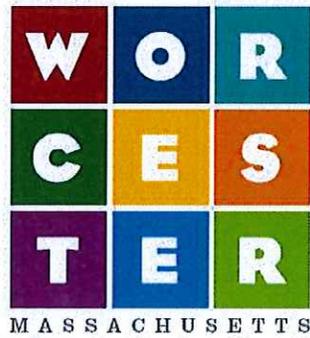


**SOUTH WORCESTER INDUSTRIAL PARK  
ECONOMIC DEVELOPMENT PLAN**

**2014**



## I. Overview

The South Worcester Industrial Park (SWIP) is one of the oldest industrial areas of Worcester dating back to the early nineteenth century. Past uses at the site include foundry, cast metal manufacturing, textile machinery manufacturing, and auto salvage, all of which contributed to the environmental contamination at the site. The city of Worcester currently owns approximately 8.4 acres within the 11-acre redevelopment area. The SWIP project consists of infrastructure improvements, demolition, and environmental remediation to create pad-ready parcels for light-manufacturing, industrial, and commercial use. Located one-half of a mile from the Port of Worcester, SWIP has excellent access to freight rail, interstate highways (I-290, I-90, Rt. 146), and Downtown Worcester. The SWIP presentation included in Attachment A provides additional detail.

## II. Identification of Planning Area

The Economic Development Plan focuses on the geographic area of the city-owned land at SWIP, shown on the map and conceptual plan (Attachment B). The conceptual plan highlights the six development parcels and includes recommendations for the size and configuration of the buildings which could be constructed on these parcels. These recommendations seek to optimize land use with consideration given to zoning, parking, easements, etc. The entire focus area of the Plan totals approximately 8.4 acres and is zoned Manufacturing, General (2.0).

### Parcel Descriptions:

Parcel	Acreage	Recommended Building Size
A	0.7	10,000 SF
B	1.7	40,000 SF
C	1.8	45,000 SF
D	0.7	9,000 SF
E	1.6	40,000 SF
F	1.9	45,000 SF

## III. Planning for Economic Development

The vision of SWIP is to foster clean, light-industrial manufacturing enterprises. The planning and implementation of the project has been directed by the SWIP Taskforce – comprised of the South Worcester Neighborhood Improvement Corporation, elected officials, city administrators, neighborhood residents, neighborhood business leaders, and other stakeholders. The primary objectives of the development are to reactivate this target area for the prevention of blight; increase the City's tax revenues; create new and retain existing jobs for Worcester residents; mitigate the growing scarcity of industrial space by creating new, high-quality facilities; and catalyze future economic activity.

The city administration has facilitated the demolition of all the vacant, dilapidated buildings within the project area; completed the remediation of all the city-owned land except for an area consisting of approximately 28,000 square feet (Parcel A on Concept Plan 2A); and completed vital infrastructure improvements. Due to the site's proximity to residential zones, concerns regarding

truck traffic were addressed by the discontinuance of a portion of Armory Street and the creation of a new cul-de-sac for an effective truck turnaround. The work completed to date would not have been possible without the support of Congressman James P. McGovern and financial support from the following partner agencies: U.S. Environmental Protection Agency, U.S. Economic Development Administration, U.S. Department of Housing and Urban Development, Massachusetts Department of Environmental Protection, MassDevelopment, and a Public Works Economic Development Grant (PWED) from the Commonwealth of Massachusetts. The public investment for this project totals approximately \$6.5 million to date and has adequately prepared pad-ready parcels within SWIP for active reuse.

#### IV. SWIP Site-Specific Economic Opportunity Area Plan

Through the Economic Development Incentive Program administered by the Commonwealth of Massachusetts, each parcel is intended to be a Site-Specific Economic Opportunity Area (EOA). The Site Specific EOA designation allows for a local property tax exemption from the city, known as a Tax Increment Financing (TIF) Plan. The property owner would also have the opportunity to seek an investment tax credit from the state. The Worcester City Council has pre-approved an exemption schedule dependent on the size of the building to be constructed and the number of jobs to be created or retained. Exemption percentages may range from 40-80% and the length of the exemption may range from 10-20 years. A copy of that order is included in Attachment C. Although the exemption schedule is pre-approved, the City Council will approve each TIF proposal for each individual parcel. The locally approved TIF proposals will then be submitted to the state's Economic Assistance Coordinating Council (EACC) for final approval. This TIF Plan strategy is designed to mitigate the high cost burden of new construction and to make the development of each parcel more financially feasible.

##### Exemption Schedule:

Building Size (SF)	Jobs Created or Retained*	Exemption %	Length
5,000 - 9,999	10 or less	40%	10 years
	11 - 15		15 years
	16 or more		20 years
10,000 - 14,999	15 or less	50%	10 years
	16 - 20		15 years
	21 or more		20 years
15,000 - 19,999	20 or less	60%	10 years
	21 -25		15 years
	26 or more		20 years
20,000 - 24,999	25 or less	70%	10 years
	26 - 30		15 years
	31 or more		20 years
25,000 or more	30 or less	80%	10 years
	31 - 35		15 years
	36 or more		20 years
* must be achieved within 5 years			

## V. Market Analysis

Massachusetts employment in the manufacturing sector contracted nearly 15,000 jobs each year from 2000 to 2006, primarily due to globalization and outsourcing to foreign countries for low cost of labor. Reacting to this trend, there has been a significant push to bring manufacturing jobs back and to buy products made in the United States. However, in 2008 the manufacturing sector suffered another setback due to the recession – the worst economic downturn since the Great Depression. From 2007 to 2009, Massachusetts experienced a net decline in manufacturing establishments of over 500 companies and lost over 47,000 jobs. The sector began to stabilize in 2010, and by 2011, the state finally experienced a net growth in manufacturing establishments.<sup>1</sup>

The demand for industrial space in Worcester has been steadily increasing, largely due to our enhanced transportation network and centrality within the New England region. The SWIP site enjoys easy access to the Providence & Worcester Railroad, the Worcester Port, I-90, I-290, I-395, Route 146, and Route 20. There are over 6 million people living within a 50-mile radius bringing companies access to significant markets. The current demand for industrial real estate in Worcester has far outweighed the existing supply – only 6% of Worcester’s total acreage is classified as industrial land. Furthermore, most of the existing manufacturing facilities in Worcester were constructed in the 19<sup>th</sup> and early 20<sup>th</sup> centuries, which are not conducive to modern, advanced manufacturing. The recent trends have centered on one-story facilities with high ceilings, whereas the older buildings in Worcester tend to have multiple stories with lower ceilings. The construction of new industrial facilities at SWIP will help meet the needs of advanced manufacturers.

Worcester is poised to meet the employment demands of prospective tenants at SWIP. The city has a surplus of both skilled and unskilled workers to fulfill a wide range of staffing needs. Local institutions at both the secondary and higher education levels value manufacturing trades in their curricula. These institutions are preparing the next generation for quality jobs in the new paradigm of the manufacturing sector – focusing on innovative, technology-driven operations.

