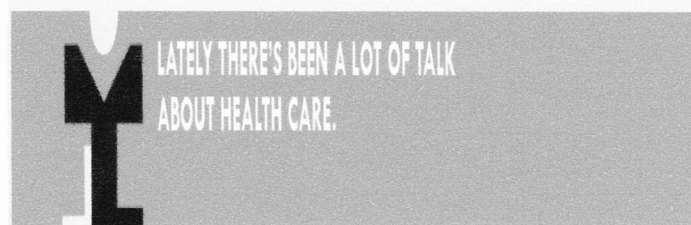


 Navigation

BusinessWest.com

THE BUSINESS JOURNAL OF WESTERN MASSACHUSETTS



For the Long Haul

Joseph Bednar on November 4, 2014 in **Features**

Springfield Welcomes a New Industry — and a Brighter Economic Outlook



A few hundred new jobs in Springfield is always cause for celebration. But city leaders are thinking much bigger than that.

For instance, David Cruise recalled his first meetings with representatives of CNR Changchun Railway Vehicles, the Chinese-based rail-car manufacturer that announced a \$565 million deal last month to build at least 284 new subway cars for the MBTA, and to base its operations at the former Westinghouse site in Springfield.

“We were very excited about the opportunity to have CNR Changchun here in the area — it’s a very unique opportunity to bring sustaining wages and career opportunities to people of all ages,” said Cruise, president and CEO of the Regional Employment Board of Hampden County (REB). “We believe they’re very, very committed — not only to fulfilling this contract with the MBTA, but using that contract to expand their business in other parts of the country, while keeping their corporate offices and manufacturing facility here in Springfield.”

Kevin Kennedy, Springfield’s chief development officer, said he and Mayor Domenic Sarno have the same idea.

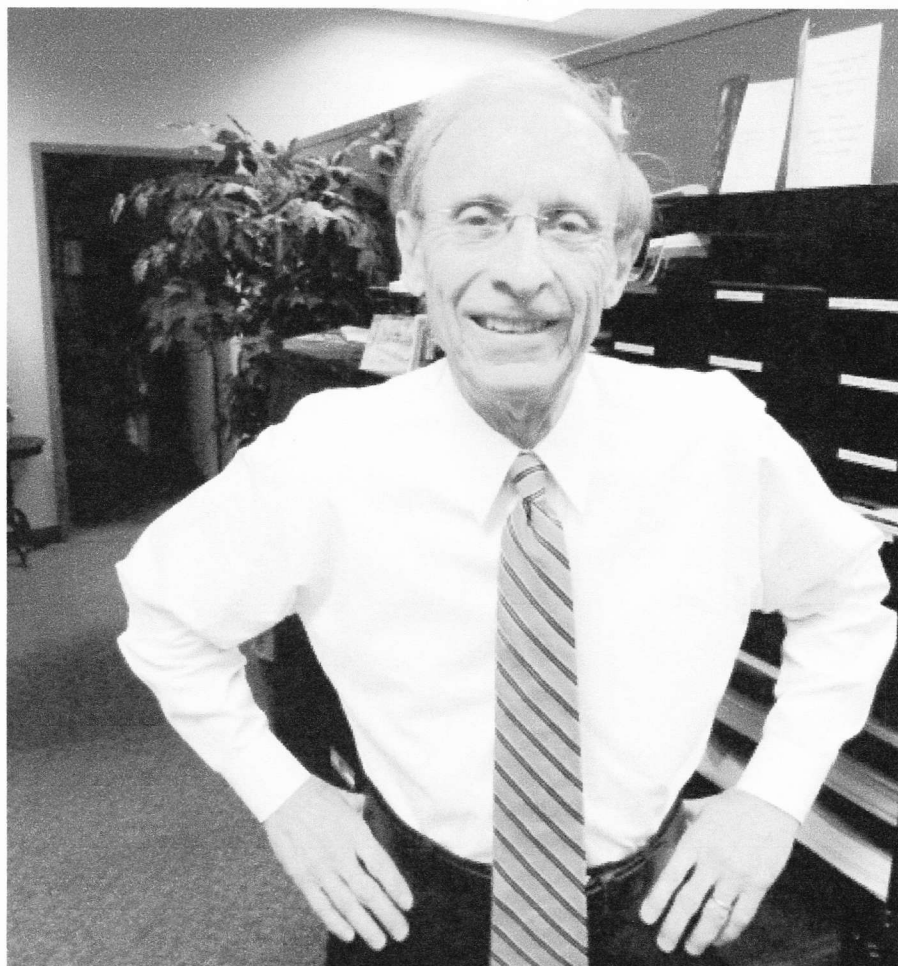
“In our discussions, what really intrigued the mayor and me the most is that they immediately said to us, ‘we want to make this our American manufacturing headquarters,’” Kennedy told BusinessWest. “Their goals went well beyond the MBTA contract, and it says to us that they plan to have prolonged growth, sustained growth, both from a jobs point of view and from an economic-development point of view ... from every point of view we could think of.”

