

MAINE STATE LEGISLATURE

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2016 ANNUAL REPORT

Dear Friends,

This past year has been perhaps the most exciting we've had since the redevelopment of the former Naval Air Station Brunswick began five years ago. Redevelopment activity continued at a blistering pace in 2016 with several new projects that have allowed us to easily surpass many of the short-term goals we set during initial implementation of the Reuse Master Plan. There are now nearly 100 business entities (public and private), including 29 that are new to the State of Maine, doing business at Brunswick Landing and the Topsham Commerce Park.

We are proud to announce that we have resident businesses in each of our six target sectors: aerospace, composites, information technology, biotech, clean tech and education, in addition to other complementary business sectors. Collectively, these entities employ over 1,200 people with a promise of double that number in just a few short years.

Some of the most impactful projects of 2016 include the following:

- Sale of former Navy Building 11 (Navy Exchange Department Store) to Priority Real Estate Group of Topsham. Priority invested more than \$4 million in renovations on the building for Boston-based ecommerce company Wayfair, that will employ up to 500 people to staff its Brunswick Landing B2B operations center.
- TechPlace, Brunswick Landing's Technology Accelerator, now houses 30 businesses and nearly 100 employees. This has occurred in just under two years since MRRA completed renovations in former Navy Building 250 (AIMD facility). Demand for manufacturing space at TechPlace has grown so rapidly that we recently added another 25,000 SF of space to accommodate new tenants.
- Avita of Brunswick is wrapping up a \$15 million construction project that will create a 50-bed memory care facility off Admiral Fitch Avenue. This project has employed more than 100 construction workers and contractors over the past year and the memory care operation will employ dozens more.
- SaviLinx, headquartered at Brunswick Landing, is in the process of doubling its employee count thanks to increased business and new federal contracts. Brunswick native Heather Blease, the company's founder, is in the process of hiring more than 200 new employees to staff the growing contact center company, which also has a facility in Mississippi.
- Village Green Ventures opened its new biogas power plant in the spring. VGV is now generating nearly one megawatt of electricity (about one third of MRRA's current peak load). VGV uses an anaerobic digester,

which breaks down organic waste material, converting it to methane gas used for power production. This project is helping to meet energy demand at Brunswick Landing, which already is sourcing 100 percent of its power from renewable sources.

- Multi-million dollar construction projects continued to transform campus and create jobs in 2016. Several major projects have been completed or are near completion as 2016 comes to a close including: the new Irving convenience store on Bath Road near entrance to Brunswick Landing; a new brewery FlightDeck opening in former indoor small arms range; multiple airport improvement projects (Hangar 6 doors, runway maintenance, hangar lighting replacement projects, roof replacement, insulation); sewer system overhaul; electrical service reliability upgrades to improve transition to a smart grid, and renovations to former Navy fitness center for Bath YMCA.



**From the
Director**

More than \$300 million in private and public sector investments have been made to the former NASB properties over the past 5.5 years. Besides attracting individual business entities, we have been fortunate to attract seven major real estate developers who are acquiring and redeveloping properties at both Brunswick Landing and the Topsham Commerce Park. Additionally, MRRA's efforts are helping boost the local, regional and state economies impacted by base closure. More than \$90 million in valuation has been added to the local tax rolls in Brunswick and Topsham. More than \$2.6 million is being paid in real estate taxes from redevelopment activities in both communities.

Equally important to the economic growth of the region is the success and growth of the Southern Maine Community College (SMCC) campus and Brunswick Executive Airport (BXM). The combined SMCC and University of Maine campus now contains nearly 900 students and staff. BXM is on pace for a record 16,000 flight operations in 2016.

MRRA's staff remains passionate about this project and we're extremely proud of our hard work and success to date in meeting or exceeding many of our short- and mid-term goals. We know there's still a very long ways to go to achieve full build-out and potential of the former NASB properties.

Thank you.

