

Electric Car Maker Fisker Lays Off U.S. Workers

Randall Chase, AP Business Writer

DOVER, Delaware (AP) — Fisker Automotive, an electric car maker that received a half-billion-dollar loan from the federal government, said Monday that it has laid off workers in Delaware and California.

The layoffs include 26 workers at a former General Motors plant in Wilmington that Fisker is retooling to manufacture its Nina plug-in hybrid sedan. Another 40 contractors and employees who were working in design and development of Fisker's Karma luxury car in Anaheim, Calif., also have been cut.

The layoffs come as Fisker is seeking to renegotiate its loan agreement with the Department of Energy.

Fisker has received \$193 million of the \$529 million DOE loan, mostly for work on the Karma, which sells for about \$100,000. The introduction of the Karma was delayed because of regulatory issues and battery pack problems that prompted a voluntary safety recall by Fisker.

The DOE made loan availability for the Nina project contingent on Fisker meeting development and sales milestones for the Karma, which the company missed. Fisker is now negotiating with the DOE to modify the loan agreement so funds for that project can be released.

"We hope we can reach a resolution soon," Fisker spokesman Roger Ormisher said Monday.

Meanwhile, the company was forced to lay off workers at the former GM Boxwood Road plant.

"We are frustrated that Fisker and the DOE have been unable to come to terms on revisions to their loan agreement in time to avoid this," said Brian Selander, a spokesman for Delaware Gov. Jack Markell.

Selander added that the governor hopes those laid off can be put back to work as soon as possible.

Fisker has said it expects to eventually employ more than 2,000 people at the Delaware plant, where production of the Nina was to begin later this year, with sales starting next year. The company reported in October that more than 100 workers were reconfiguring the plant.

"They had not geared up yet because they're still behind schedule on the Karma," said Delaware economic development director Alan Levin.

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"We knew that this was always a possibility," Levin said of the layoffs. "What they're trying to do is conserve cash."

But Levin said he had spoken with Fisker co-founder and chief operating officer Bernhard Koehler last week and believes that the company and the DOE are close to signing an agreement.

A DOE spokesman did not immediately return a telephone message seeking comment.

In 2009, Vice President Joe Biden headed joined Fisker officials in Delaware in announcing the resurrection of the former GM plant, and Delaware's Council on Development Finance approved a \$12.5 million loan to Fisker to help build the Nina in Delaware. The loan will become a grant if Fisker spends at least \$175 million renovating the old GM facility and shows that it created 2,495 jobs in five years.

The state also agreed to provide a \$9 million grant to help Fisker pay utility bills while the former GM plant is retrofitted and restarted. About half of that grant has been used to date, Selander said.

Fisker said in a news release that much of the engineering, design and development work on Nina is complete and it expects to ramp up operations again quickly.

The company attributed the layoffs in California to Fisker's desire to conserve costs following the completion of design and development work on the Karma.

Fisker noted that a "flex model" of staffing for development of new cars is routine in the automotive industry.

While continuing to negotiate with the Department of Energy, Fisker also is pursuing alternative financing that could prove critical if talks with DOE fall through. Fisker said it raised \$260 million in private equity in late 2011, bringing total private equity financing to more than \$850 million.

"We're always in the market for equity," Ormisher said.

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