

Fort Devens evolving into an economic powerhouse

Diversifying tenants the key to sustaining growth

BY KIM CIOTTONE

PHOTO/JEFF LOUGHLIN

How many places in the state can businesses set up a new facility, move to a larger one, or expand all in the same location? Not many. And that is one of the unique advantages driving the reuse development of the former Ft. Devens.

Expedited permitting, open space, low real estate taxes, its own municipal utility services, and easy access to key labor pools have helped bring the 4,400-acre former military base well on its way to achieving that goal. And, State Rep. Jamie Eldridge says Fort Devens is well on its way to becoming a vital economic engine for the North County and Nashoba Valley regions, and the state overall (See sidebar, page 17).

Through the efforts of the neighboring communities and MassDevelopment, the quasi-public development agency that took title ownership of the site in 1996 and was appointed to redevelop the base, 2,100 acres of open space have been preserved at Devens.

While Devens started out with a streamlined focus on attracting larger warehouse and distribution operations, like the existing Gillette warehouse distribution facility, the strategy has evolved to attract companies such as high-tech software developers, universities and biotech related firms. The diversity, William Burke, MassDevelopment executive vice president for Devens and Military Initiatives, says, is key to sustaining long-term growth.

The right stuff

“Devens is already a strong economic engine and much of it is still undeveloped,” says Eldridge, a democrat representing the 37th Middlesex district consisting of Acton, Boxboro and Shirley. The goal, he adds, is to make that engine even stronger. The key to doing that going forward, he says, is making sure the businesses that are there continue to thrive, and helping MassDevelopment to attract new businesses and diverse industries — including non-profits and educational institutions like those already existing at Devens. “So that you are not only employing high level, white collar jobs, but that there



Signage at Devens advertises property available.

are also jobs for the blue-collar professional,” he says. At a time when other states are recruiting Mass. companies so aggressively, Eldridge says, “it’s important that high-tech companies continue to come to Devens, and that they see it as a competitive advantage to set up their business there.”

Businesses located there today run the gamut from small two-person operations to as large as 450-500-employee operations. Tenants include growing mid-size companies such as American Superconductor, Bionostics and Xinetics Inc. The four largest employers at Devens are the Army Reserves, which employs 500, Gillette’s warehouse with 450 employees and a federal Bureau of Prisons hospital, which has 400 employees.

“The idea was not to build a development around one business and suffer through a dot.com bust, we are very focused on that,” says Burke. The single greatest attraction and recruit-

ment tool in achieving that mix, he says, is the “one-stop shopping” permitting process available to incoming businesses under the Devens Enterprise Commission (DEC), which provides pre-permitting under the Massachusetts Environmental Protection Agency, and through which a unified permit is guaranteed in 75 days. The DEC, Burke explains, includes, the Planning Board, ZBA, Conservation Commission, Building Department and Board of Health all in one.

For those building or expanding on Devens, Burke explains, “their entire project is pre-permitted through MEPA, so businesses coming in here don’t have to do a traffic study, because we have caps in terms of traffic, or be faced with some of the other issues that they normally would.”

When MassDevelopment assumed authority of Devens it was responsible for cleaning up 200 underground storage tanks. And the Army

to date, Burke says, has invested about \$117 million in environmental clean up of the site. He expects the Army to spend another \$30-\$40 million. "When we took the land from the army, there were about 700 acres that didn't come to us that were considered leased parcels because the Army still had to clean them up," says Burke.

Because of MassDevelopment's close environmental partnering with MEPA, the EPA, DEP and the Army, Burke says, "environmental issues have not stopped a single deal from happening because we have tried to be proactive, and aggressive in terms of solving problems."

Leased space is available for competitive rates between \$8 and \$10 per square foot and MassDevelopment, which purchases natural gas and power wholesale from the Army, is also able to offer competitive utility rates to companies.

About \$118 million of the \$200 million committed to the Devens' reuse project by the state has already been spent on capital improvements, such as state-of-the-art telecommunications. And the project, Burke says, has attracted roughly \$480 million in private investment. The U.S. Army has also spent about \$100 million on environmental remediation of sites.

"The goal, has been to bring businesses from out of state or businesses at risk of leaving the state into Devens," says Meg Delorier, vice president of community relations for MassDevelopment. "Not to be the black hole that sucks businesses out of Worcester, or Leominster or the surrounding communities." The agency has a memorandum agreement with the local Chambers of Commerce extending to 36 communities to that end so that any business that approaches MassDevelopment must show that it has first exhausted all efforts in trying to find suitable space within its currently located community. Because of the strong relationships with the communities, Chambers of Commerce, and local and state officials, while MassDevelopment does market to out of state firms, word of mouth, she says, has proven to be the best form of marketing for Devens.

