

'Regardless of What People Want to Buy,' They'll Have to Buy Small Cars – Analyst

By DEE-ANN DURBIN
AP Auto Writer

LANSING, Mich. (AP) – U.S. automakers are thinking small.

They're investing in small cars by adding compacts to their lineups, overhauling factories and hiring workers as they prepare for government regulations due in 2016 that will require cars to go farther on a tank of gas.

Even though U.S. small car sales have dropped lately, hurt by steadier gas prices that followed a huge run-up two years ago, automakers don't want to be caught without compacts when the new fuel standards arrive.

General Motors Co. last week said it will add a new small car to its Cadillac lineup, the same day Chrysler Group LLC said it would invest \$600 million in a plant geared for small cars.

GM plans to spend \$190 million to upgrade its Lansing Grand River plant to build the car, and will add 600 jobs to the plant's workforce of 1,100. It didn't name the car or say when it will go on sale.

Chrysler will upgrade its Belvidere, Ill., assembly plant to build new cars starting in 2012. Chrysler didn't say which cars will be built there, but at least one of them will likely be a small car to replace the Dodge Caliber, which is currently built at the site. The investment won't create new jobs, but the company will retain the 2,349 jobs currently at the assembly plant and a nearby parts stamping plant.

Those announcements were only the latest in the small car investment boom, which has also been encouraged by agreements to cut wages at some small-car plants.

Earlier this month, GM said it will start producing two new small cars – a revamped Chevrolet Aveo and the new Buick Verano – at a now-shuttered plant in Orion Township, Mich. And Ford Motor Co. is spending \$950 million

to transform a Michigan truck plant into a factory that will make the Ford Focus.

Ironically, U.S. small car sales have been anemic this year, overshadowed by bigger gains in the truck and sport utility segments. Small car sales were up 7.3 percent through September, compared to a 10.3 percent increase in overall sales, according to Autodata Corp. Large pickup sales were up 18.7 percent.

Aaron Bragman, an analyst with IHS Automotive, said people tend to buy smaller cars when gas prices are seeing wild fluctuations, as they did in 2008. But since gas prices have stabilized this year, people have gravitated toward larger vehicles.

As new fuel economy standards creep closer, however, automakers will have to get buyers to think smaller. Cars, pickups and SUVs will need to meet a new average of 35.5 mpg by 2016, up from 27.5 mpg today, and the government is developing plans for future vehicle models that could push the standards to between 47 mpg and 62 mpg by 2025.

Bragman said the downsizing of cars, SUVs and trucks will be a necessity to meet those standards.

"Regardless of what people want to buy, this is what they're going to have to buy," Bragman said. "There's a wholesale shift in mindset that's going to have to happen."

People worried they'll have to trade comfort and style for fuel economy should consider how some small cars have changed.

The Mini Cooper, which went on sale in the U.S. in 2002, proved to U.S. consumers that small cars didn't have to be cheap and stripped of amenities, Bragman said. That car was made by Germany's BMW AG, however. Now Detroit wants in on the high-end small car market.

The new Ford Fiesta sub-

compact has options like heated leather seats, a moonroof and a hands-free entertainment system.

The new Cadillac small car will be a sporty, rear-wheel-drive car that will compete head-on with the Mercedes C-Class and BMW 3 Series, said GM CEO Dan Akerson.

"We've ceded this segment of the market to our foreign competitors for too long," Akerson said.

Another reason for the small-car investments is new labor agreements that make it profitable for automakers to build small cars at their U.S. plants.

GM will be the only car company making a subcompact in the U.S. when it starts producing the Aveo in Lake Orion next year. The company said it can build the car profitably because of a new labor agreement that lowers the wages of 40 percent of the plant's workers.

United Auto Workers President Bob King said the Lansing Grand River plant, which will produce the new small Cadillac, won't be cutting current workers' pay. But any new hires at the plant will get about half that pay, or \$15 an hour.

"We know it's pretty hard to support a family and everything on a \$15 an hour wage, but we also know that we have to keep General Motors and Ford and Chrysler competitive," King says.

Meanwhile, all automakers, whether foreign or domestic, continue to struggle with subcompact and mini-car sales in the U.S. market. That is, cars the size of the smart or even MiniCooper have difficulty getting sales traction among domestic consumers, who just seem to blanch when it comes to the so-called Euro small car offerings.

The Penske organization markets the smart car in the U.S. and even they have had their challenges with sales figures. The domestic American car buyer seems to simply like a car of substance.



PHOTO: COULOMB TECHNOLOGIES

Vehicle charging stations, much like the ones pictured here at DTE Energy headquarters in Detroit, are being considered by the City of Novi for placement on city property. The stations would be provided through the ChargePoint America program.