## VI. Marketing Strategy

In order to attract manufacturers to SWIP, the administration has engaged in various marketing efforts. When a Request for Proposals (RFP) was issued for the 49 Canterbury Street parcel, the RFP was advertised in the *Banker & Tradesman*, *New England Real Estate Journal*, *Telegram & Gazette*, and on the city’s website. It was sent to approximately 2,000 recipients of the city’s Economic Development e-newsletter, approximately 2,000 recipients of the Worcester Regional Chamber of Commerce newsletter, approximately 7,000 recipients of the Massachusetts Manufacturing Extension Partnership newsletter, and approximately 1,000 members of various Worcester business associations. The administration has also identified many other local, regional, and national associations that could be utilized in the attraction efforts. The city will make every effort to continue to commit funds to the marketing of SWIP, including the fabrication and installation of property signs indicating the land available for sale.

To complement this Economic Development Plan – in an effort to further facilitate the disposition and development of the parcels – the city of Worcester will initiate a Request for Proposals (RFP) for brokerage services. The selected brokerage firm(s) will be required to develop a strategy to attract

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<sup>1</sup> “A Report Card on Manufacturing in Massachusetts 2012.” *The Kitty and Michael Dukakis Center for Urban and Regional Policy at Northeastern University*.

developers/companies and demonstrate a financial commitment to the marketing plan. During the selection process, preference will be given to firms that have experience in brokering industrial land. The city of Worcester, as the seller, will offer a maximum commission of 6% for the sale of the land.

## VII. Development Scenarios

The plan envisions the development of SWIP into six parcels for light manufacturing use. Having multiple, smaller-sized buildings will create diversity within the park and improve the ability to identify future reuse should the park experience tenant turnover. This development strategy also fosters the type of manufacturing operations that create better employment volume in proportion to the square footage of the building(s). Larger buildings typically encourage warehouse/distribution operations, which would not create as many jobs for Worcester residents.

In order to maximize the land-use potential of SWIP, development plans for the parcels should depict a building or structure occupying an appropriate percentage of the land as outlined below. Based on the conceptual plan produced by BSC Group, Inc., preference will be given to development proposals that have the following land-use ratios for each parcel:

Parcel	Land-Use Ratio*
A	30%
B	50%
C	50%
D	30%
E	50%
F	30%
	*% of land occupied by structure

An alternative development scenario would involve combining two of the parcels to enable the construction of a larger building. While this strategy is not the preferred vision for the park, it should be considered as an alternative for a company or developer on a case-by-case basis.

## VIII. Economic Impact Analysis

As the conceptual plan in Attachment A depicts, SWIP has the capacity to comfortably accommodate 180,000 square feet of building space. According to the City Assessor's office, if the full square footage is realized, the completed SWIP development would be valued at upwards of \$10 million. Based on the fiscal year 2014 commercial/industrial tax rate of \$30.83, this valuation would contribute over \$300,000 to the tax base annually. While the contribution to the tax base would be affected by the approved TIF plan, it is still expected to be at least \$100,000 annually.

With respect to job creation at SWIP, the goal is to create at least one job per 1,000 square feet of building space. The conceptual plan estimates 180,000 square feet of building space, resulting in the potential creation of at least 180 jobs. Any company creating more than one job per 1,000 square feet of building space will likely achieve greater benefits through the TIF Plan schedule. The average salary in manufacturing is currently \$75,000. The creation of 180 jobs could potentially increase the

payroll of Worcester employers by over \$13 million.<sup>2</sup> This job creation will also help to diversify the employment distribution in Worcester. Currently, over 40% of the population is employed in the education or health services sectors, with only 7% employed in manufacturing.

## **IX. Implementation**

Implementation of this plan will require the following steps:

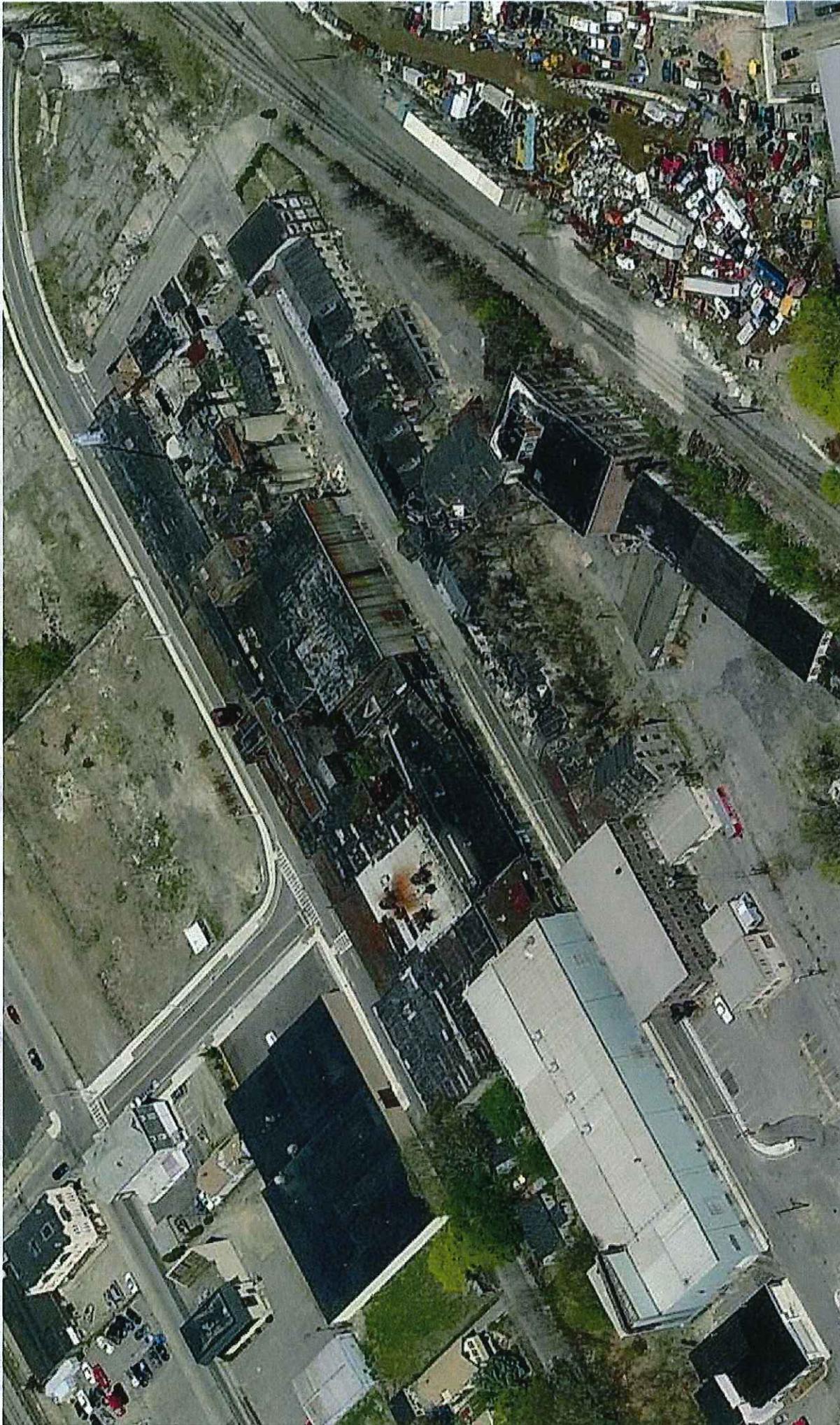
1. Obtain City Council approval of this Economic Development Plan.
2. Release the RFP for commercial brokerage services.
3. Determine the purchase price of the land.
4. Complete negotiations with developers/companies and transmit final disposition terms to the City Council.
5. Obtain City Council approval authorizing the sale of the properties and the approval of the Site Specific EOAs and TIF Plans, if applicable.

