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# Navistar plant could bring up to 2,200 jobs

By **Bernie Delinski**  
Staff Writer



Matt McKean/TimesDaily

Officials anticipate the Navistar location in Huntsville to complement the plant planned for Colbert County.

Fortune 500 company Navistar International Corp. has agreed to lease the National Alabama railcar plant in western Colbert County in a move that state officials say could create more than 2,000 jobs. Local governmental entities Tuesday transferred the incentives originally offered to National Alabama to Navistar. The transfer could clear the way for as many as 2,200 jobs at the plant during the next four years. "We feel like today is the start of a partnership and long-term commitment to this community," said Ray Koopman, Navistar's director of manufacturing and business development. "Navistar is a great company. I look forward to us getting started now and to a great future here."

Company officials declined to say how many employees would be hired, but during a stop in Haleyville on Tuesday, Gov. Robert Bentley said the project ultimately could mean as many as 2,200 jobs. Bentley said the economic impact the project will have on northwest Alabama could be similar to that of the Tuscaloosa area in the 1990s when Mercedes built a plant in nearby Vance. "This is really exciting for the entire northwest Alabama area," Bentley said. "It's up to 2,200 jobs, but not only are we talking about creation of jobs, we're talking about spinoffs. There's no telling how many jobs all together."

"It has been a long road for this area between the railcar plant groundbreaking and today's announcement. This project will bring a large number of high-paying jobs that the people of northwest Alabama need and deserve."

Navistar officials said Tuesday they are evaluating options on what will be produced at the nearly milelong plant in the Barton Riverfront Industrial Park. That decision, as well as how many workers will be needed, will be announced before Navistar takes over operation of the plant Jan. 1, 2012, said Jim Spangler, vice president and chief communications officer for the Lisle, Ill.-based corporation. Spangler said the 10-year lease will be finalized by the end of the week. The company will have an option of extending the lease or purchasing the plant after 10 years. The terms of what Navistar will pay annually in rent were not available Tuesday.

Koopman, without providing precise numbers, said salaries will be competitive with others in the area. Navistar, which operates an engine plant in Huntsville, is the nation's top producer of school buses and medium-duty trucks and among the national leaders in the production of 18-wheeler trucks. The company also produces vehicles for the military.

National Alabama, through the Retirement Systems of Alabama, now operates the facility and is working to complete at least three contracts.

The plant has about 120 workers, and Navistar has committed to providing jobs for those employees. Navistar officials intend to make the 2-million-square-foot plant a cornerstone of its expansion strategy, which they say will increase annual revenue from \$14 billion to \$20 billion.

The Shoals Industrial Development Committee unanimously agreed Tuesday to transfer the incentives committed to National Alabama to Navistar. The action will allow Navistar to qualify for up to \$23 million in incentives if the company meets specified employment thresholds during the next four years.

Navistar must reach and maintain 900 workers before qualifying for any incentive money, which would be

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## Events Calendar

Wednesday, Sep 28, 2011 [see all events](#)

WED	THU	FRI	SAT	SUN	MON	TUE
28	29	30	1	2	3	4

### Florence Overeaters Anonymous Group (OA)

First Cumberland Presbyterian  
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### Sheffield Kiwanis Club

1.Park Place  
12:00 pm - 1:00 pm

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\$7.67 million at that level, according to Shoals Economic Development officials who were involved in the project that took more than a year to finalize. The company will have until Dec. 31, 2015, to reach 1,800 workers to qualify for the full incentive package. State officials also have signed off on transferring its committed incentive arrangement from National Alabama to Navistar.

National Railcar, a Canadian company, announced in 2007 plans to operate a railcar plant in Barton that would bring in as many as 1,800 employees. The weak economy and other problems thwarted those plans, causing RSA, which invested more than \$600 million in the project, to take over ownership of the plant nearly three years ago.

Glen Pringle, economic development director at RSA, said the systems' executive director, David Bronner, and Navistar officials have had a close relationship for a long time. That relationship, which included RSA providing a short-term loan to help build the Huntsville operation, was key to gaining Navistar's interest in the Shoals site.

"We've got a group here that's not going to try, they're going to do it," Pringle said of Navistar. "Dr. Bronner wouldn't be doing this if he didn't know it would be good for the Shoals."