In other words, the world’s largest rail-car maker setting up shop in Springfield could represent far more than the expected initial 100 to 125 construction jobs and 225 to 250 jobs at the plant.

“They are very serious about getting into the American rail-car market,” Kennedy continued. “After the original contract, they’re looking at other opportunities, and we could see significant job growth. And I think the key right now — the thing everyone in political and private life is talking about — is jobs.”

Sarno agreed. “The impression I get from them is, this is really going to blossom for them,” he said.

“Increased jobs are



going to come from this — good-paying jobs, hundreds of jobs — and will solidify and strengthen the tax base. But I think this is something even bigger. This will be their North American hub; they're already looking at secondary projects in the Springfield area.”

In other words, CNR Changchun's decision to set up shop in Springfield, catalyzed by the MBTA's decision to award the company the contract to manufacture almost 300 new cars, could lead to many more economic benefits down the road — or the track, as the case may be.

Mass Appeal

The saga that eventually brought CNR Changchun to Springfield began late last year, when the MBTA first announced the project.

“We're always looking for different opportunities, and when we came across the MBTA advertising for the bid, we contacted them and got the list of bidders who had taken out bid specs, and we contacted all of them to talk about Springfield, how Springfield would be very receptive to them coming here,” Kennedy said. “As it turned out, potential bidders had already looked at Springfield. We ended up with two that already had half a stake down in the ground here, and we met with both over a period of months.”

Those companies were CNR Changchun — which bought the former Westinghouse site from Pinnacle Entertainment — and Hyundai Rotem, which aimed to build a plant on Progress Avenue. Both companies met extensively with city officials and learned about potential workforce-training initiatives involving Springfield Technical Community College, Holyoke Community College, Western New England University, and Roger L. Putnam Vocational Technical Academy, as well as the region's two one-stop career centers, CareerPoint and Future Works, and entities like the REB and the Economic Development Council.

“One of my first questions for the CNR folks, when they indicated they had taken an option on the property from Pinnacle, was ‘why Springfield?’” Kennedy said. “They said to me, ‘you've got a great workforce, a great location, great transportation system. We think this would be a really good place for workforce development and for our employees to work.’”

The city's appeal would only be heightened, he added, by the MGM Springfield resort casino to be built in the South End if a ballot measure aimed at barring casinos in Massachusetts is defeated this Tuesday. “A number of Millennials are interested in quality-of-life issues, and we're not talking about gambling; we're talking about entertainment.”

Meanwhile, the entire Page Boulevard corridor around the Westinghouse site could see a bump in quality of life, Sarno added.

“The restaurants in that area are ecstatic. Now we’re going to get spinoff businesses — people are going to want to eat, get their hair cut, need this, need that,” the mayor said. “We also have great housing stock there. Someone may say, ‘hey, I work here; if I buy a house in the area, I can walk to work.’ There’s tremendous potential there for the long haul.”

Cruise also used that term ‘long haul’ when describing his interactions with CNR Changchun over the past several months.

“We would have been pleased with whomever was selected if they were coming into the area, but we’re particularly pleased by this selection,” he said. “In the discussions we were part of, it was pretty evident to us that this company was committed to being in the area for the long haul — that the MBTA contract to provide rail cars in Boston was critical to them, but they were going to use this as a platform for additional business around the country.”

In addition, “our impression was that they were committed to making certain that local residents were hired for their production and assembly positions, and that was really important to us,” Cruise said. “Their reputation as the largest builder of railway cars in the world certainly wasn’t lost on us. I was impressed by a number of things they had to say. This could be very, very significant.”

Sarno said the company appreciated the way the city seamlessly brought together players from the business, political, and workforce-development realms to craft a vision of what the city and its environs could offer.

“They really liked the red carpet we rolled out for them here in Springfield,” the mayor said. “CNR Changchun is very good with grassroots, with reaching out, and had meetings with Putnam, WNEU, workforce-development people, the media, vendors, the employment base. They really wanted to touch every base they could here in Springfield, and we helped facilitate that.”

