

# MAINE STATE LEGISLATURE

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January 16, 2020

The Honorable Janet T. Mills  
Governor of the State of Maine  
State House Station #1  
Augusta, Maine 04330

Subject: Annual Report of MRRA for the year ending December 31, 2019

Dear Governor Mills:

Pursuant to 5 MRSA §13083-S, I am writing to update you of the activities of the Midcoast Regional Redevelopment Authority (MRRA) and the remarkable transformation of the former Brunswick Naval Air Station and its Topsham Annex.

The Midcoast Regional Redevelopment Authority, a component unit of the State of Maine, is a municipal corporation created by Maine law, 5 MRSA §13083-G, and charged with the responsibility to acquire and manage property at the former Naval Air Station Brunswick (NAS Brunswick) and the Topsham Annex and to facilitate the rapid redevelopment of properties in order to recover from economic and employment loss as result of base closure. The first meeting of the MRRA Board of Trustees was held on September 27, 2007.

As the following key performance indicators illustrate, the NAS Brunswick redevelopment effort is proceeding on the course originally envisioned by the Reuse Master Plan; however, at a much faster pace than originally projected. We have clearly established Brunswick Landing as *Maine's Center for Innovation* and an incredible asset for the growth of both the Mid-coast and Maine economy. Some of the key success metrics of the redevelopment effort since the base closure include:

- ❑ Over 135 **public and private entities** now call Brunswick Landing and the Topsham Commerce Park home. Nearly 40% of these entities did not exist in Maine before.
- ❑ **2,000 new jobs** have been created to date. It should also be noted that there are 120 Maine Army National Guard members and 124 Marine Corps Reservists assigned to their units at Brunswick Landing. In addition, the L.L. Bean project

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at Brunswick Landing has resulted in the creation of approximately 75 new jobs at the off-site Brunswick manufacturing facility bringing the **total employment to over 2,300.**

- ❑ Current business activity now exceeds **\$110 million in payroll** annually. The state-wide economic multiplier is projected to be a minimum of \$330 million.
- ❑ TechPlace, our new technology business incubator, is home to over **38 early stage technology businesses, with 80 current employees.** Resident businesses exist in all six target business sectors: aerospace, advanced materials, information technology, cleantech, life science and education.
- ❑ Over **\$400 million of private sector investment** has been made along with **\$50 million in public sector investment** in the redevelopment effort.
- ❑ Over \$152,199,200 in new taxable property valuation has been added to the property tax rolls in the town of Brunswick and \$3,931,900 in Topsham generating **new property tax revenues for FY 2020 in Brunswick of \$3,001,368** and \$75,296 in Topsham.
- ❑ Since the approvals of the Public Benefit and Economic Development Conveyances in 2011, the Navy has transferred approximately 1,935.71 acres of the 2,257.92 acres we are slated to receive. MRRA has received 950.09 (75.69%) of the 1,255.32 acres of the non-airport property and 985.62 (98.3%) of the 1,002.6 acres of airport land. Of the 950.09 acres of EDC property received to date, MRRA has sold 506.76 or 53% leaving 1,428.95 acres under management.
- ❑ Since 2011, MRRA has received 79 buildings through an economic development conveyance and 9 more buildings through a lease in furtherance of conveyance. **MRRA has sold 51 buildings and 506.76 acres of land to 15 private sector developers** and several individual businesses for active redevelopment purposes.
- ❑ MRRA currently has 14 tenants renting 63,395 square feet in EDC acquired buildings and 437,444 square feet under lease to 35 airport tenants in ten PBC acquired buildings. In total we have 49 tenants occupying 500,839 square feet of leased space.
- ❑ Fourteen commercial and industrial buildings comprising of 154,040 square feet have been newly constructed or significantly reconstructed. Another professional medical office building is in the planning stages creating a potential of an additional 54,000 square feet. Wild Oats Bakery and Café has also broke



ground for the construction of a new 19,000 square foot manufacturing and retail site expected to open in the fall of 2020.

