job Increment Financing Fund that was established in 2009 to direct a portion of new state income taxes from jobs created at the former NAS Brunswick and Topsham Annex back to MRRA and Southern Maine Community College. This economic development tool is a performance based tool; meaning that the greater the number of job created and the higher the incomes of those jobs, the greater the revenue to support base redevelopment and expansion of the programming at the Brunswick campus of SMCC.

The second new tool, which already has had a significant statewide impact, is the Legislature's decision to exempt all aircraft and repair parts for aircraft for the period of July 1, 2011 through June 30, 2015. The State's previous policy created a "black mark" on the State of Maine by the aviation community as place to avoid as an aviation destination or to conduct business. This decision has had a statewide impact on growth in the aviation sector. This change in the law has also provided the impetus for the Brunswick Executive Airport to lead an initiative, with supportive funding from the Maine Office of Tourism, to develop the Maine Flying Trail to help promote Maine to the flying public as an aviation destination. We would encourage the State of Maine to pass legislation that would remove the sunset provision of this law.

Finally, MRRA would encourage the Governor and Legislature to clarify the definition of *airport or aeronautical purposes* for property tax purposes in 36 MRSA §651 so that the law is consistently applied across the State of Maine. Currently some Maine towns and cities exempt publically owned buildings that lease spaces to aeronautical businesses while others do not, creating an uneven playing field within our own State.

I. A description of the authority's progress toward achieving the goals set forth in section 13083-G:

1. **Short-term goal.** Recover civilian job losses in the primary impact community resulting from the base closure;

2. **Intermediate goal.** Recover economic losses and total job losses in the primary impact community resulting from the base closure; and
3. **Long-term goal.** Facilitate the maximum redevelopment of base properties.

Naval Air Station Brunswick employed 714 civilians at its Brunswick and Topsham sites at the time of the base closure announcement. After just 19 months from the official date of closing the base, there are 163 individuals working at Brunswick Landing with an expectation and commitment by the 14 business to grow that number to upwards of 356 within the next couple of years.

“Of the 25 major military bases closed by the Base Realignment and Closure Commission in 2005, redevelopment efforts at the former Brunswick Naval Air Station are far and away the most advanced.” That’s the assessment of Bryant Monroe, program leader for the Pentagon’s Office of Economic Adjustment. “This round of base closures is particularly tough for a lot of reasons,” says Monroe. “This is taking everyone a lot longer, across the board. For Brunswick (MRRRA) to have gone from ‘ground zero’ — starting with a clean slate of empty buildings and now having 22 tenants at the base — there is no one close to them in that 2005 BRAC portfolio.” (*Maine Business Magazine*, December 10, 2012)



Thank you for your interest and support of this important economic development project for the State of Maine.

Sincerely,

Steven H. Levesque
Executive Director

- cc. John Butera, Governor’s Office
George Gervais, Commissioner, MaineDECD
David Boulter, Director, Legislative Council
Joint Standing Committee on Labor, Commerce, Research and Economic Development
Senator Stan Gerzofsky
Gary Brown, Brunswick Town Manager
Cornell Knight, Topsham Town Manager

MRRA Board of Trustees
Jeffrey K. Jordan, Deputy Executive Director