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<sup>2</sup>“A Report Card on Manufacturing in Massachusetts 2012.” *The Kitty and Michael Dukakis Center for Urban and Regional Policy at Northeastern University.*

**ATTACHMENT A**

# South Worcester Industrial Park



Executive Office of Economic Development  
Division of Business Assistance  
City Hall, 455 Main Street, 4th Floor  
Worcester, Massachusetts 01608  
Phone: 508-799-1400 Fax: 508-799-1406  
Email: [development@worcesterma.gov](mailto:development@worcesterma.gov)



## **About the SWIP Project:**

- Eleven (11) acre project area; City owns eight (8) acres
- 1 mile from Downtown; 0.5 miles from Port of Worcester
- Excellent access to transportation networks (rail and interstate highway system)
- Vacant and dilapidated factory buildings outdated for today's manufacturing standards
- Past uses included pistol factory; woolen mill; scrap iron storage; foundry operations (cast metal manufacturing, textile machinery manufacturing); auto salvage
- Approximate total project cost to date is \$7 million



● Port of Worcester

● Highway Connections

● Rail

● SWIP

25 Southgate Street, Worcester, MA



Image Massachusetts, Commonwealth of Massachusetts EOEAA  
 © 2006 Europa Technologies  
 © 2006 Navteq

© 2006 Google

# Sources of Project Funding



**MASSDEVELOPMENT**  
Build. Create. Innovate.

- \$3.5 million City Loan Authorization
- \$1.3 million EDA Public Works Grant\*
- \$1 million State Public Works Economic Development Grant\*
- \$400,000 MassDevelopment Remediation Grant
- \$200,000 EPA Assessment Grant (Hazardous Materials)
- \$200,000 EPA Assessment Grant (Petroleum)
- \$200,000 EPA Cleanup Grant - 65 Armory Street
- \$150,000 CDBG Environmental Remediation Set-Aside
- \$50,000 MassDEP Grant of Service - 65 Armory Street  
(Section 128A Funding)\*\*

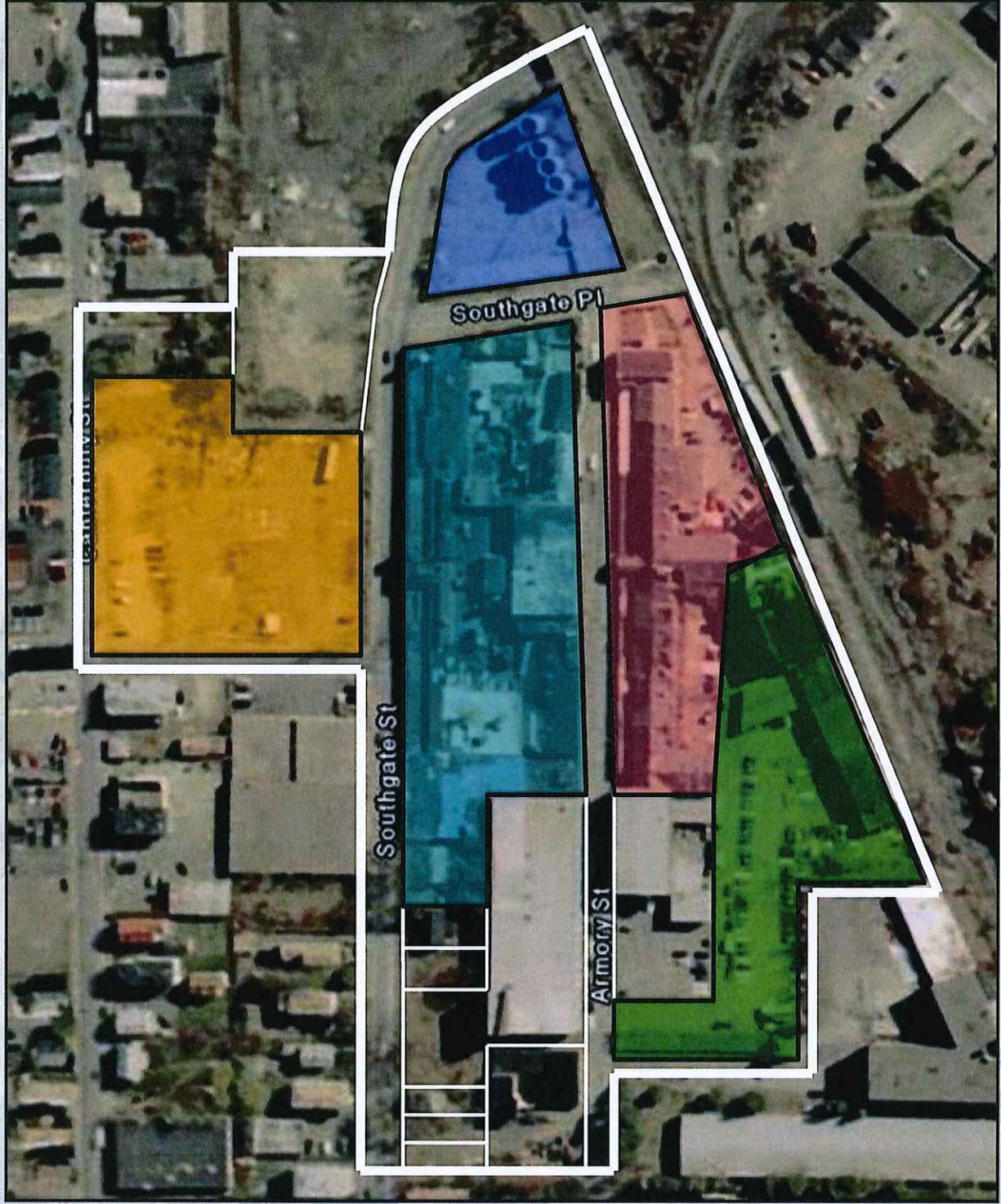
\* All available funding expended.

