'A great day' as turbine plant comes to San Angelo

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Published: 09/09/2008 - 10:45

Over and over, spoken from the lectern and repeated among the crowd, the same seven words:

"It's a great day for San Angelo."

The Martifer Group, once a three-man operation that has grown in two decades into a global construction giant, will center the base of its newly established North American energy-industry operations in San Angelo by building a $40 million wind-turbine tower manufacturing plant here.

The decision, made in June and announced Monday by Texas Gov. Rick Perry, brings the first significant influx of well-paying specialized manufacturing jobs to the Concho Valley in more than 20 years - and recasts San Angelo as a regional hub for the burgeoning wind-energy industry.

"We have a good feeling about the people here," Martifer Energy Systems CEO Antonio Pontes said. "We expect to have San Angelo as a very important city in Martifer's plans and Martifer's future."

Attracting Martifer comes at a significant price - more than $8 million in city, county and state incentives and abatements, with potentially $15 million more in rail improvements still to be negotiated between the state and the Texas Pacifico Railroad.

It's a small price, economic development officials say, for the 225 jobs Martifer will bring in the next three years, the $40 million in capital it will spend to bring its plant on line, and the hundreds of additional jobs likely to follow as affiliated wind-energy companies join it in San Angelo.

"What a great day this is," said state Rep. Drew Darby at a ceremony that was ostensibly a news conference.

The event had the tenor of a citywide celebration, as Pontes received a standing ovation from dozens of local officials representing nearly every major entity in San Angelo.

Perry's announcement - made because a $945,000 grant from the Texas Enterprise Fund was the final piece needed for the deal to come together - formalized what was perhaps the worst-kept secret in the city. When the City Council approved its largest incentives package for any single company in June, it was widely thought to be the sole remaining formality needed for Martifer to choose San Angelo.

As is the case most times when companies are recruited by the City of San Angelo Development Corp. and the San Angelo Chamber of Commerce, the yearlong process during which Martifer arrived at its decision was kept closely under wraps. The company's interest leaked only when public votes by the COSADC's seven board members made such disclosure inevitable.

After deciding to expand across the Atlantic Ocean, Martifer Energy Systems started its selection process by studying wind maps of North America and quickly focused on Texas as a prime potential location, said Pedro Dinis, who will run the plant as country manager, overseeing all future American operations from San Angelo.

Martifer sent e-mails to hundreds of development corporations in Texas and other states. San Angelo replied swiftly, and remained on the list thanks to its highway access, rail access, an available work force and its proximity to the fast-growing wind fields that have been planted across West Texas, Dinis said.

When Pontes, Dinis and other Martifer officials first visited San Angelo in January, the city rounded up a variety of officials who could answer whatever questions they had.

"We were welcomed here since the first day in a warm and professional way," Pontes said. "This impressed us a lot."

Further visits in March, April and May solidified that impression, and San Angelo made the cut as the company's list was whittled from 15 to five, then three, then two.

Ultimately, Martifer chose San Angelo over a location in Mexico despite that city's advantages in labor cost, Pontes said.

"San Angelo has a good balance between all the things that are important to us," he said. "San Angelo was not the best in all the issues, (but) it was at least average to good in every aspect."

The forthcoming plant is the first manufacturing expansion outside Europe for Martifer Energy Systems, one of 120 holding companies within the Martifer Group.

The group was founded in 1990 as a steel-fabrication business by three partners with little money "and big willpower," Pontes told the crowd at Monday's announcement. It expanded into Spain in 1999 and Poland in 2002.

The conglomerate now has interests in 19 countries and has grown to include the construction, renewable-energy and energy-manufacturing fields.

"We hope this acts as the core of the activities in the States," he said.

In return, San Angelo has offered $5.6 million in incentives and tax abatements, including money for buying the land on which the 340,000-square-foot plant will sit, off Old Ballinger Highway on the city's northern edge.

Tom Green County has offered an additional $2 million in abatements, while the state - in addition to its enterprise investment - is negotiating millions of dollars in rail improvements with the Texas Pacifico Railroad, Darby said.

The rail line, which runs from near Coleman to the Mexico border along U.S. Highway 67, is badly in need of repair, and a bridge over the Colorado River in Ballinger is too narrow to accommodate the massive turbine pieces Martifer will need to ship.

Darby said he will seek $3.5 million to replace the bridge when the Legislature convenes in January, while the Texas Department of Transportation has agreed to spend $200,000 on the environmental study that must precede

any work over the river.

"This is a maintenance issue for the state of Texas," Darby said, adding that transporting the enormous turbine parts by rail will save TxDOT money on road maintenance. "I look at this as an investment of state dollars and private dollars not only to benefit the local economy here, but to benefit the state economy."

Indeed, the benefits for the local economy could be enormous. Conservatively estimating, every new manufacturing job creates an additional two jobs in an economy, said COSADC President Tommy Hiebert, meaning Martifer's 225 jobs in three years could quickly multiply into 700 jobs or more in roughly the same time frame.

The area was rocked in the late 1990s by the loss of Levi Strauss, Safe Car and Western Iron Works - three companies that together employed about 800 people, but whose closures ultimately cost the economy some 2,000 jobs.

City officials hope the reverse can now occur.

The Martifer file

- Who: Martifer Energy Systems.
- What: One of 120 holding companies owned by the Martifer Group.
- Where: Based in Oliveira de Frades, Portugal.
- When: Martifer was founded in 1990 as a steel fabrication company. It created Martifer Energy Systems in 2004 and renamed its parent company the Martifer Group the same year.
- How many: The Martifer Group employs 2,800 people in 19 countries across five continents.

- How much: The Martifer Group collected revenues of about $800 million in 2007 and reported revenues of $526 million for the first half of 2008.

Martifer incentives

Incentives and other considerations provided by public and private entities as enticement for Martifer Energy Systems to expand into San Angelo:

City of San Angelo:

- $1.35 million, at a rate of $6,000 for every job created up to 225.
- $280,000 for buying land along Old Ballinger Highway.
- $1 million for construction of rail spur into plant site.
- $3 million in tax abatements in the next 10 years, waived permit fees and utility connection costs.

Tom Green County:

- About $2 million in tax abatements in the next 10 years.

State of Texas:

- $945,000 incentive from the Texas Enterprise Fund.
- $200,000 allocation by Texas Department of Transportation for environmental study on railroad bridge replacement
- $3.5 million possible allocation by Legislature for bridge replacement
- $5 million possible allocation by Legislature for additional railroad improvements

Private sector:

- $5 million possible match from Texas Pacifico Railroad of money allocated by Legislature for railroad

improvements. Terms of any allocation and match are still under negotiation.

Total: $22.275 million

Work force numbers

- Capital costs (building and equipment): $40 million.
- Initial work force: 110 employees by the end of 2009.
- Permanent work force: 225 by the end of 2011.
- Origin of work force: Some senior managers from Portugal, most managers and labor from United States, exact locations determined per applicant.
- Average annual salary: $31,500 for initial wave, $34,000 when fully employed.

Plant data

- Size of lot: 32 acres
- Size of building: First phase of 170,000 square feet completion by 2009, second phase will double it by 2011.
- Departments: Five: Logistics, quality, production, engineering and administration.
- Initial tower production: 35 in 2009, 120 in 2010.
- Permanent tower production: 400 per year beginning 2013.
- Each wind tower uses:
- 302,000 pounds of steel plate
- 44,000 pounds of aluminum
- 6,600 pounds of galvanized steel