Economics Research Associates

Final Report

Brunswick Naval Air Station - Business Plan

Presented to:

The Matrix Design Group, Inc.

Submitted by:

Economics Research Associates

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ERA Project Number: 16746

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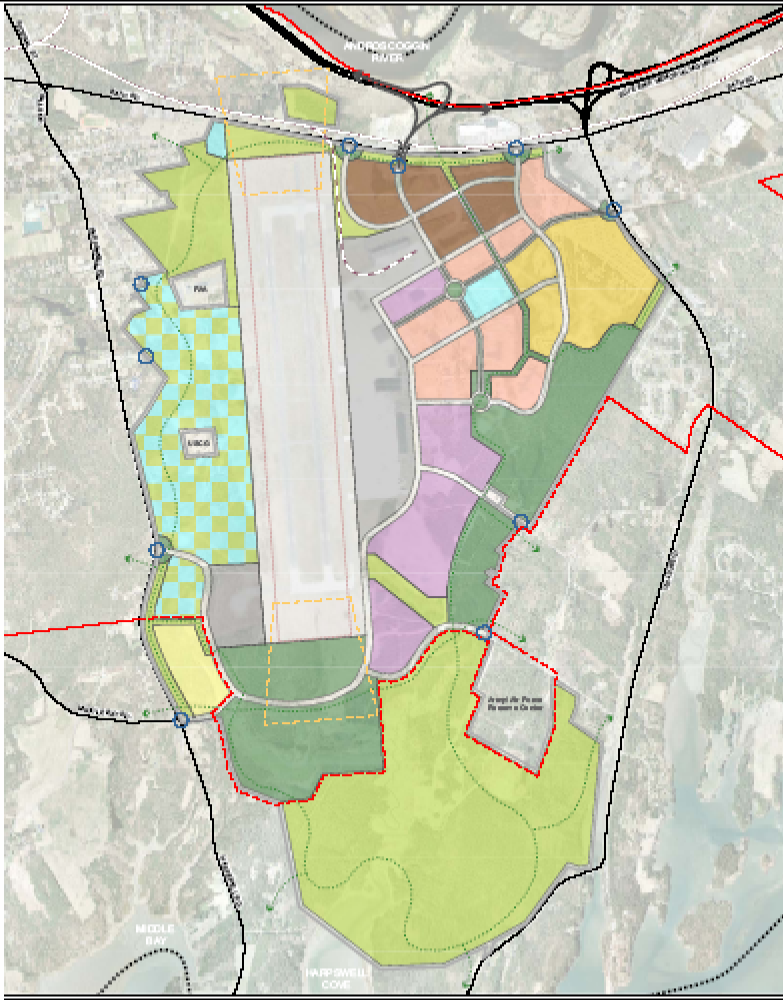
Site Development and Management

Site Development

Economic development at BNAS should involve a dual strategy that combines redevelopment and infill development on the site's interior. ERA recommends a phased strategy that begins with the development of the resort conference center and golf course, and select housing and office space. Based upon market data as well input from project team members Matrix Design Group, Inc., ERA recommends that BNAS development and redevelopment be phased over the next twenty years (or beyond).

Site Plans

The Matrix Design Group, Inc. has defined a Preferred Master Plan for development at BNAS. These sites have been targeted for development based upon ERA market analysis, accessibility as well as protection of wetlands and other site characteristics. This development option places the business park and community mixed use parcels directly to the east of the aviation portion of the site. The northeastern portion of the site contains buildings targeted for educational uses, as well as additional community mixed use space and moderate density residential development. The resort conference center and golf course is slated for the eastern most portion of the site. Recreational and open space will be located at the southern section of the site.



Proposed Land Use Program

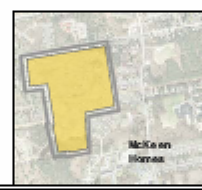
	LAND USE DISTRICTS	SURPLUS ACRES	PERCENT OF TOTAL
Land Development	Airport Operations	500	16%
	Aviation-Related Business	230	7%
	Professional Office	120	4%
	Community Mixed Use	175	5%
	Business and Technology Industries	195	6%
	Education	200	6%
	Residential (Moderate Density)	220	7%
	Residential / Education (Low Density)	40	1%
	SUBTOTAL	1,680	52%
Open Space	Recreation / Open Space	470	15%
	Natural Areas	1,050	33%
	SUBTOTAL	1,490	48%
GRAND TOTAL		3,200	100%

Notes:

Cross-hatched blue-green area totals 270 acres, of which an undefined 175 acres have been assigned to Education and 95 acres to Natural Areas in the table above.