\*\* Mass DEP Grant of Service – Completed in September 2008.

## **Accomplishments To Date:**

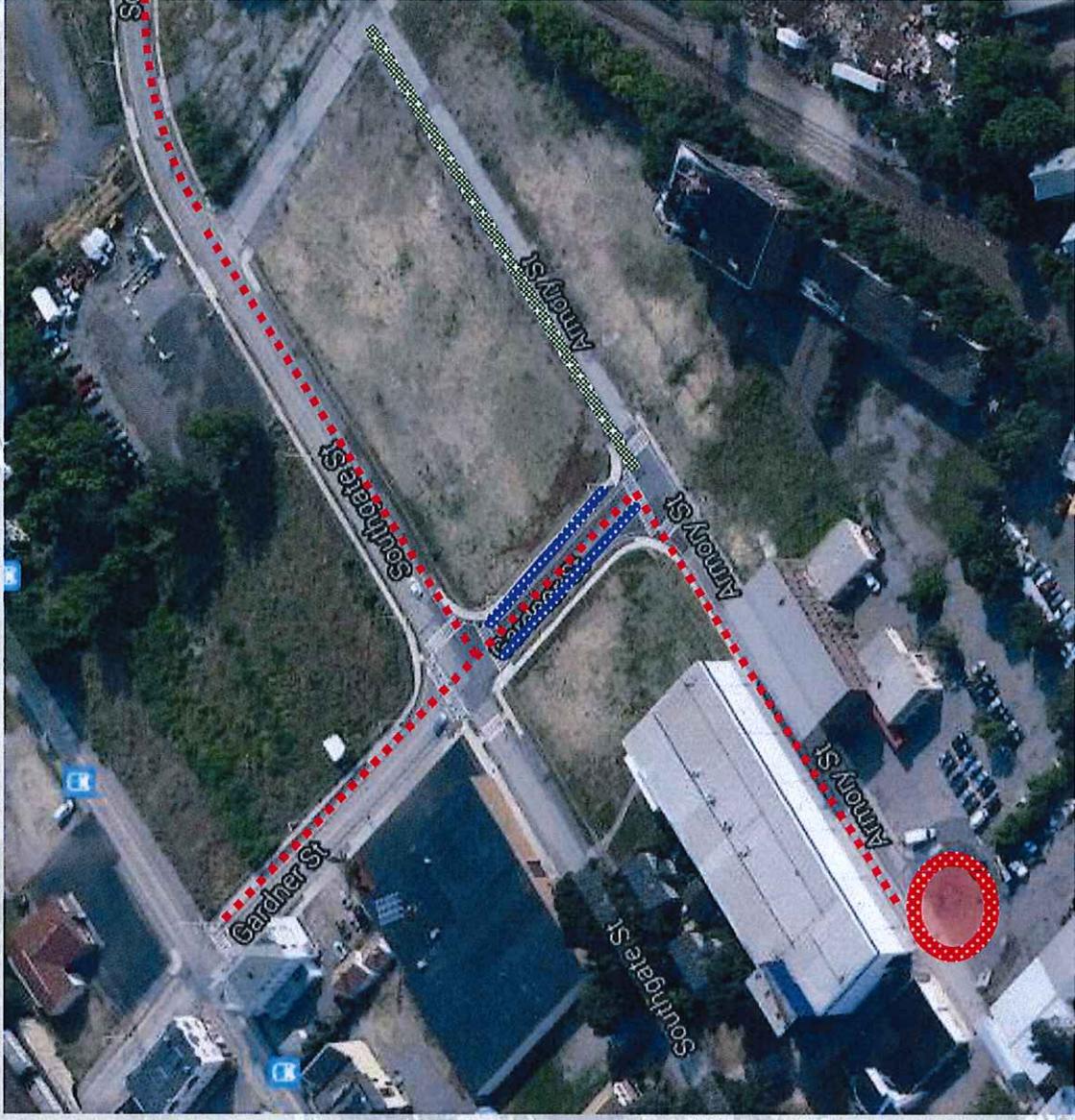
1. Assembled five key privately-owned properties
2. Remediation of 49 Canterbury Street
3. Remediation and demolition of 25 Southgate Street, 17 Southgate Place, and 65 Armory Street
4. Completion of key infrastructure improvements
5. City Council adoption of TIF Plan for City-owned properties in SWIP
6. Completion of Conceptual Layout Plan

# City-Owned Properties at SWIP



- 49 Canterbury St
- 25 Southgate St
- 17 Southgate Pl
- 65 Armory St
- 26 Southgate Pl

# Janice Nadeau Way (Gardner Street Extension)



**Legend:**

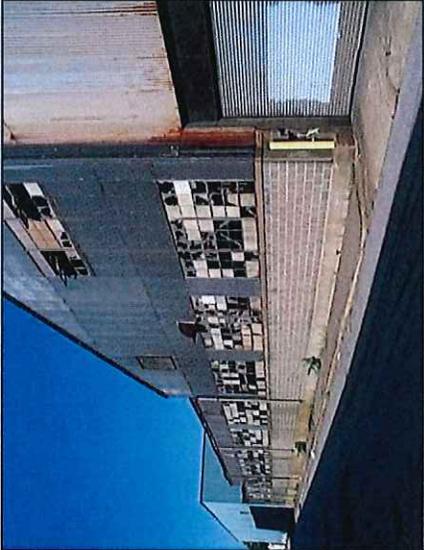
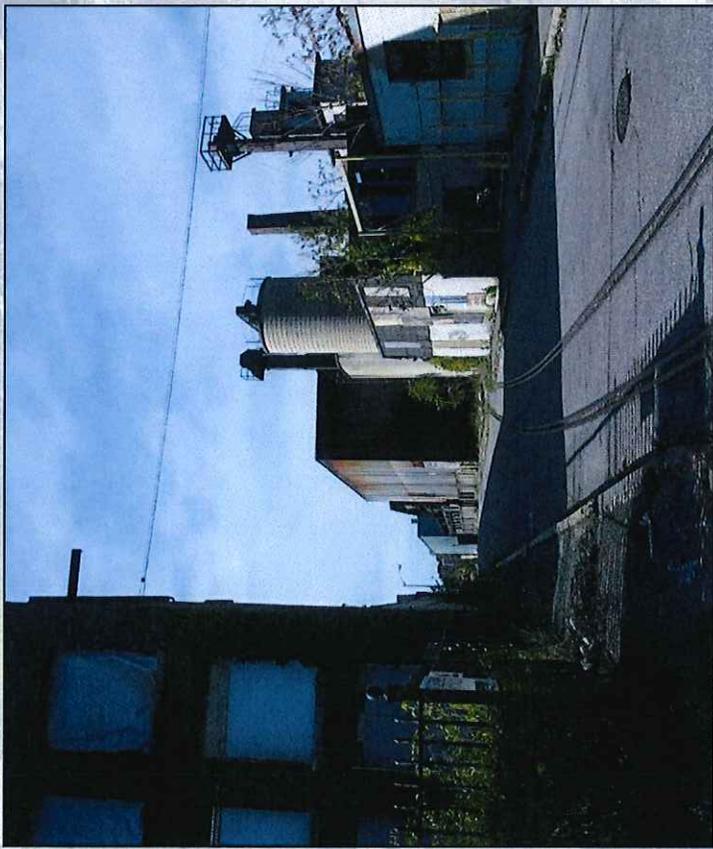
■ ■ ■ ■ Infrastructure Improvements