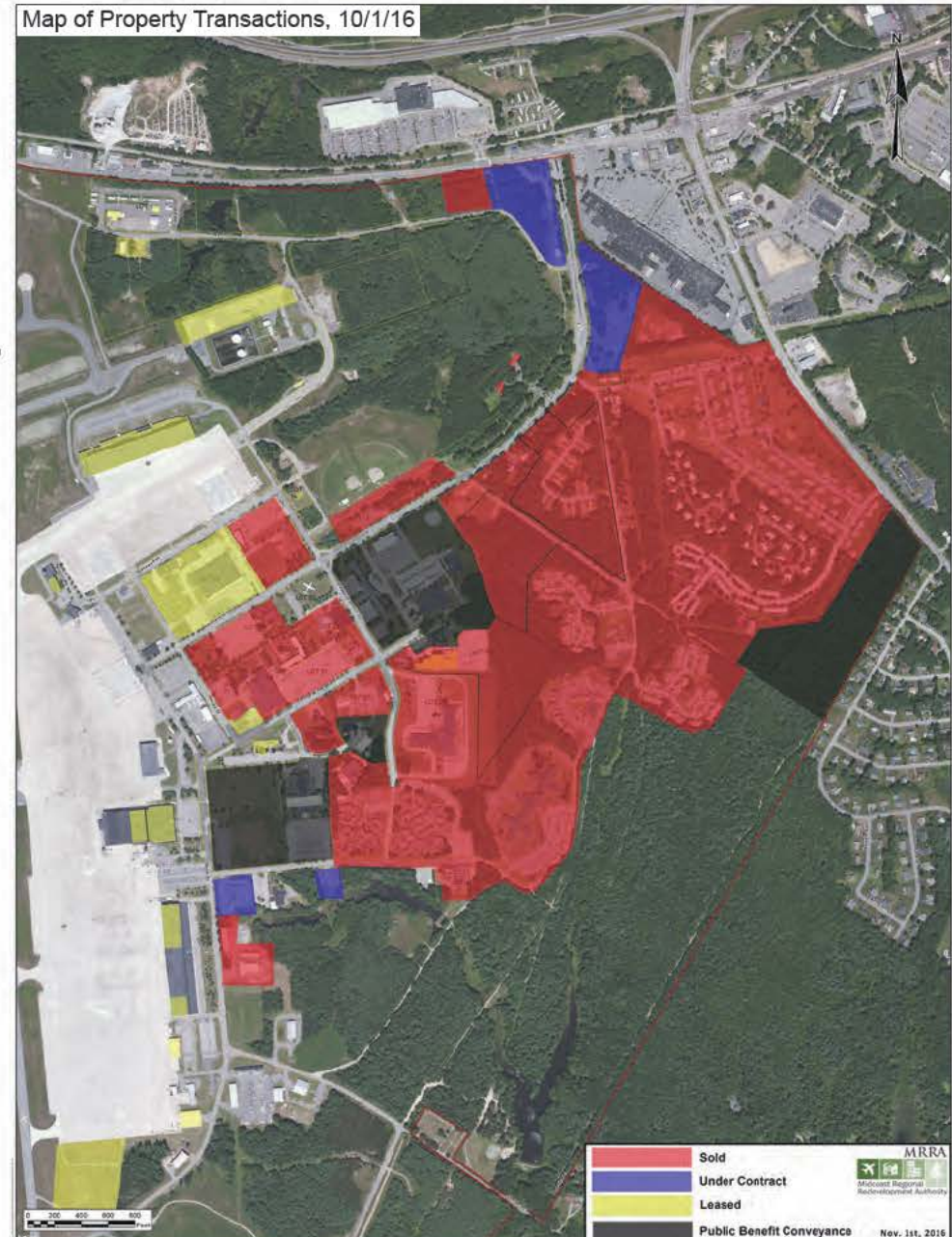
A handwritten signature in black ink, appearing to read "Steven H. Levesque".

