

# VW supplier to build Enterprise South plant

By Mike Pare [mpare@timesfreepress.com](mailto:mpare@timesfreepress.com)

Online: See officials talk about Gestamp Corp. Read previous stories. Comment. After landing Volkswagen's first major supplier in Hamilton County, officials said it and other firms will defray some of the \$100 million cost of preparing Enterprise South industrial park.

Gestamp Corp., which on Thursday unveiled plans to build a \$90 million plant and employ at least 230 people within three years at the Tyner site, is paying for the land, unlike Volkswagen.

Mayor Ron Littlefield said Gestamp, which will supply structural components for the new mid-sized sedan VW plans to build at its nearby plant, is paying about \$35,000 an acre for a 49.7-acre tract, or about \$1.74 million.

Gestamp's new facility will go up near the intersection of Hickory Valley Road and Discovery Drive, close to the Hamilton County Schools offices and VW's \$1 billion plant.

"Other basic suppliers VW needs will be located in close proximity," Mr. Littlefield said.

Another supplier could be announced as early as next week, according to officials.

"There are other discussions," said Hamilton County Mayor Claude Ramsey. "It's the beginning."

Federal, state and local governments probably will pay more than \$100 million to develop, clean up and market all of the 3,000-acre Enterprise South site, according to officials.

VW was given 1,340 acres, including property where it wants to place a supplier park, as part of the incentives to lure the German automaker's plant.

Jeff Wilson, president of privately held Gestamp, said the company will supply VW with stamped parts and welded assemblies for the new VW sedan's undercarriage. Gestamp's plant will be about 225,000 square feet, he said.

Plans are to break ground in August, with manufacturing to start in the first quarter of 2010 to meet VW's schedule. VW is aiming for production to start in early 2011.

Mr. Wilson said Gestamp does business with VW worldwide through plants in Russia, India and Argentina. During negotiations, Tennessee made certain it was the only state Gestamp would choose in the area, he said.

Matt Kisber, Tennessee commissioner for economic and community development, said Gestamp is receiving a number of state incentives to locate in Chattanooga, including a package for infrastructure support and job training along with the integrated supplier tax credit.

The tax credit is available to tier one suppliers if the companies create at least 100 new full-time jobs. Negotiations are ongoing, Mr. Kisber said, so the total value of the incentives isn't known yet.

Mr. Littlefield said Gestamp also will receive local property tax breaks based on its investment and employment.

Mr. Ramsey added that it is incumbent on Hamilton County to educate the company's workforce.

"That's part of the commitment we're making to you," he said.

Gestamp has other auto customers and will supply them from Chattanooga, as well, Mr. Kisber said.

VW spokesman Christian Buhlmann called Gestamp "a reliable partner throughout the world for us."

Trevor Hamilton, vice president of economic development for the Chattanooga Area Chamber of Commerce, said Gestamp is the first of the tier one suppliers to come to the area. Tier one companies typically need to be close to an auto assembly plant because of the key parts they produce.

Mr. Hamilton said Chattanooga continues to land companies and jobs despite the challenging economic environment. With Gestamp, Volkswagen, Chatter, Alstom, Arch Plastics and Dixie Industries, more than 2,800 jobs have been recruited in the region, he said.