



The City Council approves the funding Tuesday night.

Pittsfield Allocates \$1 Million Toward BIC Construction

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Rod Jané and members of the Berkshire Innovation Center Board were on hand Tuesday night to answer questions about the request.

PITTSFIELD, Mass. — The city is putting forth \$1 million from the GE Economic Development Fund to jump start the stalled construction of the Berkshire Innovation Center.

The City Council unanimously approved using the money to help cover a \$3 million funding gap for a 20,000 square-foot facility at the William Stanley Business Park. The remaining \$2 million is expected to come from the state.

The Massachusetts Life Science Center had already committed \$9.7 million, and an additional \$2 million will bring the total state support for the research and development operation to \$11.7 million.

"We know that advanced manufacturing is a key sector for growth opportunities in Pittsfield and the region," Mayor Linda Tyer said in advocating for getting the project off the ground.

The project dates back to 2008 when the first \$6.5 million was earmarked for the city to build a life science incubator at the park in a bond bill put forth by former Gov. Deval Patrick.

In 2013, the city launched a study to make that incubator happen. The Pittsfield Economic Development Authority hired Rod Jané to plan out the center at the park.

What Jané found was that an incubator in the traditional sense didn't seem to fit the area, which lacked many opportunities for new startup companies. Under former Mayor Daniel Bianchi, the city re-envisioned the use of the earmark to instead focus on the small to mid-sized advanced manufacturing businesses that are already here. The new concept of a research and development center came to the forefront.

In 2014, the Massachusetts Life Science Center allocated another \$3 million or so to bring the total earmark up to \$9.7 million. The Berkshire Innovation Center was born and Jané and others began to create the new institution. The Berkshire Innovation Center model is subscription based in that companies pay dues to use the state-of-the-art equipment being made available. Dozens of companies and educational institutes have signed on to become members and use it for research and development.

The BIC became a non-profit in 2015 and had some 20 letters of intent from companies wanting to use the facility and equipment. Through another grant with Berkshire Community College, \$1 million worth of equipment was purchased. PEDDA and the City Council each approved a quarter of a million dollars to help the newly organized non-profit off the ground. The groundbreaking was all but set.

And then the bids came in too high.

The organization and the city scaled back the design but couldn't make the numbers work. The 20,000 square-foot building that was set to break ground that October now remains an empty site with a "coming soon" sign starting to fade.

The BIC identified a \$3 million funding gap between what it wanted to build and what it had.

At the same time, Bianchi was ousted from office and there were changes in state administration. Jané told the City Council on Tuesday that much of the time since has been catching those new officials up to date, teaching them about the project, and then looking for a funding source.

"We've been considerably engaged working with the city and the state to obtain those funds," Jané said.

Secretary of Housing and Economic Development Jay Ash was the key partner for both Bianchi and Tyer. Tyer had pitched the project to Ash during a tour of the city but the secretary told her to look at current buildings that could be retrofitted instead.

Tyer and BIC officials looked at the now vacant SABIC facility on Plastics Avenue and another space downtown, to see if either of those were more economical. They weren't, according to Tyer.

"New construction at the William Stanley Business Park is the right strategy," she said.

The idea cycled back to the former General Electric land on East Street. PEDDA, which manages that land, has been involved with the project since day one and had believed that that's where it should be located anyway.

"It belongs as an innovation center people can point to and can see and come to and not hidden away in some old building that requires retrofitting," Executive Director Corydon Thurston said.



The site on the William Stanley Business Park remains the targeted location for the Berkshire Innovation Center.

But the financial picture hadn't changed. The BIC was still \$3 million short of building what it envisioned and has depleted the \$700,000 — \$250,000 from PEDDA, \$250,000 from the city and \$200,000 from memberships — in startup operational costs.

The membership hasn't changed either. There are still 20 letters of intent signed from companies and 10 had actually signed on — eight of them paying into the center alongside some larger donations. None of those companies have walked away from the project.