Pringle said the agreement, which is expected to be finalized later this week, will repay RSA's investment at Barton.

Local officials cheered the decision during several meetings that were called Tuesday to allow economic development authorities and committees to officially consent to the agreement with Navistar.

"Many communities go a lifetime and never have the opportunity for such a major industry to come in," Florence Mayor Bobby Irons said during the Shoals Industrial Development Committee meeting attended by Navistar officials. "We thank you for your interest in the community. You have our full support. We'll do whatever is needed to make this successful because this is such an important pro-ject for our community." Irons, who chairs the committee, also commended RSA for its work.

"Their endurance, commitment and strong partnership with the Shoals area has really made a difference in the community," Irons said. "You've brought us to a whole new level of economic development."

Kerry Gatlin, dean of the business school at the University of North Alabama, said it's difficult to assess the economic impact of Tuesday's announcement, but added it will be significant.

"This could be a better opportunity for the area than the railcar plant because of the potential for supplier jobs and the number of other jobs such as retail jobs that could a product of such an operation," Gatlin said.

"These will likely be good-paying jobs. So, from an economic standpoint, this is some of the best news we've had here in decades."

Muscle Shoals Mayor David Bradford said the Shoals is fortunate to have an ally like Bronner.

"This is a potential game-changer for future growth in the Shoals area," he said. "This action validates that Dr. Bronner is one of Alabama's greatest assets. He has been a true friend to the Shoals."

Colbert County Commissioner Troy Woodis said he had confidence in Bronner. "We've always said to be patient and give Dr. Bronner a chance and he'll come through, because he's committed to this area."

Bronner said forming a partnership with Navistar is the best scenario for the Barton plant. He said the company immediately will be able to provide the economic impact to the area that would have taken 10 years or longer for National Alabama to provide.

RSA provided short-term funding to help National Railcar, a Canadian company, build and equip the plant when the project was launched in 2007. With a downturn in the railcar industry, National Railcar left the area and RSA took over operations of the plant about two years ago.

"The exciting part of the transaction is we started a big project just before a crash of the economy that was almost as bad as the Great Depression, and when you start something that big, you've got to finish it," Bronner said. "When the industry crashed, the Canadians said 'c'est la vie' and went back to Canada. It would have been easy then to stop this project and walk away as they did. We would have been sitting here with a building that at best would be scrap.

"Instead, we finished the thing and found a Fortune 500 company in need of a special-purpose plant that they will be able to expand in a lot of different areas. Navistar is into multiple industries and will bring in multiple-type products (to the Barton plant). The employees and new people to be hired will have a better level of salary and benefits as well as job stability for decades. We've been able to find a great partnership."

Paul Martin, vice president over business development for Navistar, said the project was "prompted by Dr. Bronner."

Company and local officials also praised the work of the Shoals Economic Development Authority. SEDA President Forrest Wright called the project an "RSA-led effort" that started with a call from Bronner to Navistar officials.

"Our job was to make sure the local community remained hitched to the project and would be willing to transfer the incentives if we were able to reach this point," Wright said.

He said SEDA's "real work" begins now in maximizing the plant's positive impact on the area through such means as connecting Navistar with local vendors and suppliers.

Koopman said Navistar officials would consider local firms for contract work and supplies.

"We'll look at getting those resources from the local community," he said. "At the same time, we have to do what makes business sense."

Martin said some changes will be made to the plant to fit the company's needs.

"As you can imagine, a plant this size provides tremendous possibilities to our company," Martin said. "We'll do some reconfiguration and add some docks that would work for our purposes.

"Navistar has made a public commitment that it's going to grow from a \$14 billion company to a \$20 billion company, and this facility is going to be a key piece of that growth," he said.

Pringle said Bronner, in the initial call to Navistar officials, asked if they would look at the Barton site and see if they or anyone they know could use it.

Initially, Navistar officials said they could use part of it. "But the more they saw, they ended up saying, 'We want the whole plant,'" Pringle said.

Tax abatements entered into for the National Alabama project now are assigned to Navistar. Documents indicate Navistar's capital investment is estimated at \$87 million in renovations, as well as the purchase and installation of machinery and equipment.