Cross-hatched East Brunswick Transmitter Site totals 70 acres, of which an undefined 35 acres have been assigned to Recreation / Open Space and 35 acres to Natural Areas in the table above.

Percentages may not total due to rounding.



Preferred Master Reuse Plan

DRAFT

Legend

BLRA

BRUNSWICK NAVAL AIR STATION

REUSE MASTER PLAN

Plans for site development and economic development at BNAS have attempted to capitalize upon assets of existing facility structures, as well as land availability at BNAS and access to transportation networks. Efforts should be made to redevelop existing buildings and infrastructure at BNAS that present realistic opportunities for reuse, in conjunction with meshing new development on the site's interior. This strategy maximizes reuse of the existing structures while capitalizing upon potential development sites.

Development Impacts

The following development impact estimates (in current dollars) represent the jobs, wages and taxes that could be generated, assuming full build-out of the BNAS site according to the Preferred Site Plan. ERA includes all new development as well as the reuse of select existing buildings for education tenants. There will be additional public benefit conveyances (PBCs) which will result in the repositioning of select facilities, but such uses are not likely to contribute a level of jobs and wages comparable to new development and so ERA does not include them in this analysis. ERA also does not include construction labor or short-term employment generated by residential development. Regarding the development of commercial space, ERA assumes:

- A floor-to-area ratio (FAR) of 0.25 and
- Usable square feet equal to 85% of gross square feet.

When possible, ERA uses the jobs and wages projected by tenants, themselves. Other assumptions include:

- 250 square feet per office / R&D employee
- 500 square feet of space per retail employee
- 1,000 square feet of space per warehousing / manufacturing employee

ERA applies reasonable distributions of types of uses and commercial space for each land-use district within the Site Plan and utilizes Maine Department of Labor industry data to estimate total wages and a combination of US Census and Maine Department of Revenue data to estimate income taxes. A more detailed description of the methodology used to calculate income taxes can be found on the Maine Department of Revenue website (www.maine.gov/revenue).

To estimate commercial property taxes, ERA uses per square foot construction cost quotes from builders active in the local market to come to total construction costs, which are used as a proxy of market value. According to the Town of Brunswick Tax Assessor, assessed value is 60% of market value and tax liability is $22.00 for every $1,000.00 of assessed value. To estimate residential property taxes, ERA assumes a median housing unit value of $220,000 and calculates the total market value of onsite housing units based on residential densities by land-use district. ERA assumes that no property tax is generated by airport operations or education tenants.

Current operations at BNAS generate:

- total employment of 4,863
- total annual wages of roughly $115,000,000
- an average annual wage of roughly $24,000

The following tables summarize development impacts (in current dollars) including total employment potential, annual wages, income and property taxes at BNAS by land-use district, assuming full build-out of the entire site. The Preferred Site Plan could generate:

- total employment of 13,800 workers
- total annual wages of $732,390,000
- an average annual wage of roughly $53,000
- total annual income taxes of $40,849,000
- total annual commercial and residential property taxes of $19,011,000[1]

Table 1. BNAS Employment

Uses	Percent Use	Employment Potential
Airport Operations and Aviation-Related Businesses	23%	3,200
Education	7%	1,000
Professional Office	32%	4,400
Community Mixed Use	16%	2,200
Business and Technology Industries	19%	2,600
Resort / Conference Center / Golf	3%	400
Total	**100%**	**13,800**

Note: Numbers rounded to nearest one hundredth
Source: US Census, Edwards & Kelcey, Bowdoin College, SMCC and ERA

Table 2. Total Wages

Uses	Average Annual Wage	Total Annual Wages
Airport Operations and Aviation-Related Businesses	$94,000	$295,800,000
Education	$50,000	$49,400,000
Professional Office	$43,000	$191,030,000
Community Mixed Use	$33,000	$71,520,000
Business and Technology Industries	$46,000	$119,200,000

[1] This potential property tax revenue could be a source of tax increment financing (TIF) to assist in funding reinvestment in public infrastructure and other base redevelopment activities. Property valuation that is not sheltered in a TIF district would be subject to the impact of the state's school funding formula, county tax assessment and state municipal sharing formula.