○ Armory Street Cul-de-Sac

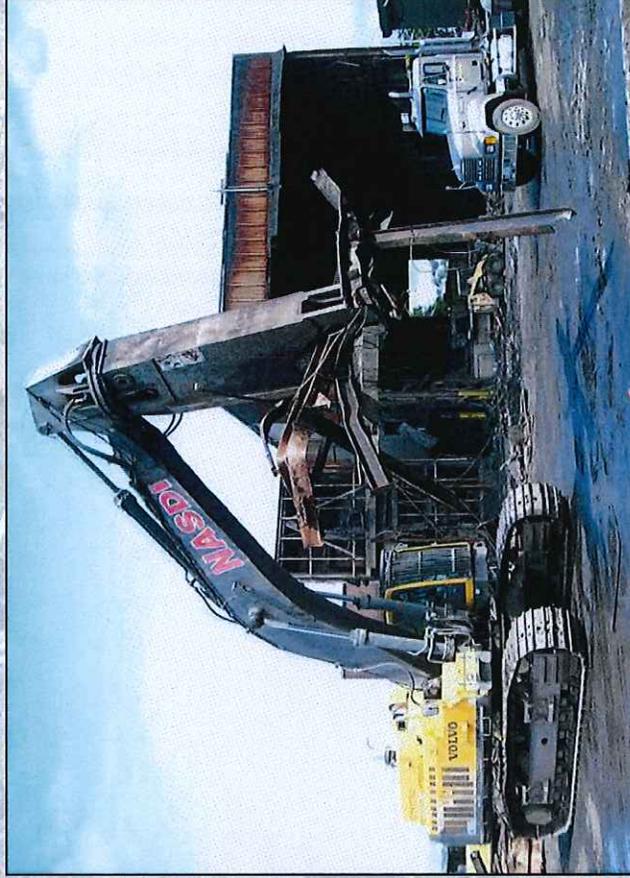
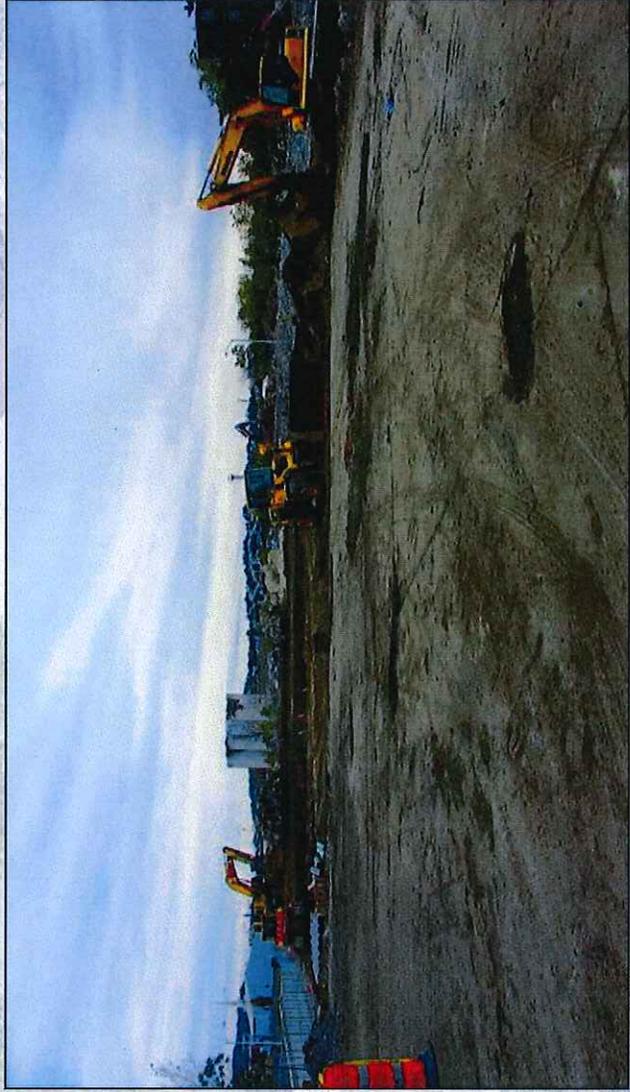
▬ Abandoned Right of Way