- ❑ At the end of November, the airport had recorded an estimated 22,799 flight operations for the year to date. This number **exceeded the number of tower operations recorded at the former Naval Air Station Brunswick in 2005**, which was the last year of full squadron operations at the base. Traffic is up over 18% compared to 2018.
- ❑ The combined Southern Maine Community College and University of Maine campus on Brunswick Landing has an enrollment of nearly **1,125 current students in higher education**.
- ❑ When NAS Brunswick closed there were 650 family housing units in Brunswick and Topsham that were owned by GMH Housing on a 50-year land lease with the Navy. Since then 173 units in the McKean Street neighborhood have been sold, 448 other units have been rented at Brunswick Landing or the Topsham Commerce Park. As of the end of November 38 units are available for rent and 8 units are available for sale.
- ❑ **Over 1,100 acres of land has been reserved for conservation** and recreation purposes.
- ❑ Electric power provided to Brunswick Landing customers comes from **100% renewable energy sources**. The campus houses a 1.0-megawatt anaerobic digester which burns methane to generate electricity. In January of 2019, a \$3 million 1.5-megawatt solar farm owned by Diversified Communications began generating electricity for the campus. These two entities have the capacity to generate 75% of the energy needs of the campus with a planned 1-megawatt expansion of the digester 100% of our power needs will be met by on campus renewable sources. MRRA has been recognized as an EPA Green Power Partner.
- ❑ **Over \$3 million has been invested in critical infrastructure** improvements at Brunswick Landing to date with another \$1.5 million in process (electric, wastewater, water and roads).

As a result of this performance, both the Department of Defense and the Association of Defense Communities have recognized the redevelopment of the former NAS Brunswick as the most successful reuse effort of the 26 major bases involved in the current 2005 base closure round.

## **A. Description of the Authority's Operations**

The year 2019 was another busy, challenging and successful year for MRRA. MRRA 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 growth. Our business development efforts continue to focus on quality job creation in several targeted industries: aviation/aeronautics, clean technology, composites, information technology, biotechnology, and education. This past year, MRRA continued its national and international marketing efforts to promote Maine to grow these targeted industry sectors.

The Midcoast Regional Redevelopment Authority reached a number of important milestones in 2019. Consistent with MRRA's adopted **2019 Strategic Business Plan for Brunswick Landing and Topsham Commerce Park**, this past year's performance on those objectives include the following accomplishments:

- ❑ Made significant capital improvements, including airfield paving and repairs, completed construction of new 15,867 square foot box hangar for general aviation purposes.
- ❑ Actively engaged with several aviation prospects and attended several trade show events, including the Sun 'n Fun International Fly in and Exposition in Lakeland, Florida, the National Business Aviation Association Annual conference in Las Vegas, Nevada, the US Sport Aviation Exposition in Sebring, Florida, the New England Venture Summit in Boston, RSA Cyber Security Conference and Exposition in San Francisco, California and the Cyber Security Summit in Boston.
- ❑ On April 3, 2019, the Maine Technology Institute awarded a \$25,000 grant to MRRA to undertake a market study to determine the feasibility of creating the State's first FAA certified Aircraft Maintenance Program. The consultant will evaluate potential student demand, program delivery mode, format, scheduling, and student enrollment and if feasible provide actionable recommendations on how MRRA can successfully launch, promote, grow, and sustain student enrollment.
- ❑ This fiscal year MRRA received a \$150,000 grant from the Office of Economic Adjustment within the Department of Defense to conduct a land use planning effort for 144 acres that will be transferred to MRRA on the west side of Brunswick Landing. The land was made available when Bowdoin College decided to relinquish its Educational Public Benefit Conveyance for this land.

- Since January of 2015, MRRA has operated a 94,609 square foot new technology accelerator and business incubator known as *TechPlace* in building 250 (the former Aviation Intermediate Maintenance Department). *TechPlace* was designed to support innovative manufacturing businesses in the sectors of advanced materials, composites technology, aerospace/aviation, biotech/biomed, IT, and renewable energy.