Steve Levesque, Executive Director

MRRA SCORECARD

Economic Impacts of Redevelopment Since NASB Closure in 2011

- Entities doing business at Brunswick Landing and TCP: **98**
- **29 new companies to Maine:** Mölnlycke Health Care, ONE Aviation, Oxford Networks Data Center, American Bureau of Shipping, SaviLinx, FlightLevel Aviation, Tempus Jets, Village Green Ventures, Beltane Solar, Blue Dog Daycare, Coastal Landing, InSphero, Wireless Sensors, Greisen Aerospace, STARC Systems, Griffin LLC, SteriZign, Atayne, GHG Underground, MVP Aero, BlueShift Aerospace, FlightDeck Brewery, New Beet Market, Skordo, All Natural Technologies, Wayfair, Field Phyto Nutrients, GoBabe, Skorda.
- Number of new jobs created: **1,200**
- Contracts awarded: **More than \$50 million**
- Private Sector Investment: **More than \$250 million**
- Total New Taxable Property in Brunswick/Topsham: **\$90,000,000**
- Total Property Taxes (2016-17): **More than \$2.6 million**
- Property assets sold by MRRA to private developers for future redevelopment activity:
361 acres, 39 buildings
- Students enrolled at SMCC/UMaine Brunswick Landing campus: **800-plus**
- Air Operations at Brunswick Executive Airport in 2016: **16,000**



2016 ECONOMIC DEVELOPMENT

Redevelopment of the former NASB properties continues to help revitalize the regional economy. As 2016 comes to a close, nearly 100 entities are doing business at Brunswick Landing and Topsham Commerce Park. More than 1,200 jobs have been created and more than \$90 million in valuation has been added to the Towns of Brunswick and Topsham tax rolls.

Manufacturing Boom Continues at TechPlace

TechPlace, Brunswick Landing's Technology Accelerator/Incubator has been open for almost two years. It has quickly filled up with 30 businesses engaged in each of MRRA's target industrial sectors – aerospace, biotech, composites, IT and clean technology. These companies, collectively, employ nearly 100 people. In October, TechPlace opened an additional 25,000 SF of manufacturing space to meet demand.

Several of TechPlace's current tenants are planning to move into the larger space to accommodate growth. Additionally, TechPlace opened a shared bioproduction lab, a shared machine shop with a new 3-axis CNC router and 3D printer for its members to utilize as part of their lease.

Redevelopment Project Attracts More New Companies

New businesses at Brunswick Landing and Topsham Commerce Park for 2016 include: Washburn and Dougherty, Bath YMCA, Spooner Enterprise Law, New Beet Market, Flight Deck Brewing, Avita, Wayfair, Skordo, All Natural Technologies, MVP Aero, Studio V, Krolak Enterprises, New England Oceanographic Labs, Field Phyto Nutrients, BluShift Aerospace, Maine Composites Alliance, and Savoie Composites Solutions. Between them, these companies have created nearly 400 jobs with more in the pipeline for 2017. Wayfair alone expects to hire 500 employees.

Property Deals and Construction Projects

It was another very busy year for real estate transactions and new construction projects at Brunswick Landing. A few notable projects:



Wayfair opened its Brunswick Landing business-to-business offices in June. The \$3 billion e-commerce company plans to hire 500 employees at its Brunswick operations center.

- MRRA sold former Navy Building 11 (Navy Exchange) to Priority Real Estate Group, which renovated the 52,000 SF building and is leasing it to Wayfair.
- Tom Wright purchased Lot 17, which includes former Navy Buildings 223 and 102. The two facilities are being redeveloped as an office building and a craft brewery (Flight Deck Brewing).
- Priority Group purchased Lot 5 along Bath Road and is constructing a convenience store and service station across from Merrymeeting Plaza near the entrance to Brunswick Landing.
- Avita is putting the finishing touches on a 50,000 SF memory care facility, slated to open in early 2017.
- New England Tent and Awning purchased its building (former Navy Building 88) and built a new equipment storage and tent drying facility adjacent to the main building to accommodate growth.
- Frosty's Donuts purchased its building at 119 Orion Street. Frosty's has used the building for the past two years as its wholesale doughnuts manufacturing facility.
- MRRA sold several lots to the Priority Group, including two for the Wayfair project, and two others across from SMCC for future development.
- MRRA also sold Lot 19 and the accompanying former Navy Chapel building to the Brunswick Naval Museum.

2016 BRUNSWICK EXECUTIVE AIRPORT

Brunswick Executive Airport (BXM) has seen significant increases in air traffic since it opened over five years ago, with over 16,000 flight operations forecast in 2016. There are currently 25 aircraft based at BXM. Brunswick Executive Airport has been re-selected to participate in the FAA's Military Airport Program (MAP) for an additional five year period. Current MAP eligibility for the airport extends through Federal Fiscal Year 2020. This program provides special funding to assist airport authorities to convert former military airfields into civilian airports. To date, the airport has received over \$21 million in FAA and State grant funding for these improvements.

