Fisker Plan To Build Cars In DE In Doubt

The Associated Press

DOVER, Del. (AP) — The chief executive of electric car maker Fisker Automotive has signaled that plans to build vehicles at a former General Motors plant in Delaware may be in jeopardy because of trouble obtaining a loan from the federal government.

At an unveiling of Fisker's second production model in New York on Tuesday, CEO Tom LaSorda said the company may have to look outside Delaware for production of its Atlantic mid-sized sedan if it cannot obtain the planned financing from the Department of Energy.

Delaware economic development director Alan Levin said Wednesday that he was both shocked and disappointed by LaSorda's comments.

"Last night was an interesting revelation," Levin said.

"We've had good communications up until now," he added. "Last night was a surprise."

Gov. Jack Markell also was caught off guard.

"I didn't necessarily expect that to come up last night," said Markell, who put in a call to LaSorda on Wednesday. "Anything that suggests that the car would not be built here I think would be disappointing."

Markell spokesman Brian Selander said LaSorda made clear to Markell that Delaware remains Fisker's first choice, but that the company also is looking at alternatives.

Earlier Wednesday, Fisker spokesman Roger Ormisher downplayed LaSorda's comments, saying Delaware remains the company's first choice to build its plug-in hybrid sedan.

"Were still committed to Delaware, nothing's changed," Ormisher said.

Asked why Fisker did not reach out to Delaware officials before LaSorda's statement, Ormisher suggested there was no reason to do so.

"They've been fully briefed on the situation with Fisker. They know what the situation is," he said.

Fisker announced in February that it was laying off workers in Delaware and California, including about two dozen at the former GM plant near Wilmington, as it sought 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, a sports car that is being built in Finland and 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 Delaware project contingent on Fisker meeting development and sales milestones for the Karma, which the company missed.

With the DOE loan on hold, Fisker has pursued alternative financing that could prove critical if talks with DOE fall through. LaSorda, former CEO and president of the Chrysler Group, suggested Tuesday that Fisker could build the Atlantic overseas with alternative investment financing if the DOE loan doesn't come through.

"I think we're in a bit of a waiting game," Markell said.

In 2009, Vice President Joe Biden headed joined Fisker officials in Delaware in announcing the resurrection of the former GM plant, and the state's Council on Development Finance approved a $12.5 million loan to Fisker. 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 direct and indirect 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.

"We're not in a position to write another check," Markell said Wednesday. "It's not something we would have any interest in doing in terms of additional financial support from the state."

Levin said the state would seek to claw back the financing it already has provided if the deal falls through.

"We're not out of it yet," he noted. "I really don't believe that."

Levin and Markell suggested that the DOE has become much more cautious about its loan programs amid the political fallout involving Solyndra LLC, a California-based solar panel manufacturer that received a half-billion dollar loan from the federal government and was touted by the Obama administration before declaring bankruptcy last year.

"It's hard to look at this and not consider some of the backlash on some of the other loans that the Department of Energy has made and think that this could be caught up in that," Markell said.

On Wednesday, the Treasury Department's inspector general said the department's review of the DOE's loan to Solyndra was "rushed."

Solyndra also has been the target of separate investigations by the FBI and

congressional Republicans.

Source URL (retrieved on *09/02/2014 - 3:00pm*):
http://www.impomag.com/news/2012/04/fisker-plan-build-cars-de-doubt?qt-recent_content=1