

# Miss. Town Waits, Hopes For Toyota Plant Revival

Holbrook Mohr, Associated Press Writer

BLUE SPRINGS, Miss. (AP) — Terry McShan isn't thinking about car sales analyses or excess capacity when he drives by the idle Toyota plant in northeast Mississippi. He's thinking about his little girl.

Like most Mississippians, the 46-year-old father of one grown daughter and a 4-year-old girl was thrilled when Toyota announced plans in 2007 to build a plant in Blue Springs, a one-store town in the north Mississippi hills. McShan soon enrolled in a junior college's automotive program in hopes of landing a job at the plant.

Those were better times, when the car market was strong, Mississippi officials gladly signed off on a \$324 million incentive package and Toyota said it would be building cars in Blue Springs in 2010. Three years later, the economy has tanked, one of the most trusted brands in the business has recalled millions of cars and McShan will graduate with no immediate prospects for a Toyota job in Mississippi.

Toyota says it's holding off production in Blue Springs, not because of the recall, but until the car market improves and the company sells off "excess capacity." It's anybody's guess when that'll be. Even when Toyota gives the green light, it could be 18 months to two years before the first car rolls off the assembly line.

"When I heard Toyota was coming, I thought, 'This is the (college) program that I need.' I've been here ever since, waiting for Toyota to open," McShan said recently while taking a break from classes at Itawamba Community College in Tupelo.

"I'm just trying to give my daughter the best education that I can," McShan said. "That job right there (at the Toyota plant) would help give her the best."

Toyota has been hounded lately by production problems on several models, including the Prius, the gas-electric hybrid that was to be built in Mississippi. Problems with gas pedals, floor mats and brakes on various models have led to the biggest worldwide recall in the company's history, lawsuits, apologies from Toyota officials and congressional hearings.

The recall, however, came well after the announcement that production at Blue Springs was being put on hold. Toyota officials insist the recalls won't have any effect on the Blue Springs plant.

"It's just a question of when the market will support the capacity that we will have at this plant," David Copenhaver, the Toyota vice president in charge of the Blue Springs facility, said recently.

"Everybody, I think, can easily understand what the market has been like the last year or so," Copenhaver said. "When you have a lot of excess capacity you have to

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use what you've got."

It would take a "fundamental shaking of confidence" in the Toyota brand for the recalls to further delay the opening of the Mississippi plant, said Haig Stoddard, auto analyst with the consulting firm IHS-Global Insight.

"As it stands right now I'm not sure what they are going to build there, if they'll go with the Prius or something else, but they're going to need that capacity in North America," Stoddard said. "I think that plant has a future, irrespective of what they build there."

Gov. Haley Barbour, a second-term Republican who helped lure the plant to Mississippi, said Toyota "made a common sense business decision that they need to wait for the automobile market to improve."

"While we wish they were open today, nobody can argue with that business decision," Barbour said in a telephone interview. "One thing about Toyota is they think long term, and we do, too."

Barbour said he doesn't believe the recall will hurt Toyota or the Mississippi plant long term, and he said Toyota will be an anchor of the economy in northeast Mississippi.

Barbour and members of the Mississippi Legislature expressed high hopes for Toyota in March 2007 when officials approved the issuance of \$293.9 million in bonds for the automaker and another \$30 million for Toyota suppliers.

Toyota has volunteered to start making interest payments in April on state loans since the company missed the mark in starting production and employing 2,000 people. The initial deal with the state didn't require the company to pay interest.

There's no specific trigger point in market conditions that will get things rolling again in Mississippi, Copenhaver said. The building is mostly completed, but Toyota still has to install hundreds of millions of dollars in manufacturing equipment and hire and train workers. That won't begin until the economy is better.

That's not to say the plant hasn't already pumped millions into the area.

Mike Gentry, who owns Gentry's Grocery & Grill in Blue Springs, a town of 144 people, said business boomed while hundreds of workers were building the plant, roads and rail lines. Gentry even bought a catering truck to take food to the site.

Gentry's brother and other area landowners cashed in by setting up places for out-of-town workers to live in trailers. Those trailer hook ups are mostly empty now, and it's easier to find a seat during lunch at Gentry's. Many customers at the small store, who sit at folding tables and wash down barbecue with sweet tea, wonder if the plant will ever open.

One of them is 76-year-old Lamar Pannell.

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"I hope it opens. A lot of people around here could use the work. Mike (Gentry) says it's going to open, but I don't know."

Gentry responds, "I tell it this way, they've put a lot of money into it for it not to open."

Toyota says \$300 million has been invested at the site, and the company has pledged \$50 million to Mississippi schools for educational programs. About 70 people, including management, security and others, work at the plant now in "production preparation activities," Copenhaver said.

Other international companies have expressed interest in opening plants in Mississippi since Toyota announced it would, said Randy Kelley, director of Three Rivers Planning and Development District, the fiscal and administrative agency for the PUL alliance, a joint venture of three counties around Blue Springs that worked to bring the plant here.

Kelley wouldn't name those companies, citing a need for secrecy in economic development projects. In any case, new jobs are sorely needed in Mississippi, where the statewide unemployment rate has topped 10 percent, above the national average of 9.7 percent.

At Itawamba Community College, many students are pondering their next move.

Barry Emison, a tool and dye technology teacher at ICC, said "about 100 percent" hoped to get a job at Toyota or one of the suppliers that plan to set up shop in Mississippi.

"Yeah, there's disappointment, but (the students) all are still looking forward to that day Toyota does come," Emison said. "We still believe they're gonna be here (and) they're going to be a driving force in the local economy."

Toyota thinks so, too.

"We're still here," Copenhaver said.

So is McShan, who says he'll do whatever it takes to provide for his little girl while waiting and hoping for a job at Toyota.

"I drive by (the plant) all the time," he said. "It gives me a glimpse of hope."

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