

Idle Fremont Plant Gears Up for Tesla

By PUI-WING TAM



Michael Mullady for The Wall Street Journal

Tesla plastics manager Eric Smith spoke with a maintenance worker at the car maker's new Fremont plant this week. Tesla plans to begin producing an electric-powered sedan at the factory in 2012.

FREMONT—Inside the cavernous automobile factory here once known as New United Motor Manufacturing Inc. or Nummi, equipment stands idle and the lights are off. Only at the southern end of the 5.5-million-square-foot facility are there signs of activity.

That's where large crates—each holding a piece of a hydraulic press that stamps metal—have rolled in, having made their way from the Detroit area to Silicon Valley over the past few weeks. Those pieces will be put together over the next few months so that in 2012, the factory's new owner, Tesla Motors Inc., can begin producing an electric-powered sedan, the Model S.

"We used trucks and railcars" to move the press in, says Gilbert Passin, Tesla's vice president of manufacturing.

The crates are just one sign of how electric-car maker Tesla is starting to gear up at Nummi, the onetime joint venture between General Motors Corp. and Toyota Motor Corp. that was shuttered

in April following the recession. Tesla, which snapped up the site in May for \$42 million, formally took over the factory on Oct. 19 and intends to hold an opening ceremony later this month.

Tailoring the facility to fit Tesla's needs is an enormous task, however. While the company is keeping some existing Nummi equipment and systems, Tesla says it still needs to recruit and train 500 people, modify machines, bring in new gear and sign up suppliers for the factory over the next year. The Palo Alto-based company intends to initially produce 10,000 Model S vehicles a year at the site, increasing that to 20,000 cars annually over time.

"The Fremont factory is extremely important to Tesla's future growth," says Tesla Chief Executive Elon Musk. He says the factory in the future also will produce a "third-generation" family of electric vehicles, possibly within about five years.

Tesla's work at the Fremont factory could offer a much-needed jolt to the Bay Area's ailing manufacturing sector. Up through earlier this year, Nummi employed nearly 5,000 workers and provided business to dozens of local suppliers. Nummi's closure rippled through that ecosystem, sending suppliers scrambling to find new customers and workers to seek new jobs.

"When Nummi said it would close, the land was dead," says Fremont Mayor Bob Wasserman. When Tesla announced its Nummi deal in May, he says, "the land became alive" again. Still, Tesla's takeover of the factory initially will have a limited economic impact, cautions Lori Taylor, Fremont's economic-development director. The 500 workers Tesla plans to hire at the site is far fewer than Nummi's nearly 5,000-person work force. And how much property tax the site will yield is also an open question. The plant and its 370 acres was appraised at around \$1 billion before Nummi shut down, says an Alameda County Assessor's Office spokesman, but now that Tesla has paid just \$42 million for the factory, that sale price will be taken into account.



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Gilbert Passin, Tesla's vice president of manufacturing

With the factory, Tesla is focused on two main tracks: recruiting personnel and outfitting the plant. The hiring started earlier this year, with Tesla in February bringing in Toyota executive Mr. Passin to lead manufacturing. Since then, the company has recruited about 70 people to be the core of the Model S manufacturing, leading areas such as paint and welding, says Tesla's vice president of human resources, Arnon Geshuri.

With that team in place, Tesla is starting to add others to fill out each area of production. Mr. Geshuri says Tesla is recruiting on college campuses, holding recruiting events in Detroit for auto workers and also hosting local job fairs. Last month, the company held a fair at the Alameda Fairgrounds, where some 1,000 people showed up, he says.

Among the recent recruits are former Nummi workers such as Eric Smith. Mr. Smith, 49 years old, spent 22 years at Nummi working in areas such as plastics and procurement. More recently, he was part of Nummi's transition team helping to wind down the factory, putting him in contact with Tesla executives.

Last month, Tesla hired Mr. Smith to be a plastics manager for the Model S. "I met Tesla executives on a Tuesday, got a job offer by Friday and they needed me to start on Monday," he says. "My family thinks it's great I got a job."

At the plant, Mr. Passin has about 30 people on site on Fridays, with the rest of the time spent at Tesla's Palo Alto headquarters to integrate with the company. So far, the team has inventoried the available Nummi equipment and marked off what Tesla wants to keep, he says. Parts of the Fremont facility will be mothballed since Tesla is only using a fraction of the space.

Tesla also has signed up some suppliers, including Giffin Inc., a Farmington, Mich., company specializing in paint-finishing systems. Giffin began working with Tesla last month and is tasked with modifying the plant's existing paint equipment, a process projected to go through late 2011.

"Over the next year, we'll be involved in getting the facility up and running and operating," says Giffin's owner, Don Giffin.

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