▬ Janice Nadeau Way

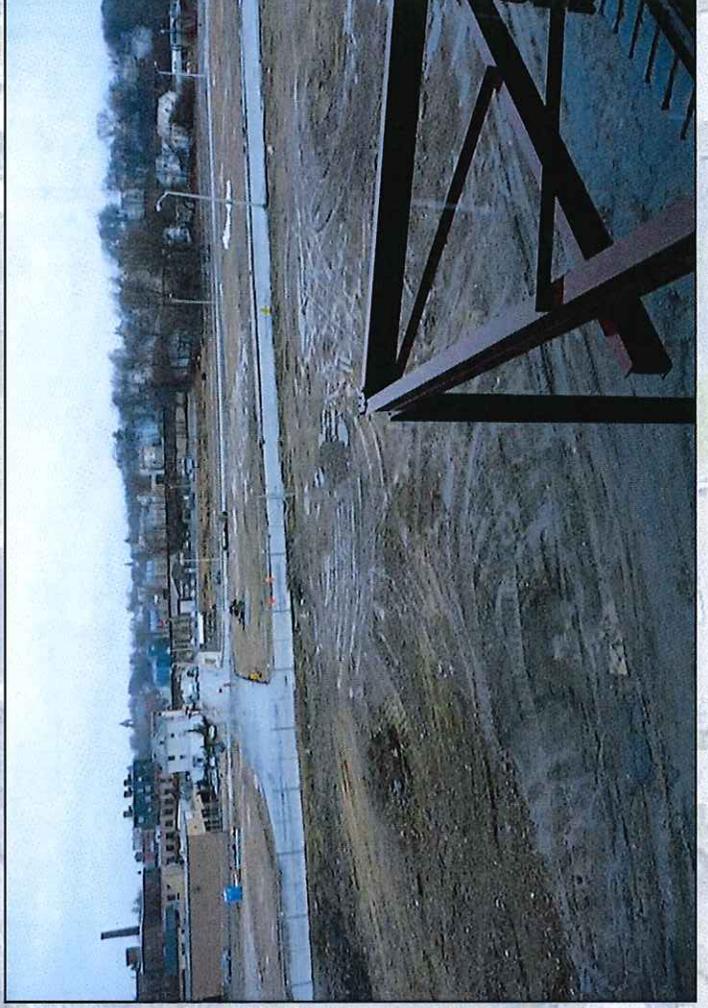
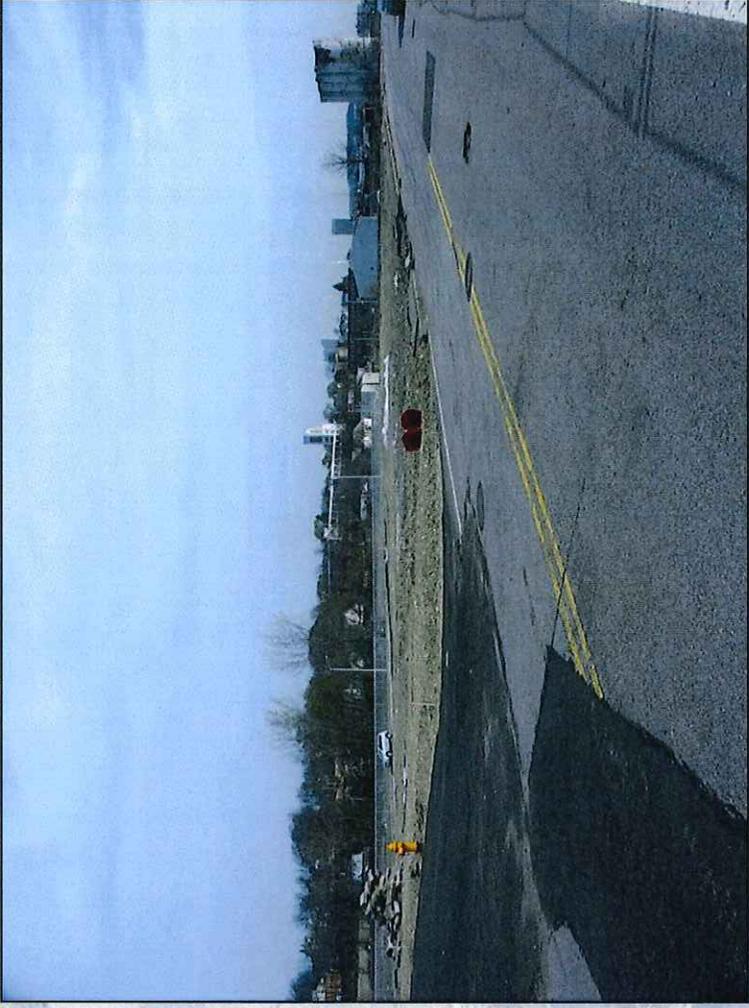
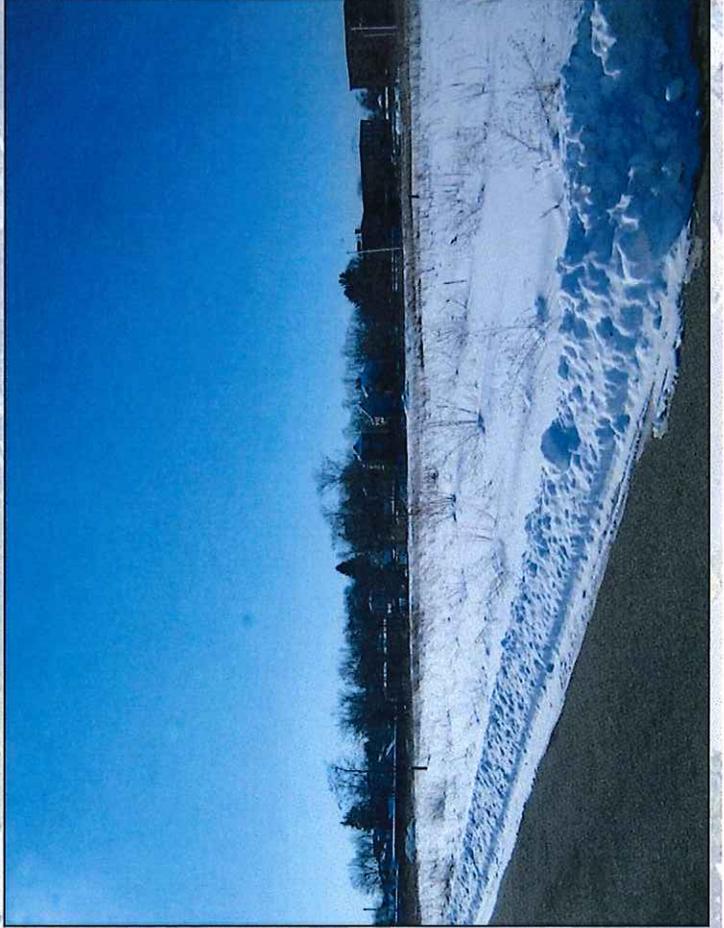
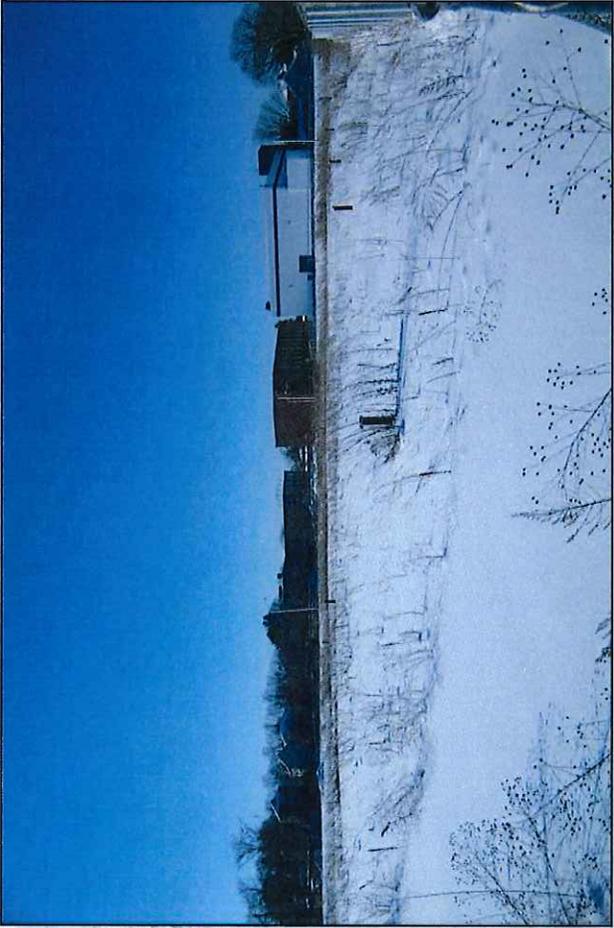
# Before Demolition