On February 14, 2019, MRRA cut the ribbon on a new composite manufacturing laboratory funded by a \$495,000 Cluster Initiative Grant from the Maine Technology Institute. This project resulted in the construction of the largest public composites lay-up facility in New England and paint booth. Governor Janet Mills assisted in this ribbon ceremony.



- As of the end of December, we have 38 businesses at *TechPlace* with 80 employees. In addition to our tenants' use of the facility, *TechPlace* has already been utilized by a number of partner organizations for training and networking events.
- Four companies have graduated from *TechPlace* (STARC Systems, HERE Engineering, Don't Panic Consulting Group and Running Tide Technologies), and are growing on the Brunswick Landing campus or in nearby communities.
- BXM hosted Maine ACE Camp's summer program providing 12 middle school aged students opportunities to learn and experience aspects of the aerospace industry.
- This year, the Town completed construction on a new \$2.5 million access road connecting Gurnet Road to Admiral Fitch Avenue. Funding partners included the Town of Brunswick, MRRA, the MaineDOT and private sector developers.



- ❑ On October 28, 2019, Runyon Kersteen and Ouellette (RKO) presented an unmodified (clean opinion) to the MRRRA Board of Trustees on the financial statements for the period ending June 30, 2019.
- ❑ This year the Brunswick Executive Airport completed the following projects funded by a \$6,416,760 grant from the Federal Aviation Administration under the Military Airport Program for upgrades to the following facilities:

FAA Military Airport Funds (Pavement Maintenance) AIP MAP 029	\$200,970
FAA Military Airport Funds (Electrical Improvements) AIP MAP 030	\$330,225
FAA Military Airport Funds (North/South Obstruction) AIP MAP 031	\$1,029,445
FAA Military Airport Funds (Drainage Repairs) AIP MAP 032	\$1,219,320
FAA Military Airport Funds (Box Hangar) AIP MAP 033	\$3,636,800
	<u>\$6,416,760</u>

The Maine Department of Transportation provided a State match to support these five projects in the amount of \$641,676.

- ❑ We are all very excited to welcome several new businesses that have recently chosen to locate and/or expand at Brunswick Landing, including: Bamforth Marine, BoMar Transportation, Bowdoin College, Great Island Boat, Here Engineering, Ocean Renewable Power, Starbird Technologies, Starc Systems, LLC, University of Maine – Augusta, West Maquoit Vinegar Works, Captive Drone Technology, Don't Panic Consulting, Fiddleheads Design Cabinetry, Harpswell Coastal Academy, Introspective Systems, LLC, Lean East, Legacy Aircraft, Ocean Renewable Power Co., Plant and Flask, Seed2Health, Inc., The Maine Extraction, Inc. Sammy Dogs, Bright Beginnings, and Cloud MIS.
- ❑ Martins Point Health Care will be constructing a new 54,000 square foot medical office building on the former SeaBee facility on Allagash Drive, with construction starting in the Spring of 2020. To make room for this project, MRRRA worked quickly to relocate two businesses that were on that site and make the site ready for redevelopment. All-Natural Technologies is leasing a new 3,200 sf building constructed by Wiley Road LLC on Pegasus St., and MRRRA constructed a new 6,200 square facility on the corner of Katahdin and Allagash Drive for Blue Dog Daycare. The Maine Rural Development Authority assisted in the financing of the Blue Dog facility.



***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 period ending December 31, 2019. Also, please find attached a copy of the audited Financial Statements for the period ending June 30, 2019. The audit was conducted by Runyon Kersteen and Ouellette. These documents were presented to office of the State Controller for inclusion in the State financial statements for the period ending June 30, 2019. MRRA received an unmodified (clean audit) opinion letter for a twelfth consecutive year.

It should be noted that MRRA does not receive a state appropriation as part of the General Fund Budget. MRRA's funds come from revenues from property sales, leases, common area maintenance charges and utility customers. MRRA also received this year, \$196,110 from the BNAS Job Tax Increment Financing Fund from the State of Maine.