Recently completed projects include:

- A new Snow Removal Equipment (SRE) Building was constructed to provide maintenance and storage facilities for the airport SRE.
- The glycol capture system was recommissioned to capture and recycle all aircraft deicing fluids, preventing these fluids from being discharged to the environment.
- Runway 1R/19L centerline lights were removed to decrease airport operating and maintenance costs.
- Concrete and joint repairs were completed on the transient aircraft ramp area.

Current Projects:

- Energy efficient radiant heating and roofing systems will be installed in Hangars 4 and 5.
- Hangar 6 doors are being refurbished to improve safety and reliability.
- An environmental assessment is being conducted to determine any potential environmental impact as a result of future planned capital improvement projects on the airport.
- Renovation of Hangar 4 will be completed with restoration of fire alarm and fire protection systems, demolition of existing shop and maintenance space, and construction of new ADA compliant maintenance and office space.

Future MAP projects include additional energy efficiency and safety improvements to the former Navy hangars, wildlife fence improvements, construction of a new general aviation hangar, repairing airport parking lots, additional storm water drainage improvements, maintenance of airport approach clearances, and removal of several acres of unused pavement.



Brunswick Executive Airport continues to get busier each year with more large corporate jets visiting and 25 based aircraft. 2016 air operations (takeoffs and landings) are on pace to surpass last year's total of 15,000. Aviation fuel sales are also up significantly.



Hangar 6's massive vertical lift door systems were repaired this year to improve safety and reliability as part of BXM's capital improvement program.



Center line runway lights were removed earlier this year as MRRR works to convert the airport to civilian usage.

2016 ENVIRONMENT, UTILITIES AND INFRASTRUCTURE

On-Site Electricity Generation Goes Live

Village Green Ventures (VGV) has gone operational with their anaerobic digester and associated “green energy” generation facility at Brunswick Landing.

The facility, located on a 4.25 acre parcel on the south end of the parking apron of Brunswick Executive Airport, began generating electricity in April 2016.

The facility is currently generating about 30 percent of the electricity required daily at Brunswick Landing. This project is an exciting concept and consistent with MRRA’s mission and redevelopment plan for a renewable energy center at the Brunswick Landing.

Brunswick Landing Electrical Distribution System Improvements

MRRA recently completed a major capital improvement project to upgrade the primary incoming feeder and main electrical distribution center to improve reliability and performance of the Brunswick Landing electrical grid. The scope of the upgrade project included the demolition of the existing pad-mounted “substation” at the corner of Admiral Fitch Avenue and Pegasus Street and replacing it with four new overhead reclosers. The new advanced reclosers have automated controls which will allow for additional flexibility in coordinating with Central Maine Power as well as form the basis for the development of a smart microgrid on the Brunswick Landing campus.

Brunswick Landing Improvements

As part of MRRA’s on-going improvement efforts at Brunswick Landing, several buildings determined to be not suitable for redevelopment or too costly to repurpose for civilian re-use were demolished. MRRA demolished Buildings 292, 252, and 32. Building 292, the former Air Station Fire House, was demolished to make way for future airport facilities. Building 252 (the former Transportation Maintenance garage between Orion Street and Pelican Avenue) was demolished to make way for a new parking lot to support one of Brunswick Landing’s newest businesses, Way-



The anaerobic digester is just off the aircraft apron south of Hangar 5 at BXM. The plant can generate up to 1 MW of electricity for Brunswick Landing

fair. Building 32, on Pegasus Street at the former Navy fuel farm, was demolished to create a buildable lot for a future business.

Brunswick Landing Sewer System Transfer Project

As part of our ongoing efforts to reduce Inflow and Infiltration and ultimately transfer the sanitary sewer system at Brunswick Landing to the Brunswick Sewer District, in June 2016 MRRA awarded a \$494,430 contract for improvements to the gravity portion of the system to St Laurent and Sons of Lewiston. The scope of the project includes the rehabilitation of sewer manholes and lines throughout Brunswick Landing, including reconstruction of sewer lines by pipe bursting, construction of new manholes, re-connecting sewer lines and laterals to new lines



Building 292 (former Fire Station) was demolished to make way for future airport development

and manholes, rehabilitation of manholes, replacement and reconnection of manholes, replacement of sewer service connections, plugging of sewer lines, demolition of manholes, and installation of new sewer pipe. The work is scheduled to be complete by December 2016. The Brunswick Sewer District has agreed to accept transfer of the system upon completion of this project.