"All 10 of those members are still members. We literally had a two and a half year delay from when the doors were supposed to open and they will if this funding is approved," Jané said.

The BIC continues to operate even without a home. It used its equipment to launch certification training programs, seminars, and allowed companies access to the equipment. The workforce training component had actually grown to become a larger focus of the organization.

There are numerous educational facilities on board with the project and with the state's urging, a deeper level of commitment to providing those opportunities was incorporated into the plan — tackling an issue many companies face in the inability to find employees with the skills needed in their fields.

"We have an obligation to try to find ways to train the workforce for the jobs that are available," Tyer said.

That took all of that work back to the state and Tyer says state officials have all but promised \$2 million if the city would put in \$1 million to cover the gap.

"The city's expected to almost immediately trigger a \$2 million investment from the commonwealth," Director of Community Development Deanna Ruffer said.

On Tuesday, the City Council unanimously decided to pull that \$1 million from the GE fund — a pool of money given to the city years ago as part of the settlement when General Electric left.

That brings the state's investment — as long as it actually does provide that \$2 million that is expected on Oct. 10 — to \$11.7 million.

Thurston said he is excited with the next steps. He's been hoping for a groundbreaking for years and trying to get the park developed.

"We cannot, as a community, let an \$11 million gift — it was \$9.7 before now it looks like it is up — we've got \$11 million plus gratis on the line here," Thurston said. "We've got to do something with that money and we will."

PEDA Chairman Mick Callahan said development at the park will help spur other investments and that was the idea behind the incubator to begin with.

"We've always been confident that any development brings new opportunities. In this case, the synergy of the BIC operation gives us the opportunities to advance some of those other parcels, specifically on the same quadrant," Callahan said.

From the city's perspective, it will address both the workforce development piece but also help local companies expand. Those involved often aren't able to purchase machines that can be used to develop and take to market new products.

"The most important job of our time is to ensure our very own successful, locally grown, and often unrecognized businesses continue to thrive," Tyer said.

Jané said construction will take about 18 months.

But, alas, the work isn't done yet. Despite closing the \$3 million funding gap, Jané says the BIC still needs to figure out how to cover what is expected to be increased construction costs because of the delay to the tune of about \$900,000 and replenish the organization's operating funds. Only then will it be able to start the construction process.

"It has been two years so the capital construction costs don't stand still," Jané said.



A 2015 rendering of what the building would look like once constructed.

Jané said the organization is cutting half of its budget for equipment — from \$2 million to \$1 million — to address the rising construction cost. He said the organization has prioritized the more important pieces for opening day and will seek to buy, or find grants, the others later.

A change to the agreement between the city, PEDDA, and the BIC will help sidestep public procurement process that Jané hopes will help lower construction costs. The previous agreement was that the city would build the center for the BIC to use. PEDDA owns the land and had signed a lease with the city for the land.

Now, the city is terminating its agreements with PEDDA and the BIC will now sign new leases and take responsibility for constructing and owning the building. The earmark from the state will also switch over to the BIC.

"It can be more nimble and more flexible," Ruffer told the council of the decision to switch agreements.

From PEDDA's perspective, the structure seems to just make more sense.

"We're very happy with the structure based on the tweaking that went on to improve the whole thing. I think we have a solid agreement that was put in place by a lot of good people and the PEDDA board has supported the BIC front the start," Callahan said.

The unanswered question remains about operating costs. Jané said once all the construction funds are secured, the organization will be in a better position to attract new companies. And there are still 10 letters of intent still out there. Thurston echoed those sentiments saying once it is "real" the operational concerns will evaporate with the newer interest.

The city, however, doesn't want to see its money be spent like that. The agreement for the \$1 million specifies that it should be used for construction and only if construction moves forward in a timely fashion will the money be dispersed.

"We will see that it is moving forward before our funds are expended," Ruffer said.

Jané said once that operational problem is solved, he gives it 18 months before a ribbon cutting.