

Suburban Journals

Zoltek to open facility in St. Peters

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The Zoltek Corp. was looking to open a facility that would showcase its newest technological advancements. The company found what it wanted in a vacant building in Arrowhead Industrial Park in St. Peters.

During their Oct. 27 work session, St. Peters aldermen listened as Zoltek officials gave a presentation about the company's product and goals for the future. The board adopted a resolution that allows Zoltek to immediately start moving equipment and product into its new address at 27 Guenther Blvd. The board could vote Dec. 15 on a bill to authorize about \$20 million in industrial revenue bonds to help finance Zoltek's project.



ROY SYKES / JOURNAL Zoltek will open its third location in Missouri after it renovates a 130,000-square-foot building at 27 Guenther Blvd. in St. Peters. The location in the photo is from Zoltek's office at 11 Missouri Research Park near Weldon Spring. Missouri Research Park, Weldon Spring.

"We're occupying a 130,000-square-foot empty building and those aren't easy to find tenants for," City Administrator William Charnisky said during the work session.

David Purcell, Zoltek vice president-composite intermediate business, said the facility should open in December with 30 to 40 manufacturing jobs, quality and support personnel and employees to work in the shipping, receiving and purchasing departments. Zoltek plans to employ 110 people there by the end of the second year and 155 by the end of the year three. Including benefits, Purcell said, manufacturing employees would earn about \$20 per hour.

Finding people with experience making carbon fiber prepreg is one hurdle to find the right employees, Purcell said. He said people with experience in plastics manufacturing would be able to pick up the training faster. Purcell said it takes one to two months to properly train employees who will do the manufacturing work in St. Peters.

"We're going to ramp (production) up to a 24-7 operation, and we want to do that right after the new year," Purcell said. "This first wave of hires is to help us during our ramp-up period. We've got internal personnel that can train."

Purcell said Zoltek was in the process of refurbishing and modifying the facility, which previously housed Continental sprayers. Zoltek is moving in machinery it needs to prepreg the carbon fiber it manufactures. He said 85 percent of the building would be used for manufacturing, the rest for office staff, administration and research and development.

Zoltek will manufacture as much as 1,000 tons of resin-impregnated sheets of carbon fiber its first year in St. Peters, Purcell said. Zoltek's customers will turn those sheets into wind blades the length of a football field, car tops that allow for better fuel efficiency and various kinds of sporting goods.

"This is where Zoltek is making its move, into these downstream products," Purcell said. "It's a fragmented, small supply chain. To commercialize and grow those end markets, we're consolidating and moving downstream. That's what we're doing in St. Peters."

Zoltek's corporate headquarters is at 3101 McKelvey Road in Bridgeton. It also has an office at 11 Missouri Research Park, near Weldon Spring. Zoltek has three facilities that manufacture the raw material that will end up in St. Peters. Those are in Hungary, Mexico and Abilene, Texas.

Tim Grawer, Zoltek's director of finance, told the Board of Aldermen the company's biggest growth market is wind energy companies. Grawer said carbon fiber has the same durable properties as steel but is five times lighter.

Grawer said the carbon fiber market was focused primarily on sporting goods, but in 2000 companies that make wind turbines for energy started to increase their demand for the product. Grawer said Zoltek was a \$45 million company in 2006, but in 2007-08 its revenue grew to \$95 million per year.

"We feel 2012 and going forward will be a time of explosive growth for us," Purcell said. "When you see the really big wind blades those are coming from Zoltek."

St. Peters' central location to wind blade manufacturers and access to Interstate 70 and Highway 370 were also vital factors in Zoltek's choice to move there. Once the carbon fiber is prepregged, it has to be refrigerated when it's shipped. Purcell said the bulk of wind blade manufacturers are setting up business in the Midwest.

"They call the Midwest the 'Saudi Arabia of wind,'" Purcell said.

St. Peters offered Zoltek a Chapter 100 tax abatement to move there. Tim Wilkinson, assistant city administrator, said the abatement was capped at 50 percent. He said St. Peters provides 1 percent of abatement for every two jobs created. He said the city's policy to do that helps attract businesses without giving away all of the new taxes that come into play.

Zoltek is spending \$9 million on equipment for its St. Peters facility. Wilkinson said the next step for Zoltek would be to do a cost benefit analysis and send it to the taxing districts it affects.

Wilkinson said tax increment financing was not the appropriate economic tool to lure Zoltek to St. Peters.

St. Peters also gave Alpla Inc., a manufacturer of plastic packaging solutions, a Chapter 100 tax abatement last year. Alpla purchased an 83,485-square-foot industrial property at 9 Cermak Blvd. Wilkinson said Alpla has already expanded once since it opened.

"We're excited because Alpla is thriving, now we've got Zoltek, which is experiencing phenomenal growth and could be a magnet for other customers," Wilkinson said. "They're quality and professional jobs."