Capital improvements projects are funded from a combination of aviation capital improvement funds from Maine DOT, the Federal Aviation Administration, tax increment financing revenue from the Town of Brunswick and revenues MRRA raises from property sales, leases, utility customers and common area maintenance charges.

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

On February 7, 2011 the Navy and MRRA signed the airport Public Benefit Conveyance (PBC) Agreement for 992.2 acres, including three large hangars, a number of aviation-related support buildings and revenue-producing facilities for the airport. Through subsequent amendments, the total expected PBC transfer is now 1,002.60 acres. The conveyance of title will come over time as properties that are determined to be "clean" through a Finding of Suitability to Transfer (FOST) and are then deeded from the Navy. Accordingly, not all the properties can be conveyed at the same time, but in phases as clean-up continues and FOSTs are issued. As of December 31, 2019, MRRA has received a total of 985.62 acres of airfield property and 19 buildings containing 627,516 square feet either through a direct deed transfer or Lease in Furtherance of Conveyance. As a condition of transfer from the Federal Aviation Administration and the Navy, land and buildings within the Airport property cannot be sold. MRRA built a 10,000-square foot ten-unit T-Hangar and a 15,000 square foot general aviation hangar bringing the total square footage managed to 652,516. The Navy did not transfer any PBC property in 2019.

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 1,112 acres which would be transferred through an Economic Development Conveyance (EDC). In 2019, the Navy transferred 109.68 acres of land on the westerly side of Brunswick Landing (property formerly designated to be transferred to Bowdoin College). Property is EDC -52 (formerly known as EDU-BC-2A) for 105.34 acres and EDC -54 (formerly EDU-BC-3) of 4.34 acres. In addition, the Navy transferred by Lease in Furtherance of Conveyance building 9, the Public Works Compound consisting of buildings 53, 585 and 590, and 7.84 acres of property adjacent to the transferred buildings.

As part of the EDC Agreement, MRRA agreed to share annually with the Navy 25% of gross revenues from the sale or lease of EDC property after the receipt of the first \$7.0 million. The revenue share remains in place until gross revenues reach \$37.4 million. There is no revenue sharing in excess of \$37.4 million and less than \$42.4 million. The Authority is required to pay the United States Government 50.0% of gross real estate proceeds in excess of \$42.4 million until September 29, 2034. To date, MRRA has paid the United States Government \$8,260,845.

In summary, MRRA currently manages a total of 49 buildings with 791,210 square feet of commercial, industrial and professional office space for lease which includes 12 utility buildings and all of the associated utilities serving those buildings, including streets and sidewalks, street lights, traffic signals, electricity, water, sewer pump stations and stormwater utilities.

On April 5, 2019, MRRA sold 4.71 acres and building 333, the former Army Reserve Building to Sculpin Ledge, LLC, a partnership related to Wicked Joes Coffee and 6.79 acres on Bath Road for the development of a new 54,000 square foot medical office building for Martin's Point Healthcare. This required relocating two tenants of the former Seabee Compound into two newly constructed buildings at Brunswick Landing; for Blue Dog Daycare and All-Natural Technologies.

All the remaining properties at the former NASB and Topsham Annex will be conveyed from the United States Government to MRRA once appropriate environmental clearances are obtained.

### ***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 electrical distribution system, the potable water distribution system, the sewer collection and pump station assets, stormwater collection system. Without the financial wherewithal of the federal government we are faced with the major

challenges associated with providing and maintaining services to the businesses, organizations and residential properties located on our properties and securing sufficient funding needed to maintain and repair the utility system at Brunswick Landing. On October 1, 2011, MRRA began providing electrical distribution services, water and sewer/stormwater services to our tenants and property owners at Brunswick Landing.

This year also marked MRRA's ninth year of operating a regional general aviation airport, which is becoming a great asset for the Midcoast region, with 22,799 takeoffs and landings in the first 11 months of 2019. 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, approved the following projects in 2020:

FAA MAP AIP 034 Taxiway A Repair, Phase 1	\$150,000
FAA MAP AIP 035 Rehabilitate South Apron	\$2,000,000
FAA MAP AIP 036 Rehabilitate Terminal Building	\$500,000
Parking Lot	
	<hr/>
	\$2,650,000

The Maine Department of Transportation provided a State match to support these three projects in the amount of \$265,000.