Resort / Conference Center / Golf	$15,000	$5,440,000
Total	**$53,000**	**$732,390,000**

Note: Average annual wages rounded to nearest one thousands and total annual wages to nearest ten thousandth

Source: Maine Department of Labor and ERA

Table 3. State Income Tax

Uses	Joint filers Taxes	Sep. Filers Taxes	Total Income Tax
Airport Operations and Aviation-Related Businesses	$10,168,000	$9,895,000	$20,063,000
Education	$1,206,000	$1,425,000	$2,631,000
Professional Office	$4,041,000	$5,189,000	$9,230,000
Community Mixed Use	$1,153,000	$1,695,000	$2,848,000
Business and Technology Industries	$2,662,000	$3,335,000	$5,997,000
Resort / Conference Center / Golf	$25,000	$55,000	$80,000
Total	$19,255,000	$21,594,000	$40,849,000

Note: Numbers rounded to nearest one thousandth

Source: Maine Department of Revenue, US Census and ERA

Table 4. Local Property Tax

Uses	Market Value	Assessed Value	Tax Liability
Aviation-Related Businesses	$260,489,000	$156,293,000	$3,438,000
Residential (Moderate Density)	$387,200,000	$232,320,000	$5,111,000
Residential (Lower Density)	$35,200,000	$21,120,000	$465,000
Professional Office	$196,020,000	$117,612,000	$2,587,000
Community Mixed Use	$366,785,000	$220,071,000	$4,842,000
Business and Technology Industries	$144,534,000	$86,720,000	$1,908,000
Resort / Conference Center / Golf	$50,000,000	$30,000,000	$660,000
Total	$1,440,228,000	$864,136,000	$19,011,000

Note: Numbers rounded to nearest one thousandth

Source: Maine Department of Revenue, Town of Brunswick Tax Assessor, US Census and ERA

Economic Feasibility and Public Benefit Analysis

Economic Feasibility

ERA sees the Preferred Master Plan as supportive of the uses and industries targeted in ERA's January, 2007 report. In that report, ERA identified composites, information technology, biomedical, radio frequency identification, open source software and alternative energy as technology-based industries that should be targeted tenants for a Maine Center of Innovation. The business and technology district(s), outlined in the Preferred Master Plan, would serve as the location for the Center. ERA also worked with Edwards and Kelcey in reviewing the potential for onsite airport operations. The Edwards and Kelcey aviation feasibility study confirmed the potential for general and corporate aviation, government agencies, maintenance, repair and overhaul and research and development activities. Consequently, the Preferred Master Plan designates 500 acres for airport operations and 230 acres for aviation-related businesses. In addition, ERA underlined the demand for a resort and conference center, linked to a golf course, as well as supportive retail, second homes, retirement homes, education and aviation. The Preferred Master Plan takes all of this into account and designates an appropriate mix of land-use districts allowing for space to grow and expand over time.

Public Benefit Analysis

There are several benefits likely to result from the proposed PBCs at BNAS. ERA considered the following PBCs as likely to occur and generate significant benefits. The buildings and land to be occupied by Bowdoin College and Southern Maine Community College will result in:

- Access to advanced technology training and education
- Potential synergies with relevant firms and industries
- Pipeline of entry-level workers for targeted industries

Over 1,000 acres of open space and conservation land along with select community recreational facilities will be transferred to the Town of Brunswick. The land and the existing buildings have the potential to provide:

- Walking, biking and cross country skiing trails
- Access to green space for residential homes
- A marsh and bay water trail for recreational boaters
- Access for canoes and kayaks to promote low-impact exploration of the coastal habitat
- Commercial shellfish opportunities for local shellfish harvesters
- Facilities for gym use, and health and wellness programming
- Future athletic field space
- Recreational programming for area youths
- An attractive amenity to commercial residential and resort development
- A higher quality of life

Implementation

The Midcoast Regional Redevelopment Authority (MRRA) is a public municipal corporation chartered by the State Legislature with the responsibility to implement the reuse master plans for the BNAS facilities in Brunswick and Topsham. Members of the Authority have been appointed by the Governor and confirmed by the Legislature. At this time, the proposed staffing model will include an executive director, a deputy director, a planning and environmental manager, a property manager, grants and communications coordinator and an executive administrative assistant. The estimated MRRA budget for 2008 is $858,911.

