

CHARLES FOX / Inquirer Staff Photographer

Brian Kirk of Integrated Project Services, which designed and built the AppTec facility, examines equipment in the cell production suite. AppTec tests and manufactures pharmaceuticals for 600 clients.

Growing firm creates manufacturing site.

Biotech moves in at Navy Base

By Henry J. Holcomb
INQUIRER STAFF WRITER

AppTec Laboratory Services will enter the pharmaceutical manufacturing business next week in a new building at the old Philadelphia Navy Base.

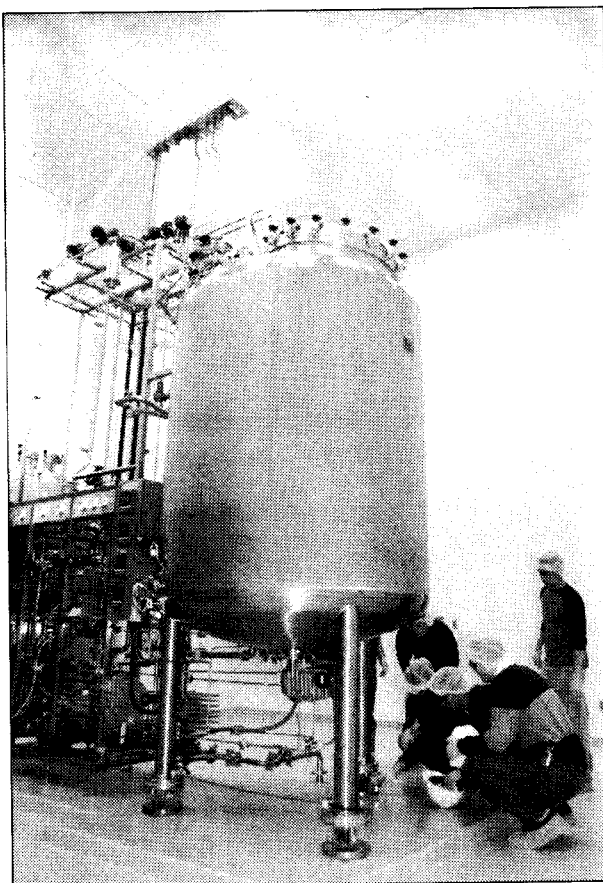
City and state economic development officials have high hopes that the plant will launch a biotechnology complex in South Philadelphia.

In that way, they hope that the city can finally participate in the rapid growth of the region's biotech and pharmaceutical industries, which have built mostly in the suburbs.

The privately held AppTec predicts that it will outgrow its new building in a few years and exercise its option for a second one on an adjacent site.

"Our customers have been asking us to get into manufacturing, and our market research found a big need for what we will be able to do," said Joseph V. Hughes, executive vice president and general manager. "This is the wave of the future."

In its 75,000-square-foot facility, AppTec will help its 600 clients take new medicines from the earliest labora-



AppTec's manufacturing facility opens next week. The city hopes the former Navy base attracts more biotech firms, which have favored suburban sites.

tory testing through manufacturing for the required clinical trials and, finally, to market. At its soon-to-be-closed laboratory in Camden, AppTec has been able to do only testing.

Small drug-development companies want to focus on their new products, not on building complex certified
See **APPTec** on C3

APPTec from C1

facilities such as AppTec is building here, Hughes said.

"Even the largest companies are outsourcing testing and manufacturing for clinical trial of their products," he said.

To help finance the \$28 million facility, Philadelphia Industrial Development Corp., a city economic development agency, loaned AppTec \$3.7 million from federal military base closure funds it administers. Pennsylvania added a \$500,000 loan and a \$250,000 grant to close the deal.

AppTec's building is in a Keystone Opportunity Improvement Zone, which exempts the operation from state and local business and property taxes until 2015.

But its skilled workers, many of whom, like Hughes, have doctoral degrees, will pay the city wage tax. AppTec employs 100 people in the region and expects employment to grow to 160 by August and 200 by the end of next year.