Room to grow

One such company, a near miss for the state, that was in need of larger, and more suitable facilities was 163-year old metal distribution and processing firm Ryerson Tull. The company, formerly located in Allston, opted to relocate to its 137,000-square-foot, custom-built facility in Devens in October of 1998. "We were basically landlocked, and just in a bad section of the city," says President Timothy Farrell. Prior to its move to Devens, Farrell says, the company in 1993 attempted to consolidate facilities to its second location in Connecticut. "But that was not cen-

trally located," so the company had difficulty shipping to its key Maine and New Hampshire markets, he explains.

The company tried again to operate out of an alternate location following its 1997 purchase of a Cambridge firm, which proved to be under-sized for its operations. "So we then did a major search in New England and pinpointed where we wanted to be," says Farrell. "We had looked in New Hampshire and Rhode Island as alternative spots, but found that Devens gave us the best opportunity largely from a shipping and overall cost standpoint." And, Farrell says, "we could expand here very easily." Devens' pastoral setting, he says, provides an attractive setting for workers. The company had significantly more employees when it located at Devens, a total of 74 compared to 30 today, but Farrell explains, the decrease was the result of the economic downturn of recent years within the manufacturing sector and not associated with its move. In fact, he says, Devens' central location provides not only easy access in terms of reaching its markets, but in reaching key labor pools, and that, he says, provides a benefit in terms of recruiting.

Another near loss for the state was former Littleton-based manufacturing firm specializing in adaptive optic systems and components, Xinetics Inc. The company began its search for space as a young start up in 1996, according to Director of Finance Michael Sheedy. Xinetics, he says, had offers from both the state of New Hampshire, to have a facility constructed in a business park, and South Carolina to be part of a technology park affiliated with Clemson University. But the company continued to search for a site within a commutable distance for its then 12 employees and continued to search for a site in the Nashoba Valley region. "Which there really wasn't a lot," says Sheedy. "You either had huge buildings that were abandoned by Digital or you had nothing." Until, that is, Xinetics found Devens. Through the Economic Stabilization Trust fund, Xinetics purchased two buildings initially totalling less than 8,000 square-feet, one of which was the former base commander's house, and was renting four additional office suites. Xinetics has since purchased additional land and is completing a new custom-built 55,000 square foot building.

"We had a need [and] Devens offered the best options to incubate a small company," says Sheedy. "And as it grew, if it grew, there were the capabilities and potential to expand into larger buildings." It wasn't, he says, "like being in a park, where you are surrounded with other buildings and in essence when it is time to grow, you have to pick up lock, stock and barrel and go."

And Devens, he says, offered "comparatively

low rent and utilities, that help small start ups to put their resources into equipment and people, and not into bills." Privately held Xinetics since its move has grown to about 65 employees. When it came time to expand, Sheedy says, "we knew the people at Devens, we knew the process, we were able to get a fairly good deal, and as everything was going on, we could watch it go up." Xinetics also took advantage of the Industrial Revenue Bond Program, targeted for areas like Devens, "which helped as well." While the company doesn't disclose annual revenues, he adds that, Xinetics, even in the down turned economy, was able to sustain growth every year, "and probably has the highest per-person payroll of businesses located at Devens."

A win for all

"Devens is a success story," says Bonnie Biocchi, executive director of the Nashoba Valley Chamber of Commerce. Despite early skepticism, Devens, today, she says, "has become a model for other base closures and one that, she speculates, could potentially be implemented at the Hanscom Air Force base if in fact a closure is ultimately implemented there.

Biocchi agrees that the 75-day unified permitting process is one of the most attractive reasons why businesses chose to locate at Devens. "It doesn't take 2-3 years to get a project from its conception to its actual groundbreaking and completion, that is a huge benefit."

Another benefit, she explains, can be the on-site housing. While no current statistics are available of how many Devens employees live on-site, new housing units currently in the planning stage and, which MassDevelopment expects to break ground on during the late summer or early fall of '05, could offer added advantages for businesses. About 250 residents currently live at Devens' 150 housing units. The current reuse plan, MassDevelopment's Burke says, allows for an additional 176 housing units to be built. The decision whether Devens will become its own town or not, he says, will determine what additional housing should be located there. A 282-unit cap was set in the early 1990s, Burke explains, "when there was pretty good recession going on. So with the closure those families left and the surrounding towns were very concerned about putting 1,700 housing units on the market." But, as part of the disposition process, he says, "we are looking at increasing that housing component under the state's goals that we need more housing and the right kind of housing to attract businesses."