MRRA Estimated 2008 Budget

Category	Cost
Personnel	$440,805
Fringe Benefits	$138,090
Travel	$30,493
Supplies	$4,188
Contractual	$87,100
Other	$158,235
Total	**$858,911**

Source: BLRA and ERA

The following outline establishes how economic development at BNAS can best be accomplished by leveraging the assets of various regional, state and federal resources. The action plan is loosely based upon the phasing strategy outlined for facility development although should be considered only a basic guide for future planning bearing in mind that an element of flexibility should be maintained as the project progresses.

First Steps

Management

The following items should be addressed by the authority in the earliest stages of implementation prior to closure:

- Continue the working relationship with the Navy to ensure rapid successful reuse of the base
- Solicit funding from the FAA for the development of an airport master plan
- Work with the Maine Department of Transportation to develop a transportation improvement plan related to the redevelopment of BNAS in Brunswick and Topsham
- Work with the Navy and sponsoring federal agencies on property transfer and conveyance issues
- Work with the Navy on environmental studies including the EIS for BNAS Brunswick and EA in Topsham and clean up activities
- Work with the Navy in regards to aviation training and maintenance efforts as the Navy begins to significantly expand the privatization of its maintenance and repair for aviation assets.
- Establish economic development goals and benchmarks for measuring success
- Conduct a feasibility study and develop a business plan for renewable energy generation and distribution

- Develop an infrastructure management plan
- Begin to plan for and secure financing for Phase 1 of redevelopment
- Develop a real estate development strategy and business plan
- Create an inventory and analysis of existing structures to ensure readiness of occupancy

Marketing

The managerial body should begin working with the Navy in marketing BNAS by establishing a comprehensive strategy that incorporates benchmarks for measuring the strategy's success. These benchmarks can then be used as a means of reformulating the strategy to achieve the pre-determined goals. The following strategies and regional institutions should be regarded as instrumental to the marketing success of BNAS:

- Develop a comprehensive marketing plan that identifies a series of target companies, identify successful strategies to approach those companies and key location determinates for each industry cluster
- Develop a website
- Establish a dedicated staff person to manage business development and outreach efforts
- Enter into an agreement with Bowdoin College, the Maine Community College System, the University of Maine System, Embry Riddle University and others to integrate higher education, continuing education, training, and research and development activities on the base.

Federal Incentives

The following state and federal incentives available to BNAS businesses should be aggressively marketed to prospective tenants:

Small Business Innovation Research Program (SBIR): SBIR is a program administered by the US Small Business Administration (SBA) intended to encourage small business innovation and pursuits in R&D by providing incentive to profit from its commercialization. Through this program, funding allows small businesses to compete at the same level as large business thereby helping small businesses to compete for federal research and development awards. In order to qualify for the SBIR program, a small business must meet the following criteria:

- American-owned and independently operated
- For-profit
- Principal researcher employed by business
- Maximum company size of 500 employees

Qualifying small businesses compete for an SBIR award based upon their degree of innovation, technical merit and future market potential. If successful, SBIR businesses begin a three-phase program:

Phase 1: Awards of up to $100,000 for approximately 6 months to help support exploration of an idea of technology.

Phase 2: Awards of up to $750,000 for as many as two years building upon the results of Phase 1 and pursuing R&D and commercialization.

Phase 3: This is when innovation is intended to move to the marketplace. No SBIR funding is provided during this phase.

Small Business Technology Transfer (STTR) Program: Administered by the SBA, STTR is a program that aims to expand funding opportunities to small business and nonprofit research institutions through joint venture opportunities in the areas of federal innovation research and development. Small businesses must meet the following criteria to be qualified to participate in this program:

- American-owned and independently-operated
- For-profit
- Principal researcher need not be employed by small business
- Maximum company size of 500 employees

Although there is no size limit for the nonprofit research institution, it must be located in the US, and meet one of the following three definitions:

- Nonprofit college or university
- Domestic nonprofit research organization
- Federally funded R&D center

Small businesses/non-profit research institutions that receive an STTR award then begin a three-phase program:

Phase 1: Awards of up to $100,000 for approximately 6 months to help support exploration of an idea of technology

Phase 2: Awards of up to $750,000 for as many as two years to build upon the results of Phase 1 and pursue R&D and commercialization potential.