***D. A listing of any property acquired by eminent domain under Sec. 13083-N***

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

***E. A listing of any bonds issued during the fiscal year under Sec. 13083-I***

MRRA did not issue any bonds during 2019.

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

Please find attached a copy of MRRA's Business Plan.



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

I believe one of the keys to growing Maine's economy is the readiness of our workforce. If we are to be competitive in the international economy, we must have a trained workforce that can meet the demands of that future economy. Business investment decisions both for the growth of existing Maine companies, as well as the attraction of new business activity, are based largely on the quantity and quality of our organic workforce.

I believe our college level programs are starting to better align with the needs of the economy. Clearly, finding opportunities that form additional key partnerships are critically important to our future. I believe one of the areas to consider exploring is the development of a system of four-year technical high schools to better allow us to support the demand for technically skilled people in the future economy.

**I. A description of the MRRA'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; (**Accomplished in 2015**)
2. **Intermediate goal.** Recover economic losses and total job losses in the primary impact community resulting from the base closure (estimated by the State Planning Office at \$140 million); and
3. **Long-term goal.** Facilitate the maximum redevelopment of base properties (Reuse Master Plan estimated full build out potential of nearly 12,000 jobs).

Naval Air Station Brunswick employed 714 civilians at its Brunswick and Topsham sites at the time of the base closure announcement. After just 90 months from the official date of closing the base in May of 2011, there are over 2,000 individuals working at Brunswick Landing; up from 1,700 last year. The key to the success of the redevelopment effort is due, in large part, to the collaborative partnerships engaged in the effort, including, but certainly not limited to, you and the State of Maine, the Towns of Brunswick and Topsham, multiple federal agencies, the U.S. Navy, the businesses and real estate community who have invested into the project, and many others.

So, what's the future look like? We are in the midst of a development boom at Brunswick Landing, with the construction of nearly 250,000 square feet of new office, commercial, manufacturing, aviation hangars and other buildings underway. In addition, 250 new housing units are in the planning stages, with some expected to start

construction in the spring. We are also working with several of our current businesses to accommodate their growth on campus and have several really good business prospects in the works, that will be a good complement to Brunswick Landing and the greater community.

As we look into the future, we want to build on our innovation mindset and the efforts we have already started. We want to truly capitalize on this amazing property the Navy left to us. To that end, we have begun a number of new ventures which build on our current initiatives and maximize the established infrastructure and building assets.

- Utilizing our MRRRA-owned electric system, we plan to have a fully functioning micro-grid, capable of using 100% on-campus generated power, and with the ability to be a secure energy island;
- Utilizing the world class aviation complex, we plan to be the home of a new state-of-art aviation technician school to support our growing aviation industry in the State and a center of innovation for new age aerospace operations, including autonomous vehicles;
- Building on the success of TechPlace, Brunswick Landing will host a new dedicated biotech and life sciences business incubator;
- Brunswick Landing will be a central facility for mission control operations and R&D for the Maine Spaceport program; and
- Brunswick Landing will possess the infrastructure to become fully 5g capable, which will be critical in supporting these new initiatives.

Thank you for your continued interest and support of this important economic development project for the State of Maine, which has become a critical asset to growing Maine's economy.

Sincerely,

  
Steven H. Levesque  
Executive Director

cc. Heather Johnson, Commissioner, Maine DECD  
Grant Pennoyer, Executive Director, Legislative Council  
Joint Standing Committee on Labor, Commerce, Research and Economic Development

Brunswick Legislative Delegation  
Brunswick Town Council  
Topsham Board of Selectman  
John Eldridge, Brunswick Town Manager  
Rich Roedner, Topsham Town Manager  
MRRA Board of Trustees  
Jeffrey K. Jordan, Deputy Executive Director