Jimmy Hughston, an attorney representing SEDA and the Shoals Industrial Development Committee, said the committee has committed \$25 million toward the project since 2007. The money available when certain employment thresholds were met was never used because National Alabama never reached those levels.

He said Tuesday's transaction does not obligate local entities to dedicate more money to the project.

Koopman said the company has a reputation as a good corporate partner in communities where it locates.












"This phase starts our partnership here," he said. "This is a great community and the state of Alabama is a great place to do business."

The announcement came as a surprise to many in the Shoals, and that secrecy was essential to the project, Wright said.

"I have never had a project that we didn't use the company's name, even within our own office," Wright said. He said it was only referred to as Cyrus.

Wright believes the company and Shoals are a good fit. "Its growth and how big it will get are dependant on our community."

Tuscumbia Mayor Bill Shoemaker said he had long held out hope for something at the Barton site. Shoemaker said Tuscumbia is the closest to the site among the Shoals' four largest cities, and stands to gain from the

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plant.

"This is the news that we've been hoping for since the recession began," Shoemaker said. "With Navistar manufacturing so many products and its reputation, we believe it will go far beyond what we could have accomplished with the railcar plant."

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### Company profile

**Name:** Navistar International Corp.

**Headquarters:** Lisle, Ill., a suburb of Chicago

**History:** Cyrus McCormick built the first mechanical reaper in 1831 and moved to Chicago in 1847 to start McCormick Harvesting Machine Co., which became International Harvester after a 1902 merger. In 1986, the company sold its agriculture division to focus on commercial trucks and engines and renamed itself Navistar

**Employees:** 15,800 in five countries

**What they do:** Leading American manufacturer of school buses and medium-duty trucks and No. 2 manufacturer of 18-wheeler trucks. Also produces vehicles for the U.S. military.

**Rank:** 202 in U.S. Fortune 500

### Incentive package

SIDC Incentives: The Shoals Industrial Development Committee obtains funds from a half-cent sales tax. Here's how the \$23 million incentive offer that was transferred Tuesday to Navistar works:

The SIDC releases funds based on employment benchmarks but does not give the money until the benchmarks are met and maintained.

The company receives \$7.67 million after 900 employees are on the job.

An additional \$7.67 million is awarded if that number reaches 1,350.

An additional \$3.67 million is awarded if number reaches 1,500.

The remaining amount --for a total of \$23 million, is awarded if it reaches 1,800 within four years.

Navistar must maintain the employment levels for six years. If they reduce the numbers, the committee recaptures funds. The amount that is taken back is based on how many employees are lost.

The full incentive initially provided to National Alabama was \$25 million, but \$2 million already was used in the construction phase, which assisted in the permanent structure.

### Barton plant time line

**March 2007** — A request for a half-cent sales tax increase to fund economic development projects was approved by the Colbert and Lauderdale commissions and sent to the local legislative delegation. "Project Tiger," as the National Alabama railcar plant effort was known, was a major reason for the proposal, although the increase is designed for any industrial project that adds jobs.

**May 31, 2007** — The Legislature passes the tax increase.

**June 2007** — Colbert and Lauderdale commissioners pass resolutions enacting the sales tax increase.

**July 18, 2007** — Officials and National Steel Car representatives announce plans to build the National Alabama facility at the Barton site, with visions of employing up to 1,800 workers.

**Feb. 22, 2008** — Construction begins.

**Nov. 27, 2008** — The initial goal to produce the first railcar is delayed because of the economic downturn.

**Feb. 27, 2009** — The Retirement Systems of Alabama lends the company \$275 million for 15 years to finish construction and equip the plant. RSA already had lent the company \$350 million in 2007 to help build the plant.

**Aug. 20, 2011** — With only 120 workers at the plant, National Alabama CEO Greg Aziz resigns his position on the company board and RSA obtains 100 percent equity in the plant.

**Sept. 7, 2011** — Company officials announce a contract to provide railcars to a nationally known operation that leases them to a business in the oil and gas drilling industry.

**Sept. 27, 2011** — Officials announce Navistar's plans to obtain the facility, effective Jan. 1, 2012.

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