Phase 3: This is when innovation is intended to move to the marketplace. No STTR funding is provided during this phase.

Small Business Administration HUB Zone Status: The HUB Zone Program stimulates economic development and creates jobs in urban and rural communities by providing Federal contracting preferences to small businesses. These preferences go to small businesses that obtain HUB Zone (Historically Underutilized Business Zone) certification in part by employing staff who live in a HUB Zone. The company must also maintain a “principal office” in one of these specially designated areas. The program resulted from provisions contained in the Small Business Reauthorization Act of 1997. Congress determined that former military bases closed because of BRAC quality for HUB Zone status for a five-year period from the date of formal closure.

To qualify for the program, a business (except tribally-owned concerns) must meet the following criteria:

- It must be a small business by SBA standards;
- It must be owned and controlled by at least 51% U.S. Citizens, or a Community Development Corporation, or an agricultural cooperative or an Indian tribe;
- Its principal office must be located with a ‘Historically Underutilized Business Zone,’ which includes lands considered Indian Country and military facilities closed by the Base Realignment and Closure Act; and
- At least 35% of its employees must reside in a HUB Zone

Existing businesses that choose to move to qualified areas are eligible. To fulfill the requirement that 35% of a HUB Zone firm's employees reside in the HUB Zone, employees must live in a primary residence within that area for at least 180 days or be a currently registered voter in that area.

There are four types of HUB Zone contract opportunities:

Competitive: Contracts set-aside for HUB Zone competition when the contracting officer has a reasonable expectation that at least two qualified HUB Zone small business concerns (SBCs) will submit offers and that the contract will be awarded at a fair market price.

Sole-Source: HUB Zone contracts can be awarded if the contracting officer determines that:

- Only one qualified HUB Zone SBC is responsible to perform the contract
- Two or more qualified HUB Zone SBCs are not likely to submit offers and the anticipated award price of the proposed contract, including options, will not exceed:
    - $5 million for a requirement within the North American Industry Classification System (NAICS) code for manufacturing or
    - $3 million for a requirement within all other NAICS codes

Full and Open: Full and open competitive contracts can be awarded with a price evaluation preference. The offer of the HUB Zone small business must not be 10 percent higher than the offer of a non-small business.

Subcontracting: All subcontracting plans for large business Federal contractors must include a HUB Zone subcontracting goal

Free Trade Zone or Sub Zone Status: The U.S. Foreign Trade Zones (FTZ) (also known as a free trade zone) program was created by the Foreign Trade Zones Act of 1934. The Foreign Trade Zones Act was created to "expedite and encourage foreign commerce" in the United States through the designation of geographical areas adjacent to Customs Ports of Entry. In a FTZ, commercial merchandise receives the same Customs treatment it would if it were outside the commerce of the United States. Therefore, goods entering FTZs are not subject to customs tariffs until the goods leave the zone and are formally entered into U.S. Customs Territory. Merchandise that is shipped to foreign countries from FTZs is exempt from duty payments. This provision is especially useful to firms that import components in order to manufacture finished products for export.

Merchandise of every description may be held in the Zone without being subject to Customs duties and other ad valorem taxes. This allows firms to minimize their costs while their products are waiting to be shipped. In addition, quota restrictions are in some cases waived for items entering an FTZ. This tariff and tax relief is designed to lower the costs of U.S.-based operations engaged in international trade and thereby create and retain the employment and capital investment opportunities that result from those operations.

The FTZ program has grown profoundly over the last 30 years. In 1970 there were eight Foreign Trade Zone projects (with a total of three Subzones) in the United States. Today there are over 230 Foreign Trade Zone projects (with nearly 400 Subzones) in the United States.

Designation of a FTZ by the Federal Trade Zone Board within the Department of Commerce must first be authorized by state enabling legislation. The Maine Legislature passed enabling legislation in 2005 for MRRA to submit an application for Foreign Trade Zone status.

