

Green Tech Fuels \$34M Saint-Gobain Expansion

By Shaun Tolson

Worcester Business Journal Staff Writer

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Saint-Gobain in Worcester is setting up a new operation that will produce plastic materials used in solar panels.

In today's economy, the fear of manufacturers picking up and leaving high-cost states like Massachusetts is rampant. And that's why it was especially good news that global giant Saint-Gobain is investing \$31.8 million on expanding its operations in Worcester.

The company plans to begin producing plastic materials in Worcester that will be used in solar panels. The expansion will be at 717 Plantation St. and will include the conversion of 30,000 square feet of warehouse storage space to accommodate new manufacturing

processes, installation of new production equipment and the construction of new offices and storage space.

Job Growth

The expansion is expected to create 50 new jobs at the end of the first phase in 2011, nearly doubling the 57 positions at the Plantation Street site, according to a press release from the City of Worcester.

Saint-Gobain has 1,890 employees locally and 209,175 worldwide.

For those invested in Massachusetts manufacturing, the announcement is great news.

“Large manufacturers have options,” said Jack Healy, director of the Worcester office of the Massachusetts Manufacturing Extension Partnership (MassMEP). “They can produce in any area of the world. But this clearly is not a commodity that you can readily produce somewhere else. They chose to produce this in Worcester and it’s a nice commitment that they’re making to the city.”

With the solar power and renewable energy sector continuing to grow, an expansion like this does not surprise Healy. What does surprise him is the size of the organization committed to the expansion.

For the expansion to move forward, the city needed to make a commitment of its own to Saint-Gobain.

A tax-increment-financing plan (TIF) was structured in two phases over a 15-year period, which will provide the company with almost \$1.7 million in savings, and the city \$3.3 million in tax revenue.

Municipal Competition

The agreement between Saint-Gobain and the city was expedited once city officials learned that another location in New Jersey might land the project.

“Once we understood that it was a possibility, we quickly sat down with them to see what we could do to help,” said Timothy McGourthy, Worcester’s director of economic development. “We wanted to keep this on the fast track.”

The TIF program that the city and company drafted moved through the process smoothly and gained approval in only three months, about half the amount of time it takes for most programs to reach state approval.

“This one was cut in half to meet the timeline to make sure that everything happened,” he said. “It took some work to put everything in place, but we think it will pass with flying colors.”

The state's Economic Assistance Coordinating Council will vote on the plan June 24, at which point, should it pass, the TIF would take effect starting July 1.

As outlined by the plan, Saint-Gobain would be exempt from paying taxes on approximately 61 percent of the new value generated by the improvements and expansion. That's \$302,560 of tax savings over 15 years, according to a letter from Michael V. O'Brien, Worcester's city manager, to the city council.

The city, by comparison, would receive more than \$1.5 million in property tax revenues during that same time period.

During the project's second phase, which would take place between 2012 and 2015 and would include construction of a \$4 million addition and \$10 million worth of new equipment purchases, the company would be exempt from paying taxes on about 78 percent of the new value. During that time the city would receive an estimated minimum of \$1.7 million in tax revenues.