Added state Sen. Gale Candaras, at the recent press conference where Gov. Deval Patrick announced the MBTA deal, “their level of engagement with people here was amazing. Right from the beginning, they wanted to be here; they were committed to this site.”

Engine for Growth

Like Kennedy, the mayor said the city’s greatest appeal to CNR Changchun — which will do business here under the name CNR MA — is its worker pool and, more importantly, the infrastructure already being built to train it for what are expected to be well-paying precision-manufacturing jobs.

For the REB's part, Cruise explained, it will take a three-pronged approach. It will coordinate with the CareerPoint and Future Works career centers, the Department of Veterans Services, and area vocational high schools to identify existing candidates for jobs; help develop training programs at Putnam, STCC, and WNEU to increase that pool; and work closely with labor unions whose members have the required skills associated with rail-car assembly, as well as the REB's network of advanced-manufacturing firms to connect CNR MA with area companies that can manufacture required parts and components.

"When trying to build a workforce of this size, you have to have educational outreach programs to make certain the community as a whole is aware of the positions that will be available — primarily production opportunities, but I suspect some in the corporate office in Springfield as well," Cruise told BusinessWest.

"It's critical that companies assist CNR in their efforts to get the workforce," he continued, "but also make certain, as the workforce is selected, that we have an infrastructure in place to continue to provide skills to their incumbent workforce. In my opinion, this area has the educational infrastructure to be able to respond to workforce needs, which is not something you find in too many areas. I suspect one of the reasons CNR chose Springfield as a location for their facility was that they saw the resources available here, and I think that was important to them."

CNR MA expects to break ground on its new, \$60 million plant sometime in 2015, just as planned worker-training programs begin to gear up. The initial project to build 152 Orange Line cars and 132 Red Line cars — replacing vehicles that have been in use for between 35 and 45 years — is set to continue until a planned delivery date of 2021, but by then, the company is hopeful that an expanded workforce will be busy with other projects well into the future.

"This is huge," Cruise said, "not only for the whole issue of job creation, but also for some of the smaller companies, sheet-metal companies, and the labor unions here in the area, who can be suppliers and partners in this work.

"We think it will have a ripple effect on other companies," he continued. "Whenever you bring a manufacturing facility of this magnitude in the area, there will be some spinoff for some of the smaller companies that provide goods and services to them. That's critical."

Richard Davey, secretary and CEO of the Mass. Department of Transportation, recognized the importance of this project to the people of Springfield.

"The governor has talked about transportation not being about just trains and buses, but lifting communities, about jobs and economic development," he said.

Added Patrick, "they've been thoroughly vetted; they've constructed these kinds of cars all over the world, and they're very well-respected. One condition of this deal is that they do the

assembly and manufacturing here in Western Mass., and they have chosen to do that right here in East Springfield.”

Springfield Bound

Sarno suspects that most people didn't consider his city a front-runner, yet, after CNR Changchun officials visited about 50 sites along the Northeast corridor, it settled on Springfield.

“Even though the region's manufacturing base has eroded since the old days, dating back to the '70s, it's still a hotbed for precision machining,” he told BusinessWest. “And they liked what they saw here. They liked the supports from the city and state, they liked the workforce development we have here, our farm system, and they really loved the property.”

The mayor also believes the rise of a new industry in Springfield could be a catalyst to attract other manufacturing firms of all types. “I think it's the best advertisement to come to Springfield.”

Kennedy said a manufacturer of this size and reputation locating in Western Mass. is unheard of these days, but in a way, it fits in perfectly with the other positive changes happening in Springfield, from MGM Springfield and Union Station to the area colleges procuring a presence downtown and the development of an innovation district plan.

“All these pieces of the puzzle are coming together — it's happening,” he said. “There's certainly enthusiasm happening in the business community, recognizing what's happening here. What we need now is to translate this into a real marketing effort for Springfield, so the general public can see it.”

And other businesses, of course.

“We really are at a pivotal moment in the city's history,” Sarno said, citing not just potential new jobs, but planned improvements in public safety and education. “We're moving in the right direction, though obviously we always want to do more.

“I'm bullish on Springfield,” he concluded, “and I think people are starting to be bullish on Springfield as well.” Including, in CNR Changchun, one more large firm that's betting big on the City of Homes.

Joseph Bednar can be reached at bednar@businesswest.com

About Joseph Bednar

View all posts by Joseph Bednar →