State Incentives

Management at BNAS should be kept aware of state-level programs that could benefit to existing and prospective tenants. The following programs could be of significance to the economic development of BNAS during these early stages:

Military Redevelopment Zone (PTDZ): Up to 1,000 acres at BNAS may be designated as a military redevelopment zone within seven years of the military facility's closure and may receive the benefits of Pine Tree Development Zone designation (PTDZ).

According to Maine's Department of Community and Economic Development, depending on the level of new qualified business activity conducted in a PTDZ, starting with the statutory requirement for hiring a minimum of one net new qualified employee, the tax burden of qualified businesses may be reduced through the following exemptions, reimbursements, and credits:

- Corporate Income Tax Credit (100%, Years 1-5; 50%, Years 6-10): the tax credit benefit derives from net new PTDZ payroll and property as a percentage of all Maine payroll and property;

- Insurance Premiums Tax Credit (100%, Years 1-5; 50%, Years 6-10): the tax credit benefit derives from net new PTDZ payroll and property as a percentage of all Maine payroll and property;

- Income Tax Reimbursement (80%, Years 1-10): the tax reimbursement benefit derives from income taxes withheld for net new jobs created, i.e. those qualified employees hired above the "old" employment baseline that existed in Maine prior to the expansion may be eligible for Employment Tax Increment Financing;

- Sales and Use Tax (100% Personal Property Exemption, Years 1-10): the tax exemption benefit, effective the later of July 1, 2005 or date of certification, derives from the qualified business paying no tax on all new tangible personal property purchases for its qualified business activity;

- Sales and Use Tax (100% Real Property Reimbursement, Years 1-10): the tax reimbursement benefit, effective the later of July 1, 2005 or date of certification, derives from paying no tax on all new tangible property purchases that are to be physically incorporated in, and become a permanent part of, real property of a qualified business and used in its qualified business activity;

- Property Tax Reimbursement (up to 100% and 30 years): the tax reimbursement benefit derives from local incremental taxes on new real and personal property investments that may be returned to a business as Municipal Tax Increment Financing if approved by the host municipality; and access to reduced electricity rates as requested by Central Maine Power, Bangor Hydro Company and Maine Public Service and approved by the Public Utilities Commission

North Star Alliance (NSAI): According to the Maine State Government, NSAI is a revolutionary industry-led collaborative, synthesizing business, R&D, education, workforce, and economic development resources to re-skill a workforce and launch a new regional economy in coastal Maine. The strategy focuses on building capacity and addressing gaps in Workforce Development, Research and Development, Outreach and Market Development, and Capitalization and Infrastructure Development.

- The targeted industry sectors of Maine's North Star Alliance include a vast range of enterprises that make up or support the marine trades and those that utilize advanced composite materials, including boat building, marine/waterfront infrastructure, marine service and repair, building products, sporting goods, and ballistic armor. These industries represent the majority of the economic base of Maine's midcoast region.

- Maine's North Star Alliance Initiative will serve the eight counties that comprise Maine's coastal region (York, Cumberland, Sagadahoc, Lincoln, Knox, Hancock, Waldo, and Washington) as well as the additional four counties most affected by the impending closure of the Brunswick Naval Air Station: Androscoggin, Kennebec, Penobscot, and Piscataquis. This region also encompasses the four local areas authorized under the Workforce Investment Act and comprises 12 of Maine's 16 counties. The Initiative will address needs identified by targeted industries located within this region that are critical to their growth and expansion.

Funding

Phase 1 of development and redevelopment at BNAS involves new construction and redevelopment as well as infrastructure upgrades and extensions. To finance the cost of initial upgrades at BNAS, ERA recommends a financing strategy that combines State General Fund/Capital Outlay financing with the following sources:

Bonds: Special purpose districts are authorized by the enabling statute that created the Midcoast Regional Redevelopment Authority to issue and sell notes, bonds, certificates of indebtedness and other obligations to achieve its public or corporate purpose.

Earmarks: based upon comparable military base economic development projects, BNAS could potentially receive finding through a Department of Commerce Economic Development Assistance bill, an amendment to a Defense Department appropriations bill, or Department of Housing and Urban Development appropriations or reauthorization bill. As a highly competitive process with limited funding, involvement by the Navy may improve chances for funding approval.