2016 FINANCIAL STATEMENT

| | <i>FY 2016</i> | <i>FY 2015</i> | <i>FY 2014</i> |
|---|--------------------------|--------------------------|--------------------------|
| Operating Revenues | | | |
| Rental Income and Fees | \$ 2,309,025 | \$ 2,159,334 | \$ 2,712,872 |
| Common Area Maintenance Fees | 49,369 | 46,118 | - |
| Utilities Assessment | 2,632,603 | 1,321,624 | 1,244,076 |
| Transient Aircraft & Fuel Flowage Fees | 51,338 | 74,038 | 82,511 |
| Federal Grants | 591,893 | 872,618 | 1,258,376 |
| State Grants | - | - | - |
| Total Operating Revenues | \$ 5,634,228 | \$ 4,473,732 | \$ 5,297,835 |
| Operating Expenditures | | | |
| Salaries, taxes and benefits | \$ 1,493,720 | \$ 1,413,603 | \$ 1,321,950 |
| Supplies | 237,377 | 380,105 | 430,676 |
| Professional Services | 375,919 | 436,917 | 349,461 |
| Property Services | 3,417,929 | 3,172,785 | 2,612,457 |
| Other Purchased Services | 430,424 | 250,486 | 622,001 |
| Expense for Uncollectable Revenues | 126,245 | 172,020 | 123,681 |
| Taxes and Fees | 21,347 | 1,071 | - |
| Capital Outlay | 1,768,847 | 619,796 | 1,145,116 |
| Depreciation | 4,391,947 | 4,294,231 | 4,240,699 |
| Total Operating Expenditures | \$ 12,263,755 | \$ 10,741,014 | \$ 10,846,041 |
| Operating profit (loss) | \$ (6,629,527) | \$ (6,267,282) | \$ (5,548,206) |
| Non-Operating Revenues (expenses) | | | |
| Federal Grants | \$ 3,797,549 | \$ 4,389,063 | \$ 3,611,171 |
| State Grants | 452,126 | 437,304 | 148,789 |
| Donations | 14,594 | - | 60,200 |
| Miscellaneous | 950,270 | 324,815 | 114,516 |
| Navy Covenant | (1,329,355) | (1,966,462) | (1,497,194) |
| Gain or (loss) on Sale of Property | 2,110,663 | 1,593,690 | 359,271 |
| Expense for Uncollectable Receivables | (520,554) | (400,367) | - |
| Interest Income - notes receivable | 49,250 | 34,348 | - |
| Interest Income | 30,164 | 26,251 | 10,161 |
| Interest Expense | (624,369) | (616,668) | (614,655) |
| Total Non-Operating Revenues (expense) | \$ 4,930,338 | \$ 3,821,974 | \$ 2,192,259 |
| Loss Before Contributions, Transfers and Impairments | \$ (1,699,189.00) | \$ (2,445,308.00) | \$ (3,355,947.00) |
| Transfer to Subsidiaries | - | - | (10,000) |
| Capital Contributions | 787,085 | 1,636,703 | 7,734,763 |
| Impairment of Capital Assets | (243,971) | - | (7,219,693) |
| Change in Net Position | \$ (1,156,075) | \$ (808,605) | \$ (2,850,877) |
| Net Position, beginning of year (restated) | \$ 120,170,436 | \$ 120,894,936 | \$ 123,730,223 |
| Net Position, End of the Year | \$ 119,014,361 | \$ 120,086,331 | \$ 120,879,346 |

* Brunswick Landing Realty Development capital asset activity in FY 2015 was not included. Management elected to restate prior year financials with amounts capitalized and related depreciation.