Devens, "is an excellent environment for a business like ours," says Patrick Barch, president of privately held Bionostics, manufacturer of

diagnostic instruments and a company which also was nearly lured out of state. When the company located into its 45,000-square-foot, also custom-built facility in September 2001, Bionostics employed 70 people. Today it has grown to about 100 employees. MassDevelopment, he says, "is putting in the right cross-section of support and convenience infrastructure to make it a very appealing place to locate for a business of our size and type."

Bionostics turned down opportunities to locate in Southern Maine or New Hampshire, which offered lower labor rates and some attractive incentives and opting for Devens, he says, for a couple of reasons. Bionostics was able to utilize the state's Industrial Revenue Bond and tax incentives in doing so. While those were attractive options, he says, one of the primary drivers for the move was that Devens "was a central location for our existing employees and key labor pools. We are a manufacturing company first, and foremost," so having access to the labor base in the Worcester, Leominster, Lunenburg, and Lowell areas, he says, is key. Bionostics, Barch says the company "will definitely continue to expand here."

From a permitting standpoint, Barch adds, "the regulations and authorities are clearly up-to-date and rigorous." But, he says, "I didn't find them to be at all obstructive or difficult to deal with." Bionostics, he says, developed relationships with MassDevelopment early on. "We didn't have any problems with permitting, it went very smoothly here, we occupied the facility ahead of schedule and had no problems," Barch says.

The residential component, he says, also provides a nice mix, keeping Devens from becoming "overly industrialized." And, he says, things like incoming day care facilities and other convenience items, like Dunkin Donuts coming, "are going to help our business to grow by providing additional and convenient advantages to employees." If Devens does become its own town, one advantage to businesses, he says, will be increased name recognition and having its own zip code. "Many people now don't know where Devens is," he says.

Keeping it going

Devens has definitely had a lot of successes, like Ryerson Tull, Xinetics and Bionostics, but, Eldridge says, MassDevelopment recognizes that it can't simply rest on its laurels. "It has to work hard to attract top-tier business," says Eldridge. "The feedback I've gotten from employees, and businesses, is that they like to work at Devens, its beautiful place, but there are no places to go." Making sure the basic services, such as the soon coming Dunkin Donuts, and places to go to lunch, I think are very important," he adds. "Not only in terms of giving the employees a sense of community but also in affirming that Devens is going to continue as it exists now."

"What I think are most important in ensuring Devens' sustainability," Eldridge says, "are not so much more providing additional tax breaks for companies choosing to locate at there, as continuing to invest in the infrastructure."

Like any business or community, he says, "it's never over." There is definitely still room to grow. If anything, I think the big question now

is how do all of these business interact depending on the political future of Devens. If it continues as a town, if it continues to be run by MassDevelopment, or some other forum, how do we make sure that it is just as friendly to businesses as it has been under MassDevelopment so we can continue the job creation that has been so successful?"

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DEVENS MAINTAINS GROWTH

Overcoming early skepticism of the project's viability, the former military base today is home to 75 businesses with three additional new sites currently under construction. Its success, in fact, has already exceeded economic fallout associated with the base's 1996 closure, that resulted in the loss of nearly 2,800 civilian jobs, to the tune today of creating 3,100 new jobs and generating \$130 million in annual payroll.

Located just 35 miles west of Boston, and central to Routes 2, 495 and Interstate 290, the vision behind the planned industrial and residential reuse of Devens is that it will be a sustainable, economically sound, and environmentally friendly balance of public and private uses. A key impact of the 40-year plan is to create a total of 7,000 jobs.

And there are first-class amenities including the 18-hole championship Red Tail Golf Club, a Marriott Spring Hill Suites Hotel and conference center coming online in April 2005, new downtown services and on-site childcare. Other key advantages of Devens — spread over two counties

and the three towns of Harvard, Shirley and Ayer— include; an on site freight train depot and additional venues currently under construction including a Deven's Grille restaurant and small retail and commercial chains such as Dunkin Donuts and Middlesex Savings Bank. These amenities, local leaders say, send the signal that Devens is growing and here to stay.

Currently about 5.2 million square feet of Devens' total 8.5 million square feet allowed under that plan has been built or committed to by existing or incoming tenants. An additional 900 acres continues as federal property operated by the U.S. Army and the National Guard.

Under state legislation Chapter 498, Devens operates as its own municipality operating all of its own municipal offices other than town clerk. However, an upcoming decision to be included in the November '06 ballot will determine if Devens, hailed today as a national model for affective military base closures, will become the Commonwealth's 352nd community.

— K.C.