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# National Alabama success hinges on economic recovery

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State and federal dignitaries were everywhere among a packed Marriott Shoals Conference Center in Florence to celebrate the announcement this area had longed for - the Shoals finally landed the big one.

Wide grins, applause and handshakes greeted the decision to locate National Alabama Corp. at the Barton Riverfront Industrial Park and bring as many as 1,800 manufacturing jobs with it.

An ambitious timetable at the July 18, 2007, announcement called for producing the first railcars late in 2008 or early this year. The company was to have hired as many as 850 workers by now.

Fast forward two years since the announcement, and things are much different than anticipated - a result of the economic recession. Aside from hopper cars built as spec cars, the plant has produced no railcars. Only about 100 workers are on site.

Still, the plant is virtually complete, and company officials and local leaders expect National Alabama to become the facility that has been envisioned all along once the economy turns around.

"National Alabama will be ready to manufacture cars when the market is ready," said Peter Earle, a company spokesman.

"This is a more than \$600 million investment in new technology to make railcars for a long time to come. That's what we intend to do."

Vocal naysayers are convinced the plant will never produce a railcar.

"It's a waste of taxpayers' money," said Charlie Scott, a Colbert County resident. "We've been hoodwinked into this thing and we'll never see anything in return."

## COMMITMENTS REMAIN



*Matt McKean/TimesDaily*

The National Alabama Corp. plant at Barton Riverfront Industrial Park stands virtually complete with about 100 workers on site — far less than the anticipated 1,800 — and no railcars produced as of yet. Officials say the plant will reach full steam once the economy improves.

A great deal of effort was involved in bringing the industry to western Colbert County. That includes local governments passing a half-cent sales tax increase, with money going to Shoals Industrial Development Committee coffers. That money helps pay the local community's \$18 million pledge to land the industry.

Commitments also flooded in from other entities. The Shoals Economic Development Authority provided the 640 acres needed for the mile-long plant; the state of Alabama chipped in \$40 million in incentives. The Retirement Systems of Alabama approved a \$350 million loan to build the plant. RSA added another \$275 million loan for equipment this year.

RSA Executive Director David Bronner remains committed to the project.

"The whole world has stopped, and if you are producing a commodity, which I consider a hard good that can last 60 to 70 years, it's tough right now," Bronner said. "Eventually, we've got to have new railcars, which makes this a viable long-term investment. We will be in a position to begin production immediately when it turns around."

The RSA's commitment is important, local leaders said.

"We're very grateful to David Bronner's input in buying into this, which has saved the project and made sure the project will be a success," said Macke Mauldin, who played a major role in developing the industrial development committee.

Likewise, it's reassuring to hear National Alabama officials restate their commitment, he said.

"There has been too much money invested in this for it not to succeed," said Muscle Shoals Mayor David Bradford.

## **RUMORS ARE PERSISTENT**

Bradford laughs when recounting rumors he has heard.

"One is that it's going to shut down. Then it was going to be a women's prison," he said.

He also heard the plant will become an indoor drag strip. "There have been all kinds of crazy rumors."

Earle has heard the rumors, even some pertaining to a recent labor strike at National Alabama's sister railcar company in Canada, National Steel. Earle assures that the three-month strike, which is settled, pertained to contract renegotiations and had nothing to do with the Barton facility.

Colbert County Commissioner Troy Woodis said most local residents understand the situation.

"In time, we will get the 1,800 jobs we were promised," Woodis said. "The economy will not stay like this forever. When it does come back, the plant will be ready to go and they should be in the driver's seat."

"We have the facility," added Lauderdale County Commissioner D.C. Thornton, who is also a member of SIDC.

"It's a good investment. It's not going to just sit there. I'd rather be looking at building railcars than automobiles. There are a lot of empty auto plants."

## VISION UNCHANGED

Earle said the company will retain the 100 plant workers as it waits out the recession.

"When the economy comes back, the market is going to be so competitive that having the technology in place will give us an advantage," Earle said.

