

News @ ARMS

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No "Stimulus" Needed: ARMS Fuels Job Creation & Growth

On the Cover (LtR top row): BAE Systems Multi-Use Facility | ARS refurbished rail car | Protokraft patio | Protokraft lobby | New Holston AAP Entrance | Grucci fireworks at the Washington Monument

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No "Stimulus" Needed: ARMS Fuels Job Creation & Growth

Belt tightening has become the new norm for business development nationwide. Local business owners and government officials are trying to stretch every dollar to the maximum. In these days of government bailouts and stimulus packages, people have become hyper-aware of government spending and the return on their investment.

The U.S. Army Retooling and Manufacturing Support (ARMS) Program is one program that has not only achieved the cost-savings goals set out in 1992 - ARMS has surpassed all expectations with impressive savings to the Army while supporting local job creation and growth at the participating Army Ammunition Plants (AAPs).

New, start-up and/or growing businesses benefit through the ARMS Program primarily through lower starting costs. Competitive lease terms, access to existing manufacturing equipment, available infrastructure and location to major transportation are just a few of the selling points of the participating AAPs. By leveraging their capital efficiently through incentive funds, these businesses have the opportunity to expand in capacity quicker than the current financial situation would dictate. This has translated nicely into creating significant job creation to the local communities all while reducing the Army's overall operating cost.

Protokraft - A Prototype for Success

"The location and its proximity to BAE's main security were important to us and the additional space was essential for our continued growth and additional employees," said Randy Lord, co-owner of Protokraft.

Protokraft, located at the Holston AAP in Kingsport, Tenn., is a manufacturer of electronic components for harsh environments. Co-owners Bob Scharf and Randy Lord started the business in 2003 and initially

located in the Holston Business Development Center located at the Holston AAP. Growing to 11 employees over six years, they decided they needed a bigger space. Protokraft was able to grow to another larger facility at the Holston AAP.

ARMS funds were secured to renovate an old clothes change facility and upgrade the infrastructure to generate approximately 10,000 square feet of modern light manufacturing space. Since moving into the renovated facility just six months ago, employment has already increased by an additional 36 percent to 15 employees.

Protokraft has been cited multiple times by Business Tennessee magazine as one of the fastest growing companies in Tennessee.

ARS - Success Like a Runaway Freight Train

Location is a key to real success for many ARMS tenants and no company knows this better than Appalachian Railcar Services, (ARS) located at the Holston AAP.

The Holston AAP is served by both Norfolk Southern and CSX railroads. Initially ARS located at Holston AAP to perform switching at the site, to use existing rail track to store empty rail cars and to perform railcar repairs, railcar refurbishment, unit train inspections and services utilizing facilities previously upgraded using ARMS incentive funds. In 2008 expansion was proposed by modifying an existing classification yard to create a work area and allow more unit train inspections. At the same time the idea to install four wreck repair stations next to the existing turn table and shop was conceived. ARMS funds were utilized to relocate some underground infrastructure and pour the pads.

Since locating to the Holston site, the company has doubled employment from 15 to 30 employees.

ARMS Contact Information

IOWA

Iowa AAP Commerce Center of Southeast Iowa

Tammy Dean, Deputy Dir. for Commercial Development
(319) 753-7250
tdean@aollc.biz

MISSOURI

Lake City AAP Lake City Business Center

Jack Figg, Dir. of Business Development & Community Affairs
(816) 796-5220
jfigg@atk.com

NEVADA

Hawthorne Army Depot

Courtney Robinson, Commercialization Coordinator
(775) 945-7475
courtney.robinson@dzhc.net

PENNSYLVANIA

Scranton AAP

Tom Zalewski, Program Manager
(570) 340-1114
tzalewski@gd-ots.com

TENNESSEE

Holston AAP Holston Business & Tech. Park

Tony Hewitt, Dir. Com. Development & Community Relations
(423) 578-6255
tony.hewitt@baesystems.com

