

Setting the Record Straight on Funding for the Berkshire Innovation Center

In response to an Eagle article of May 10 and an editorial of May 11, this letter is intended to provide a brief background of the Berkshire Innovation Center (BIC) and to clarify the amount of funding required to see this important project completed. The article and editorial indicated that the BIC's funding gap had increased from \$600,000 to \$6 million and was growing. In fact, the funding gap has been \$3 million since the public bid in September 2015 and remains at that level.

In May 2014, the Massachusetts Life Sciences Center (MLSC) approved a \$9.7 million grant for the planning, design, construction, and equipping of the Berkshire Innovation Center including \$7.7 million for the building and \$2 million for equipment. The construction funding was based on an estimate provided by a qualified engineering firm in early 2014. The Berkshire Innovation Center, a non-profit corporation, was then formed to develop and operate the center.

BIC worked closely with the city of Pittsfield, the Pittsfield Economic Development Authority (PEDA), and Steffian Bradley Architects (selected by the City) to design a 20,000 sq. ft. building to be constructed in William Stanley Business Park. The design was completed and put out to public bid in September 2015.

The project received only five bids and the prices were substantially higher than anticipated. An analysis of the bids concluded that, in order to construct the facility that was substantially the same as the concept presented to the MLSC, the project would require \$3 million in additional funding. The primary factors driving the higher costs included substantially increased labor and material prices due to a red hot construction market, significantly more expensive foundation costs discovered after geo-tech testing, and the nearly two years in time that had elapsed since the time of the original cost estimates.

Shortly after the bid, BIC, the city, and PEDA initiated discussions with MLSC to request additional funding to help close the gap.

The Berkshire Eagle has reported a \$600,000 funding gap for construction of the Berkshire Innovation Center. The actual number was higher, as the \$600,000 amount is only a portion of the total funding gap.

The BIC project utilized "add-alternates" as part of the bidding process. "Add-alternates" refers to a commonly used mechanism in publicly bid construction projects whereby the project is essentially carved up into pieces (which could conceivably be built in phases) that are then bid upon separately. In this case, there were four items put out to bid including a base stripped-down version of the BIC building and three additional, but essential, and separate "add-alternates." These included the metal panel exterior, the fit-out of the clean room lab space, and the parking lot. The bids for the stripped down version of the building alone, even without the "add-alternates", came in at \$686,000 over the total available construction budget. Once the "add-alternates", standard construction contingencies, and other construction requirements are included, the total funding gap becomes \$3 million.

The editorial also stated that the budget gap was "as much as \$6 million" and asserted that the gap had "expanded from crevasse to canyon." While higher cost design options, including LEED certification and building efficiencies, were discussed with MLSC, there was no commitment made to pursue these higher cost designs. So, there was never a "crevasse" (\$600,000) and never a canyon (\$6 million). The funding gap was and is \$3 million.

The editorial also recommends we rethink the project and look at renovations of existing buildings instead of new construction. This fails to consider four important factors.

First, the statute explicitly requires the innovation center to be constructed at William Stanley Business Park, which rules out building renovations. Second, renovations of existing buildings, particularly on unique interiors designs like the BIC, are often more expensive than new construction. Third, the timetable delay involved in completely scrapping the current plan, finding an available building that would work (a risk in itself), completing a brand new design from scratch, and construction could put the entire project and funding at risk (the spending authorization requires the building to be completed and paid for by June 30, 2018). Finally, the project is the catalyst to initiate the redevelopment of William Stanley Business Park, the abandoned former GE site.

Rather than scrap current plans for the Berkshire Innovation Center, which have been carefully developed with broad input and support from the region's key stakeholders, we should clearly recognize how much traction and support this project has received and how pivotal it is to the future economic development of the region. Consider the following:

- * Ten private manufacturing companies have already signed membership agreements to join BIC. Ten additional manufacturing companies have signed letters of Intent to join.

- * Ten of the most important education and research institutions in the region have signed MOU's to formally partner with BIC including UMass-Amherst, RPI, Williams College, SUNY College of Nanoscale Science & Engineering, MCLA, Berkshire Community College, McCann Technical School, and Taconic High School.

- * General Dynamics and Berkshire Bank have stepped up as major sponsors and partners.

- * The project has received significant financial contributions and support from the city and PEDDA for startup and development costs.

Never before has a project in Berkshire County received such widespread support from the private, public, and educational sectors. It has spurred enthusiastic and unprecedented collaboration and energy. The BIC project is being effectively managed by a top notch collaborative team including leaders from BIC, Pittsfield, PEDDA, and BCC. It is a pivotal project that is priority number one for economic development in the Berkshire region. It will help retain the manufacturing jobs we already have in the Berkshires and help create new job opportunities for students and residents of the region.

We are so close to changing the manufacturing and economic landscape of Berkshire County. A shovel can be in the ground by September if we can close the funding gap quickly. We are committed to working constructively with the Massachusetts Life Sciences Center and the commonwealth to make the Berkshire Innovation Center a reality.

B. Stephen Boyd Chairman, Berkshire Innovation Center CEO, Boyd Technologies, Inc.

Ellen Kennedy President Berkshire Community College

Cory Thurston Executive Director Pittsfield Economic Development Authority