"The long-term vision has not changed. We still plan to hire 1,500 to 1,800 employees. That's what the plant is designed for and that vision has not changed," he added. Bradford points out National Alabama is in better position than other mega-industrial projects in the Southeast that were announced in 2007.

"Look at Toyota in Mississippi and the steel mill in south Alabama," Bradford said. "One is on hold and one is in mothballs."

Florence Mayor Bobby Irons said optimism remains high for the plant's future.

"We're really grateful they're up and running with about 100 employees," Irons said. "It could be sitting there with nothing but a shell. Considering the economic times, we're fortunate to be where we are at this time."

Woodis, who chairs the industrial development committee, points out the plant already has made a tremendous economic impact through construction-related jobs.

"Look what has been infused in our economy over the last two years: hotels, restaurants, RV parks - all these construction workers were here and used those facilities and others," Woodis said. "That alone was huge to our economy."

About 1,400 workers were at the plant during peak construction time, Earle said.

Mauldin sees encouraging signs of economic recovery.

"We are very early in the third quarter," said Mauldin, president of Bank Independent. "There are reports of signs of recovery in the fourth quarter or early first quarter of next year.

"I'm disappointed there are not 1,800 jobs today, but I do know we have 100 jobs we would not have had, and we will see substantial employment at that plant in the next 24 months."

Mauldin points out the local incentive package assembled by the Shoals Economic Development Authority is tied to jobs at the plant.

"We don't pay any incentive money until the jobs are there," he said. "(SEDA President) Forrest Wright and his team did an exceptional job of negotiating that."

Yet, not everyone is pleased by the area's and state's investment in National Alabama.

Florence accountant John Hargett, who often speaks out against governmental involvement and incentives in recruiting industry, said the government should allow the free market to work on its own.

"If a business can't stand on its own, you don't want it," he said.

Wright said the community has spent about \$3 million to date from the sales-tax increase. The money has been used for infrastructure improvements on the site.

"Our current investment will come back to us within two years, once the plant is placed in services," Wright said.

## **WAITING ON ECONOMY**

Wright said National Alabama has too much invested to pull out.

"It is a phenomenal facility, one that has drawn attention from around the world," he said.

"Consultants who, otherwise, I couldn't have gotten to come to the community, want to come here and tour that building."

Shoals Chamber of Commerce President Steve Holt said he hasn't heard negative remarks about the slow pace of the plant's startup. He said the public seems to understand these are tough economic times.

Tuscumbia Mayor Bill Shoemaker said National Alabama is doing the smart thing by focusing on training the employees who are in place.

"I'm really pleased with how they are conducting business," Shoemaker said. "This isn't a matter of if, it's a matter of when."

Bronner said an economic turnaround could take 18 months or longer. He added that one of the best indicators that the economy is coming around will be when railcars begin being produced. He said that's a sign that companies need to move materials because people are starting to buy their products again.

He doesn't consider the project a loser.

"I'm going to make it survive," Bronner said.

"I have too much damn money in it to see it fail."

As for those who complain about the slow progress: "Tell them to start (complaining) when it goes under. We're going to make it," Bronner said.

When RSA invested the additional \$275 million in February, pushing its total investment to \$625 million, Bronner established a five-person board to oversee operations and give him more control.

Neal Wade, director of the Alabama Development Office, stands by the state's involvement.

"It is absolutely a sound investment."

He said many companies that came to Alabama during the past six years are waiting until the economy corrects itself before moving forward.

"You have to work with companies during these conditions when they face things they cannot control, nor can we," Wade said.

"I am absolutely confident they will eventually hire the number of people that we based our incentives on and they will be at full capacity."

He said the state conducts a cost-benefit analysis to determine incentives. "At some point, we're going to get all our incentives back and more."

Earle said practice runs will continue with workers producing spec cars. The cars will help the company's sales staff.

"When the market comes back, it's not just a bounce back. It'll be a rebuild," Earle said.

Depending on the type, railcars sell for about \$80,000 to \$120,000 each. The Barton plant can produce as many as 10,000 annually.

"We're focusing on making sure people are trained for meeting contracts," he said.

"In the next 20 years-plus, the rail industry is expected to continue to grow. The long-term view is very positive."

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