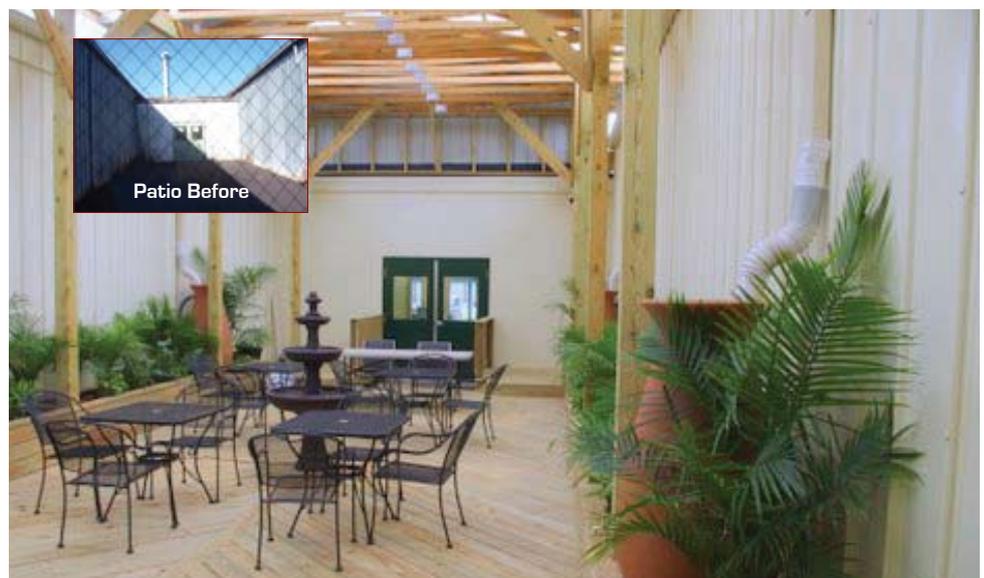
Milan AAP Milan Commercial Complex

Amy Hasselbring, Deputy Dir. for Commercial Development
(731) 686-6261
ahasselb@aollc.biz

VIRGINIA

Radford AAP

Dara Glass, ARMS Program Manager
(540) 639-8447
dara.glass@atk.com



Patio After: Protokraft used private money to upgrade their patio/breakroom. In the process they also stayed "green" by diverting the downspouts into water barrels to keep the live plants healthy and hearty.



Grucci, a Radford AAP tenant, has thrilled the world over with dramatic fireworks displays.

“The convergence of two major railroads makes it easy for customers to get their cars here for repair, inspection, refurbishment or just storage,” states Jay Philips, chief operating officer at ARS. “The state-of-the-art facilities make the work efficient and cost-effective and the skilled work force available in the region make it happen.”

As a result of the success achieved at Holston, ARS has since launched operations at Milan AAP in Milan, Tenn., Iowa AAP in Middletown, Iowa and Radford AAP in Radford, Va. The engine for economic growth is expected to go full-steam ahead at these locations - thanks in part to ARMS.

A Perfect Match in Lake City AAP

Mast Technology, based at Lake City AAP in Independence, Mo., manufactures military ammunition for the U.S. Government and other customers. Key products include the 40mm M781 training practice round, M81 igniter for demolitions and reconfigured small caliber military ammunition for the Department of State, Homeland Security and the Department of Energy.

Since relocating from Nevada in 2002, Mast Technology has grown from eight to 85 employees and is currently anticipating more growth and expansion.

The security available at the site and the space to expand are just two of the reasons given which have helped to foster this exponential growth.

“We are keen to support and grow both our core business and also create employment/jobs in the community,” states Scott Smith, facilities and purchasing manager at Mast Technologies. “The ARMS Program and the available facility have enabled us to achieve both goals.”

The Sky's the Limit

The whole world was dazzled by their work at the 2008

summer Olympic games in Beijing, China and this five-generation family-owned company proudly proclaims themselves to be “America’s First Family of Fireworks”. Pyrotechnique by Grucci Inc., located at Radford AAP

“Our start up time was reduced dramatically – it very nearly was ‘key in the door’ ready in just months.”

Phil Grucci, president and CEO of Pyrotechnique by Grucci Inc

in Radford, Va., is the division of the Grucci company that specializes in the manufacture of defense related products, explosive components and close proximity special effects.

Looking to expand their New York business, Grucci embarked on a nationwide search in 1995. In a stroke of good luck and even better timing, the ARMS Program was just beginning a major marketing campaign.

“I received a simple brochure in the mail advertising the ARMS Program and the Radford facility really caught my eye,” stated Phil Grucci, president and CEO of Pyrotechnique by Grucci Inc. “There were many advantages to locating at Radford. They had readily available facilities that nearly perfectly fit our manufacturing needs, the facility is set to handle energetic materials and there is a trained and available work force. Our start up time was reduced dramatically – it very nearly was ‘key in the door’ ready in just months”

Pyrotechnique by Grucci Inc. conducts research and development, manufacturing and distribution at the 35,000+ square foot Radford facility. This location has grown steadily from 5 employees in 1995 to 200 by 2007.

More Jobs - Stronger Communities

The success of the ARMS Program participants mark the first time in modern U.S. history that any Department of Defense facility has been able to operate effectively at no cost to the federal government and ultimately to the taxpayer. Since its inception in 1993, ARMS has created or sustained over 2,500 jobs at the participating AAPs. These jobs help grow the local economy and build stronger communities, all while actually giving a return on taxpayer investments.