Small Cities Community Development Block Grant (CDBG) and Section 108 Loan Guarantee: The primary objective of the CDBG program is to develop viable communities by expanding economic opportunities, principally for those of low to moderate income. According to officials at the US Department of Housing and Urban Development, CDBG funds could be applied towards the following upgrades at BNAS:

- Construction or reconstruction of streets, water and sewer facilities
- Demolition of existing structures
- Rehabilitation of existing structures
- Planning activities
- Assistance to private and non-profit entities to carry out economic development activities

The Section 108 Loan Guarantee is a provision of the CDBG program and provides financing to local governments for economic development including large scale physical development projects. Under the Section 108 Loan Guarantee, loans can be made up to $300 million for as much as 20 years. This federal loan program may be best suited for the following redevelopment activities:

- Long-term phased funding of the business park
- Short-term existing structure rehabilitation and modernization
- Major infrastructure work including road improvements and utility upgrades

Economic Adjustment Assistance Program: Administered through the EDA, this grant program is intended to be part of a long-term strategy to promote a region's success in achieving a rising standard of living through the development of emerging industry clusters or the attraction of new regional economic drivers. Typically, applicants for this competitive grant are considered most seriously when a one to one funding match is provided by the state or local government. Appropriate projects for funding consideration under this program could include:

- Building rehabilitation
- Utility upgrades
- Road improvements

USDA Rural Development Community Programs: The United States Department of Agriculture (USDA) Rural Development Community Programs can make and guarantee loans to develop essential community facilities in rural areas and towns of up to 20,000 in population. Loans and guarantees are available to public entities such as municipalities, counties, and special-purpose districts, as well as to non-profit corporations and tribal governments.

Applications must have the legal authority to borrow and repay loans, to pledge security for loans and to construct, operate, and maintain the facilities. They must also be financially sounds and able to organize and manage the facility effectively.

Repayment of the loan must be based on tax assessments, revenues, fees, or other sources of money sufficient for operation and maintenance, reserves, and debt retirement. Feasibility studies are normally required when loans are for start-up facilities or existing facilities when the project will significantly change the borrower’s financial operations. The feasibility study should by prepared by an independent consultant with recognized expertise in the type of facility being financed.

Community Programs can guarantee loans made and serviced by lenders such as banks, savings and loans, mortgage companies which are part of bank holding companies, banks of the Farm Credit System, or insurance companies regulated by the National Association of Insurance Commissioners. Community Programs can also make direct loans to applicants who are unable to obtain commercial credit.

Eligible community facilities include:

- Airport hangar
- Airport
- Bridge
- Sidewalks
- Street Improvements
- Infrastructure for Industrial Park
- Railroad
- Low Head Hydro-Electric Facility
- Natural Gas Distribution

The amount of grant assistance for project costs depends upon the median household income and the population in the community where the project is located and the availability of grant funds. In most instances, projects which receive grant assistance have a high priority and are highly leveraged with other loan and grant awards. Grant assistance may be available for up to 75% of project costs. Grant funding limitations are based on population and income, economic feasibility, and availability of funds.

Projects will be selected based on a priority point system. Projects that will receive priority are those that:

- Serve small communities – with the highest priority going to projects located in a community with a population of 5,000 or less.
- Serve low-income communities – with the highest priority going to projects serving communities with median household incomes below the higher of the poverty line or 60% of the State non-metropolitan median household income.
- Provide public safety, or public and community services

Grant funds cannot be used to:

- Pay any annual recurring costs, including purchases or rentals that are generally considered to be operating and maintenance expenses.
- Construct or repair electric generating plants, electric transmission lines, or gas distribution lines to provide services for commercial sale.
- Pay costs to construct facilities to be used for commercial rental where the applicant has no control over tenants and services offered
- Construct facilities primarily for the purpose of housing State, Federal or quasi-Federal agencies
- Finance recreational facilities or community antenna television services or facilities

Second Steps

Management

The MRRA should continue to work closely with State officials and the Navy to maintain an effective line of communication that will ensure rapid and successful reuse of BNAS. Management should actively be monitoring conditions at the site regarding space demand and inquiries, and adjusting their marketing strategies accordingly. Establishing a realistic target for future absorption at the facility will help to inform near-term economic development goals for Phase 2 of construction:

