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Volkswagen kickstarting expansion for SUV

By Mike Pare

Staff Writer

Volkswagen's \$900 million expansion to build a sport utility vehicle at its Chattanooga plant is off and running, with new construction to the factory's body shop, assembly finish area and technical center up first.

"Speed is of the essence," David Calfee, VW's manager of construction planning, told about 30 builders and others at a pre-bid conference Wednesday.

VW plans to construct at least 213,000 square feet of new space in the first part of the project. There's also an alternative to add another 43,000 square feet to the body shop if company officials so choose. In total, that's nearly half of the 538,000 square feet the automaker plans to add to its 2 million-square-foot factory in Chattanooga.

"We've got more projects in the future," Calfee said.

He said his goal is to "get in and get out" of the plant before personnel start installing equipment needed for the new assembly line to produce the SUV that VW officials indicate the company badly needs to bolster U.S. sales. VW plans to start assembling the SUV in late 2016. VW is to award the winning construction bids in November, with work starting shortly thereafter. Plans are to have the work completed by July 1, 2015.

The company announced last July it will construct the midsize SUV in Chattanooga, and it is slated to spend \$600 million of the \$900 million price tag for the project here.

VW has pledged to hire 2,000 more employees at the plant, in addition to the 2,400 which already assemble the Passat midsize sedan.

Martha Eaker, who directs the Catoosa County Chamber of Commerce, said she's hopeful some construction companies in her Georgia county can become subcontractors for the work.

"I'd like to see major construction jobs stay in the region," she said, though she understands the work is often about money and expertise.

Eaker also said she'd like to see a sizable portion of the new VW employees come from Catoosa.

"We're pleased that a decent share of VW employees are from Northwest Georgia," she said. "There could always be more."

Aaron Phillips, president of AM Construction LLC of Moreland, Ga., said the VW work is "a good-sized job."

He said his company has done similar-sized projects in the past.

"We've worked in almost every auto plant in the Southeast," Phillips said, adding that it specializes in industrial contracting.

Calfee said VW is expanding the north and south ends of the body shop.

"The body shop for us is a top priority," he said.

The VW construction planning manager said officials want the new construction to match the existing facility, though they'd like to improve on it.

"We want to do it fast, safe and with the same type of quality," Calfee said. He said winning bidders will be asked to provide "value engineering ideas" to help contain costs.

"There's a lot of money on the table in terms of the work to be done," Calfee said.

The city's Industrial Development Board will oversee construction spending on the project.

The city and Hamilton County are putting in \$26.25 million each in incentive money, while the state of Tennessee is adding about \$177.8 million in grants and training assistance.

VW is transferring 300 acres at Enterprise South industrial park to the city and county, which plan to use the land to try

to woo more auto parts suppliers. VW also is paying a \$2.5 million economic development fee to the city.

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VW EXPANSION

The first part of \$600 million in local spending on the Chattanooga plant expansion is going out to bid soon.

The initial project will enlarge these parts of the factory:

■ **Body Shop** —

148,800 square feet, with a possible additional 43,000 square feet

■ **Assembly Finish**

Area — 40,257 square feet

■ **Technical Center** —

24,800 square feet

Source: Volkswagen