Army & BAE Systems Get Creative with ARMS Incentive Funds

Holston AAP operated by BAE Ordnance Systems Inc. has been very creative in partnering with the Army and utilizing available ARMS funds to accomplish improvements which make the facility more marketable to the commercial sector, helped resolve vulnerability and force protection issues and also reduced the cost of improvements and assets which typically would have been borne by the government.

New Post#4 Entrance

After 9/11 and the increased security dictated by that horrific event, the Holston security entrance (a 8'x 8' shack at post #4) and check point was strained to the maximum.

ARMS funds were utilized to realign the security perimeter back from



the adjacent highway 11-W and a new and larger security entrance was constructed. Covered traffic inspection lanes were also added to make the process more efficient. Natural curvatures were added to slow traffic and large landscaping boulders replaced the unsightly orange concrete traffic barricades creating an attractive commercial entrance. This new efficiency allowed Post #10 to close reducing the security cost.



New Purpose for Post #10
The closed post # 10 now serves as the new main entrance to a

newly constructed National Guard complex nearing completion and located on acreage just outside the relocated security perimeter.

Empty Warehouse Into Cost Saving Multi-Use Facility

Ultimately saving the taxpayers millions of dollars, the new facility (A Consolidated Risk Management Facility) comprises 57,000 sq. ft. The 30,000 sq. ft. main building



houses a large meeting space, security operations, environmental offices, wellness services and a gym area for exercising.

Another 20,000 sq. ft. is designed for materials handling and yet another 7,000 sq. ft. houses the plant fire station complete with sleeping quarters and kitchen for fire personnel and emergency medical staff.

In all, an estimated 80 to 100 people will work out of the complex that totaled \$3.2 million. Of that amount, BAE Systems contributed \$800,000 and the Army contributed \$2.4 million while also taking advantage of the previous tenant investment. The Army had planned to build a new fire station with an expected cost of \$7.2 million. A combination of creativity and ingenuity saved everyone money.

LAKE CITY BUSINESS CENTER

The Perfect Location for Your Business.

Located at Lake City AAP, Independence, Missouri

Large industrial buildings with sound infrastructure. Suited for heavy manufacturing, warehousing or service related or other businesses requiring large open spaces. **Business assistance incentives are available for these buildings.**



ZONING

M-2 Heavy Industrial

CONSTRUCTION

Industrial brick

FLOOR THICKNESS

6" reinforced concrete

SPRINKLER SYSTEM

Wet system throughout

CEILING HEIGHT

14' clear at docks

22' in center bay

TRUCK LOADING - DOCKS

4 docks

UTILITY SERVICES

ELECTRIC

(1) 225 kva transformer

(1) 2,000 kva transformer

NATURAL GAS

8" transmission | 3" distribution

WATER

5 million GPD capacity

SEWER

1.5 million GPD capacity

GROUNDS MAINTENANCE

All roads, grass and common areas

SECURITY

24-hour per day 7 days per week



**BUILDING 10
62,745 SQ.FT.**



**BUILDING 65
74,000 SQ.FT.**

ZONING

M-2 Heavy Industrial

CONSTRUCTION

Structural Tile

FLOOR THICKNESS

6" reinforced concrete

SPRINKLER SYSTEM

Wet system throughout

CEILING HEIGHT

17' clear interior

TRUCK LOADING - DOCKS

(2) with 9' x 10' doors

(1) with 8' x 10' doors

4 docks

UTILITY SERVICES

ELECTRIC

(1) 1500 kva transformer

480 volt, 2500 AMP

NATURAL GAS

8" transmission | 6" distribution

@ 40 psi

WATER

5 million GPD capacity

SEWER

1.5 million GPD capacity

GROUNDS MAINTENANCE

All roads, grass and common areas

SECURITY

24-hour per day 7 days per week

FOR INFORMATION CONTACT: Jack Figg

(816) 796-5244 • (816) 796-5237 fax • jack.figg@atk.com

Prime Office Location

Leases tailored to your

Budget

Office and Administrative Building
Holston Army Ammunition Plant
Kingsport, TN



Available Now

- Located on Highway 11W, only 10 minutes from I-26 and I-81.
- 60,500 Square Feet of office/administrative space on two levels. Will sub divide.
- Handicap accessible. Passenger/freight elevator.
- Built in 1984 - Steel and block construction. Reconfigurable workspace around a central core.
- Gas and electric via public utility companies. Water and sewer supplied by Holston AAP.
- HVAC via a "Water Sourced Comfort System" with gas boilers installed in 2005.
- Back-up power generator. ■ Roof replaced in 2009. ■ Cat 5 wired ■ Ample parking.
- Flexible lease terms up to 25 years. ■ Incentives are available to modify facilities and expand infrastructure.



For more information contact:

Tony Hewitt | (423) 578-6255 | tony.hewitt@baesystems.com

Holston Business & Tech. Park
Kingsport, TN
(423) 578-6255
holston2025.com