- Develop realistic near-term economic development goals and milestones in conjunction with the Navy
- Coordinate development plans for Phase 2 based upon refined goals
- Help to develop funding sources through federal, state, local and private sector agencies to finance Phase 2 of development
- Coordinate infrastructure development and operations to ensure business opportunities exist at BNAS
- Seek outside expertise and/or partners to improve development capacity
- Negotiate deals with new tenants in existing/new business park areas
- Monitor prospective tenant inquiries and refine future absorption expectations
- Assess facility performance according to benchmarked economic development objectives
- Assess the financial feasibility of land ownership at the business park
- Identify business incubator opportunities and partners

- Maintain an aggressive business development outreach program

Marketing

The comprehensive marketing strategy should be refined according to whether the benchmarked objectives are being satisfied by the current marketing efforts. The following strategies and resources should be regarded as integral to economic development BNAS during this phase:

- Develop a refined list of target companies and modify the marketing strategy as needed to meet benchmarked objectives; this should build on contacts with existing tenants
- Develop an informational video and marketing brochure that highlights BNAS's assets, state incentives, and area lifestyle amenities
- Establish a marketing booth at appropriate industry and business expositions
- Advertise BNAS at appropriate industry and business publications
- Explore the possibility of incorporating state technology programs at BNAS in anticipation of business incubator development and planned research and development activities

Funding

In conjunction Economic Adjustment Assistance financing, State General Funds, bonds and CDBG dollars, ERA recommends a Phase 2 financing strategy that explores the possibility economic development conveyances and subsequent land sales. As demand for space at BNAS evolves, land sales may become a more feasible means of developing cash flow. Moreover, the following grant opportunity should be pursued to help cover the costs associated with Phase 2 development:

Public Works Program: Administered through the Economic Development Administration (EDA), this grant is intended to enhance regional competitiveness and promote economic development in regions of underinvestment to attract industry, generate jobs and stimulate economic growth. A grant intended primarily for construction, this money may be invested at BNAS towards the following:

- Phased industrial park construction
- Facility road improvements
- Public works improvements
- Existing facility upgrades

According to EDA officials, Public Works Program grant awards are typically in the range of $1.2 million although usually require a one to one funding match from a state or local government.

Third Steps

Management

The Authority should be maintaining regular contact with State officials as well as the Navy to coordinate Phase 3 of the development strategy. The management team should continue to refine their marketing and management strategies to ensure business development meets the benchmarked economic development goals and objectives. The following actions are recommended to the managing body to further economic development at BNAS:

- Analyze the performance of site management assessing whether marketing and outreach strategies are meeting benchmarked economic development goals
- Refine development plans for Phase 3 based upon anticipated absorption and development benchmarks
- Refine the real estate development strategy and business plan
- Pursue funding through federal, state, local and private sector agencies to finance Phase 3 of development
- Coordinate infrastructure development and operations to ensure business development and rapid and successful reuse of BNAS
- Evaluate how the incubator can support existing BNAS businesses, generate new business development and integrate research and development activities with nearby college and university partners
- Develop a business incubator management strategy and define its near-term objectives
- Work with the Maine Department of Economic and Community Development's Office of Innovation and Maine Technology Institute to secure funding for a technology business incubator

Marketing

A central piece to the overall site development of BNAS will be the Business and Technology District(s). ERA sees these districts as critical to the successful redevelopment of BNAS. To reflect previous market findings and serve the current version of the Brunswick Local Redevelopment Authority, the development of these districts should collectively represent a Maine Center for Innovation housing established tenants specialized in technology-based industries as defined in ERA's market report. The Center should also seek to play the role of a business incubator. Incubator development will require a separate marketing and outreach strategy, although should complement overall business development strategies at BNAS. To effectively develop an incubator that meets the needs of area entrepreneurs and achieves long-term success, the follow steps should be taken:

- Develop a list of target business activities for the incubator
- Develop a business incubator marketing strategy
- Join state and national small business trade associations

Incubator management is critical to the success of these facilities and should combine expertise in industrial outreach, business development, tenant management and leasing.

Funding

Phase 3 of development at BNAS involves further investments in infrastructure, land assembly and real estate development. ERA recommends a financing strategy that combines state and federal funding sources, in conjunction with facility revenue. As density increases at BNAS, net operating income will increase and become a viable source of cash for these facility investments. Land sales will also become a more realistic source of revenue as demand at the facility increases.