Like the city, several companies in the region are hoping that AppTec draws others to the old base:

Integrated Project Services, which designed and built the AppTec facility, would like more work close to its suburban home base. Associated Bio-Engineers & Consultants of Bethlehem, Pa., built the bioreactors for the new AppTec plant.

And Liberty Property Trust, the Malvern real estate firm that is AppTec's landlord, also has a lot riding on the success of the manufacturing work that is to start next week.

Liberty won the right last year, in competition with three rivals, to develop the adjacent 70 acres of the old military base into a suburban-style office campus called the Navy Yard Corporate Center.

This office park, the city hopes, will build on an existing strength of the old base — the Navy's still-active 1,600-person Ship Systems Engineering Station, which works on technology ranging from propulsion systems to vibration analysis for equipment failure prevention.

Liberty and the city's PIDC have jointly assembled a team led by New York architect Robert A.M. Stern; Edaw Inc., of San Francisco; and Nicholas Grimshaw Associates, of London, to develop a master plan for the 600-acre eastern end of the base.

Their hope is to blend modern structures with the historic buildings and tree-lined streets of the old base. The city has been trying to revive an area where 11,000 jobs were lost as the Navy base and the 195-year-old shipyard were shut down between 1991 and 1996.

AppTec is a spin-off from Viro-Med Laboratories, which entrepreneur Bonnie Baskin founded in St. Paul, Minn., in 1982 and sold in 2001.

Still based in St. Paul, the company came to the region in 1997 when it acquired Quality Biotech, of Camden. Baskin, who now heads AppTec, lined up \$14 million in venture capital for the Philadelphia facility.

Aided by Staubach Co., a national real estate firm founded by

former Dallas Cowboys quarterback Roger Staubach, AppTec evaluated 20 Philadelphia-area sites before choosing the base.

AppTec did not consider other regions. "With all the universities and biotech companies here, this is a good place to be," Hughes said.

The Navy base offered a secure site close to Philadelphia International Airport, which was important because of frequent visits from AppTec customers. The site, across Interstate 95 from Lincoln Financial Field, is also an easy commute from the city's Pennsylvania and New Jersey suburbs, he said.

AppTec's red brick and concrete building is near the control tower of the old Mustin Field Naval Air Station, where pilots were trained and aircraft were built.

The shipyard at the base's other end has been taken over by Kvaerner ASA, of Norway. Its Kvaerner Philadelphia Shipyard employs 850 and is now building its second and third cargo ships.

Only the manufacturing part of the AppTec building will open this week. The labs and offices will not be ready until July or August.

By the end of next week, the first batch of cells will be placed in the smallest of several bioreactors. After growing there for a time, the cells will be moved to a medium-size bioreactor and, still later, to a large, 2,500-liter bioreactor.

"To keep cells happy while they grow you have to give them various things, like oxygen, CO₂, ni-

trogen," said Hughes, standing alongside a bioreactor amid the hubbub of construction.

This area soon will be sterile. Before entering, workers will change from street clothes to hospital suits, then don an outer disposable "bunny suit." Air locks separate rooms, which will be kept under positive air pressure to keep anything from seeping in.

High-tech equipment will purify and filter everything that comes in. Liquid waste will go into what Hughes called "a kill tank" to remove living organisms before it leaves the plant.

Finished products will be stabilized, to assure a shelf life of two to four years, then put in vials for delivery to customers.

At any given time 10 different drugs, for that many different companies, will be in some stage of production at AppTec. It keeps confidential whom it works for and what it does for them.

The old base is an excellent place for companies such as AppTec, said John Grady, the PIDC senior vice president who is overseeing its conversion.

It offers quick access to the airport, high-speed passenger rail service, major universities, and hospitals, and a highly skilled workforce, Grady said yesterday.

"This is a model project in a lot of ways," Grady said. "It will demonstrate the Navy yard's ability to support life-sciences industries."

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