** In prior years, the activity of certain subsidiary organizations was immaterial to the financial statements and was not included by RKO in the financial statements. This year, the prior year net position was restated to include Brunswick Landing Economic Development Corporation, the Brunswick Landing

OPEN FOR BUSINESS

Entities doing business at Brunswick Landing and Topsham Commerce Park:

- Affordable Midcoast Housing
- All Natural Technologies
- American Bureau of Shipping
- Atayne
- Avita
- Bath Area YMCA
- Beltane Solar
- Blue Dog Daycare
- BlueShift Aerospace
- Bourgeois Guitars
- Bowdoin College
- Brilliant & Sons Automotive Repair
- Brunswick Executive Airport
- Brunswick Naval Aviation Museum
- Brunswick Sewer District
- Cardente Real Estate
- Coastal Landing
- Combined Benefits United
- Composites Engineering Research Lab
- Drummond Woodsum
- Ellen Kornestsky, LCSW
- Family Focus
- FGS/ CMT
- Field Phyto Nutrients
- Firehouse Tumbling
- Flightdeck Brewery
- Flight Level Aviation
- Frosty's Donuts
- GHG Underground
- Go Babe
- Goodwill Industries
- Great Island Boat Yard
- Greisen Aerospace
- Griffin LLC
- Harbor Digital
- Harpwell Coastal Academy
- Hoyle Tanner and Associates
- InSphero
- Krolak Enterprises
- L.L.Bean
- Maine Army National Guard
- Maine Composites Alliance
- Maine Coastal Flight
- Maine DECD
- Maine Department of Corrections
- Maine MEP
- Maine Technology Institute
- Maine Tool and Machine
- Maritime Surveillance
- Mere Creek Golf Course (Harris Golf)
- MRRA
- Midcoast Veterans Center
- Mölnlycke Health Care
- MVP Aero
- New Beet Market
- New England Oceanographic Labs
- New England Tent and Awning
- New Ventures Maine
- North East Mobile Health Services
- O'Neal Janitorial
- ONE Aviation
- Opportunity Alliance
- Oxford Networks Data Center
- Priority Real Estate Group
- Pathways
- Roland's Auto Body
- SaviLinx
- Savi Systems
- Savoie Composites Solutions
- Schott Management
- Seeds of Independence
- Skordo
- Southern Midcoast Maine Chamber
- Southern Maine Community College
- Spooner Enterprise Law, LC
- SteriZign
- Sunray Animal Clinic
- STARC Systems
- Studio V
- Tempus Jets
- Town of Brunswick Parks and Rec
- U.S. Marine Reserve Center
- U.S. Navy Care Taker Office
- University College
- University of Maine
- Village Green Ventures
- Washburn and Doughty
- Wayfair
- Wicked Joe Coffee
- Wireless Sensors

REDEVELOPMENT PARTNERS

The redevelopment of Brunswick Landing and the Topsham Commerce Park is a multi-faceted task that involves the cooperation and strong support from several state, federal and local organizations. These agencies are an integral part of the team working to create a great new place for high quality jobs, research and development, education, recreation and sustainability. With a dedicated staff, Board of Trustees and the support of our many partners, we are taking the steps necessary in order to create jobs, boost the economy and implement the innovative reuse master plans for Brunswick Landing and Topsham Commerce Park.

A few of our current partners:

- Affordable Midcoast Housing
- Brunswick Development Corporation
- Cardente Real Estate
- Coastal Counties Workforce, Inc.
- Environmental Protection Agency - Region 1
- Federal Aviation Administration
- Federal Congressional Delegation
- Fraunhofer Center for Sustainable Energy Systems
- Goodwill Workforce Solutions
- Maine Department of Economic and Community Development
- Maine Department of Transportation
- Maine Manufacturing Extension Partnership
- Maine Technology Institute
- Office of Economic Adjustment
- Priority Real Estate Group
- Rousseau Enterprises
- Schott Management
- Southern Midcoast Maine Chamber
- Southern Maine Community College
- TBW, LLC Inc.
- Town of Brunswick
- Town of Topsham
- U.S. Department of Commerce
- U.S. Department of Labor
- United States Navy
- University of Maine System
- Village Green Ventures



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Brunswick

The Midcoast Regional Redevelopment Authority is the master developer for Brunswick Landing: Maine's Center for Innovation and Topsham Commerce Park.

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