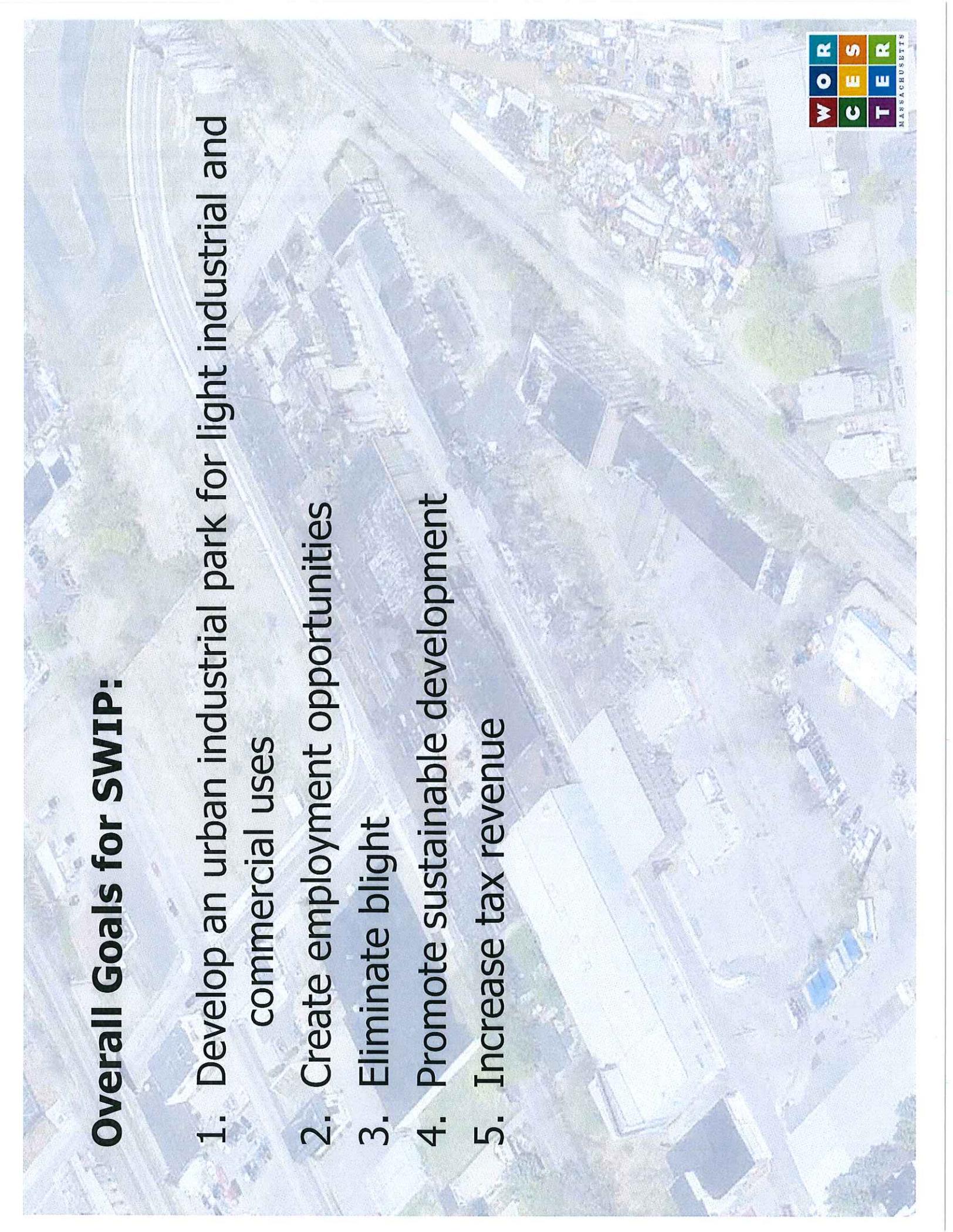
# During Demolition



# After Demolition







## **Overall Goals for SWIP:**

1. Develop an urban industrial park for light industrial and commercial uses
2. Create employment opportunities
3. Eliminate blight
4. Promote sustainable development
5. Increase tax revenue

## **Next Steps For SWIP:**

1. Complete demolition of the silos
2. Finalize Approval Not Required Plans
3. Remediate or sell Parcel A (28,000 SF parcel)
4. Finalize DEP reporting requirements
5. City Council Adoption of the SWIP Economic Development Plan
6. Secure a commercial broker(s) to market SWIP
7. Market City-owned parcels
  - EDCC, Chamber of Commerce, MassMEP, etc.
8. Advertise, sell, and develop parcels

**ATTACHMENT B**



Aerial Map

(courtesy of Google, Inc.)

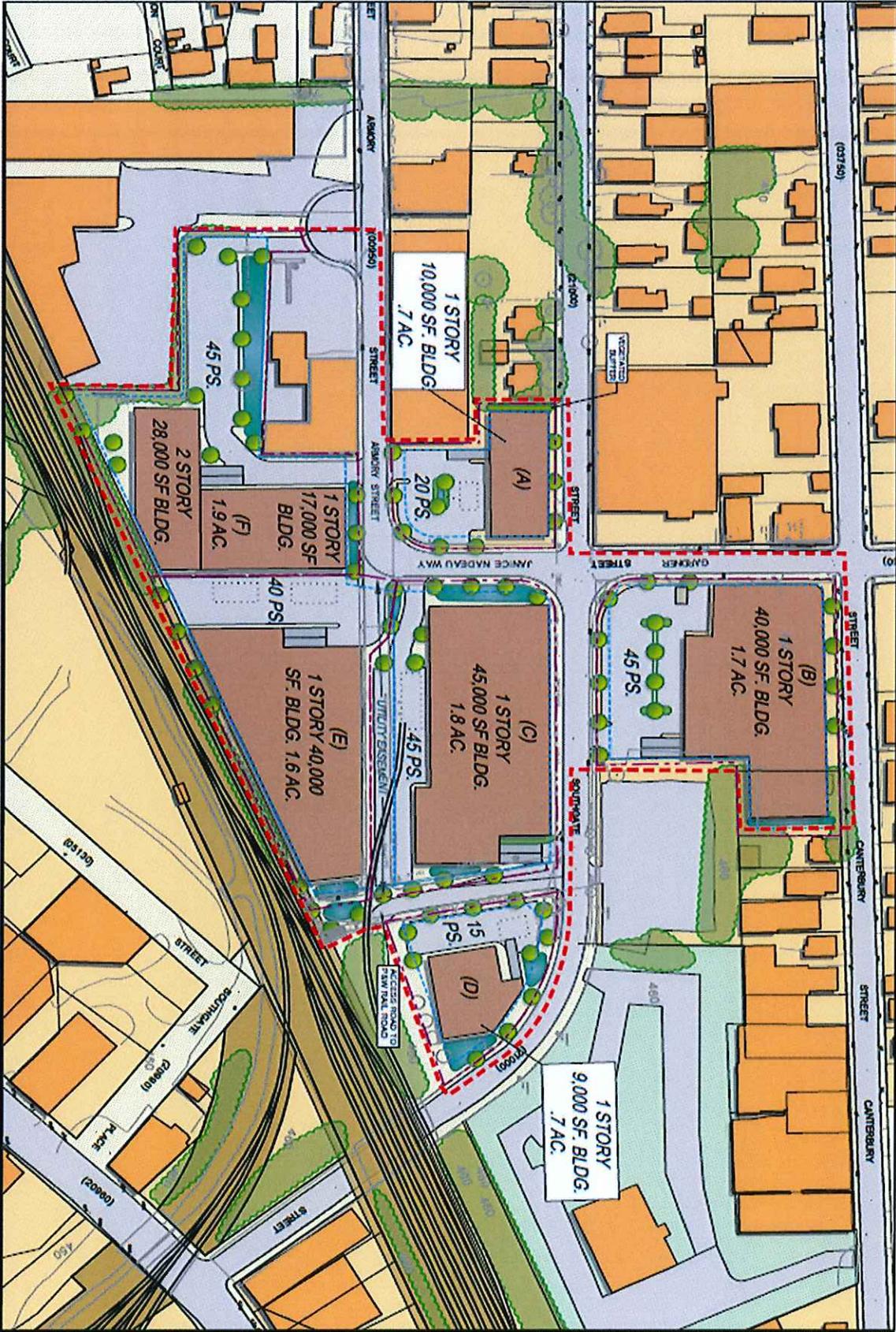
# CONCEPT PLAN 2 A

ELIMINATE SOUTH GATE PLACE  
& PART OF ARMORY WAY

- LEGEND**
- PROJECT BOUNDARY
  - EXISTING BUILDING
  - PROPOSED BUILDING
  - INCORPORATED PROPERTY BOUNDARY
  - PROPOSED PARKING
  - VEGETATED BUFFER (ZONE RO)
  - SUB-SURFACE INFILTRATION BAR
  - OPEN STORM WATER BAY
  - BUILDING ENVELOPE

PARKING RATIO 1:1000 SF.  
TOTAL BUILDING FOOTPRINT 179,000 SF.  
TOTAL PARKING SPACES (240)

**BSC GROUP**



**SOUTH WORCESTER INDUSTRIAL PARK**  
WORCESTER, MA

**ATTACHMENT C**

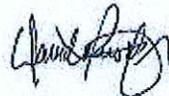
# CITY OF WORCESTER

In Committee

March 12, 2013

The Committee On Economic Development to whom was referred November 27, 2012 the Communication of the City Manager recommending Adoption of a Resolution to Designate Parcels within the South Worcester Industrial Park Site Specific Economic Opportunity Areas; having considered the same, most respectfully reports recommending adoption of the accompanying Resolution as amended

For the Committee



Clerk

**A RESOLUTION FOR SITE SPECIFIC ECONOMIC OPPORTUNITY AREAS  
WITHIN THE SOUTH WORCESTER INDUSTRIAL PARK**

- WHEREAS:** Economic development and job creation are ongoing priorities within the City of Worcester and the attainment of these economic development goals are considered crucial to the future economic growth of the city; and
- WHEREAS:** The economic growth of the City of Worcester requires the strengthening of the commercial and industrial base to generate increased revenues; and
- WHEREAS:** Massachusetts General Laws Chapter 23A created the Massachusetts Economic Development Incentive Program (EDIP), which is intended to promote private investment, create or retain employment opportunities, and revitalize distressed areas in communities across the state; and
- WHEREAS:** The Economic Assistance Coordinating Council (EACC), established by Section 3B of said Chapter 23A, is charged with administering the EDIP, including the review and approval of applications from municipalities, for the designation of areas as Economic Target Areas (ETA) and Economic Opportunity Areas (EOA); and
- WHEREAS:** The City of Worcester was designated as an ETA in May 1994; and
- WHEREAS:** The City of Worcester, as part of that application, voted to offer qualified project tax increment financing or special tax assessments within Worcester's EOA; and
- WHEREAS:** The City of Worcester has completed infrastructure improvements and the required demolition and remediation activities at the South Worcester Industrial Park (SWIP) and is prepared to dispose of the City-owned parcels for the development of commercial and light industrial uses that meet the vision of the SWIP; and
- WHEREAS:** To assist in the marketing of the City-owned parcels for disposition, the City of Worcester hereby seeks to have the City-owned parcels in the SWIP, currently identified by the City Assessor's Office as Map 07, Block 027, Lot 00008; Map 07, Block 024, Lot 00010; Map 07, Block 024, Lot 01-03; Map 07, Block 026, Lot 16-23; and Map 07, Block 024, Lot 0010A, designated as Site Specific EOAs having terms of up to twenty years for Certified Project designation under the EDIP.

**NOW, THEREFORE, BE IT RESOLVED**

That the Worcester City Council hereby approves the following TIF exemption schedule scenarios, which shall be included in the requests for proposals to be issued for the sale of the herein described parcels:

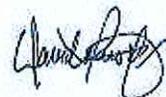
<b>Building Size</b>	<b>Exemption Percentage</b>	<b>TIF Plan Length</b>
5,000 SF – 9,999 SF	40%	
Creation and Retention of less than 10 jobs within five years		Ten Years
Creation and Retention of 11 to 15 jobs within five years		Fifteen Years
Creation and Retention of 16 or more jobs within five years		Twenty Years
10,000 SF – 14,999 SF	50%	
Creation and Retention of less than 15 jobs within five years		Ten Years
Creation and Retention of 16 to 20 jobs within five years		Fifteen Years
Creation and Retention of 21 or more jobs within five years		Twenty Years
15,000 SF – 19,999 SF	60%	
Creation and Retention of less than 20 jobs within five years		Ten Years
Creation and Retention of 21 to 25 jobs within five years		Fifteen Years
Creation and Retention of 26 or more jobs within five years		Twenty Years
20,000 SF – 24,999 SF	70%	
Creation and Retention of less than 25 jobs within five years		Ten Years
Creation and Retention of 26 to 30 jobs within five years		Fifteen Years
Creation and Retention of 31 or more jobs within five years		Twenty Years
25,000 SF – or more	80%	
Creation and Retention of less than 30 jobs within five years		Ten Years
Creation and Retention of 31 to 35 jobs within five years		Fifteen Years
Creation and Retention of 36 or more jobs within five years		Twenty Years

**In City Council**

**April 2, 2013**

**Resolution adopted by a yeas and nay vote of Ten Yeas and No Nays**

**A Copy. Attest:**



**David J. Rushford  
City Clerk**