City May Install Vehicle Charging Units

By Stefanie Carano
Staff Reporter

With vehicles like the Chevrolet Volt, the Nissan Leaf and others making their way into the market, the city of Novi is considering the installation of several vehicle charging stations on city property.

Novi building official Andy Gerecke is working with Waterford-based ChargeNow, an installation company associated with the California-based Coulomb Technologies, on the installation of four charging stations – two at the Novi Public Library and two at the shared parking lot of the city's police station and civic center.

The stations offer another place for plug-in hybrid and electric vehicle owners to charge in addition to home outlets. The two stations at each location would be side by side as one unit.

"What we have to do is pay for the installation cost," Gerecke said. "We're waiting for the price back from (Coulomb) on installation."

If the city approves the price, the stations will offer 120 and 240 AC charging – a method that most plug-in hybrid-electric and electric vehicles are equipped to handle – as well as DC charging of up

to 500 volts, which allows a vehicle to recharge more rapidly.

The stations would be provided through Coulomb Technologies' ChargePoint America program, which is providing electric vehicle charging stations to select regions across the country. The program was responsible for the stations installed at the Renaissance Center in Detroit, which was recently unveiled by General Motors Vice Chairman of Global Operations Tom Stephens at last month's "Business of Pluggin In."

After taking charge of the project, Gerecke said he contacted Coulomb Technologies online and filled out a couple of applications to have Novi be considered for the stations.

"We're one of the first cities in Michigan to apply for this," he said. "The Grand Rapids area already has it."

Talks of charging stations began when Novi City Councilman Justin Fischer, an accounting analyst at Ford Motor Co., contacted the city manager as to whether city ordinances addressed what was required to have a station installed.

"Residents are very excited about this technology and it's something they're going to embrace," Fischer said. "I

wanted to make sure that, as far as electric code goes, these stations are safe for our residents."

Gerecke said that if the price is right, he'd be looking to install the stations in the spring.

Fischer said determining a possible cost to use the station and policies on their use will be discussed if the city approves the installation price.

Fischer said electric vehicles are something the city would consider for a future purchase, but there are none currently in its fleet.

Meanwhile, the installation of chargers elsewhere across southeast Michigan continues apace. GM recently installed a dozen chargers at the RenCen as well as a comparable number at the GM Hamtramck Assembly plant, which is where the automaker is building the fabled Chevrolet Volt.

Also of interest, the retailer Meier announced plans recently to install similar car chargers at its stores in Holland, Allen Park and Warren.

The Warren Meier is located on Mound Road north of 12 Mile and is directly across the street from the GM Technical Center campus. That same Warren Meier was one of the first to install an E85 ethanol gas pump, too.

Wayne State Hosts First Lecture Honoring Architect Yamasaki

When Minoru Yamasaki designed the diamond-patterned skylight of Wayne State University's McGregor Memorial Conference Center, he took into account how sunlight would strike the pillars and what shadows would be seen by the people inside at different times of the day.

This humanistic, experience-centered approach was a driving philosophy behind the legendary architect's work – and is the focus of a new WSU speaker series now dedicated to his considerable legacy.

The WSU Yamasaki Legacy Lecture series' inaugural talk will take place on Friday, Nov. 12, at 4 p.m. at the DeRoy Auditorium.

Sponsored by the Office of the Vice President for Research, the event will feature Dr. Dale Allen Gyure, associate professor of architecture at Lawrence Technological University (LTU) and adjunct assistant professor of historic preservation at Goucher College, who will present the lecture "Serenity and Delight – Minoru Yamasaki's Architecture at Wayne State University."

Minoru Yamasaki was an American architect best known for his design of the twin towers of the World Trade Center in New York City.

One of the most prominent architects in the 20th century, he and fellow architect Edward Durrell Stone are considered the two master practitioners of "romanticized modernism."

The WSU speaker series was established to celebrate Yamasaki's legacy on the Wayne State campus, which includes the design of the McGregor Memorial Conference Center, the Education Building, Pretis Hall and DeRoy Auditorium.

All were constructed on the WSU campus in Detroit between 1957 and 1965 at a time when Yamasaki was becoming nationally known as an exciting and innovative architect and industrial designer.

Meanwhile, Gyure's research focuses on American

architecture of the 19th and 20th centuries, particularly the intersections of architecture, education and society.

He has written two books: Frank Lloyd Wright's Florida Southern College and The Chicago Schoolhouse, 1856-2006: High School Architecture and Educational Reform.

His lecture will focus on how Yamasaki's designs for the WSU campus express the legendary architect's unique form of architectural humanism and his attempt to invoke feelings of serenity and delight in his buildings.

"People liked Yamasaki's work then, and still like it today," Gyure said.

SMART Buys Hybrid Buses

SMART is pleased to introduce two new hybrid electric articulated buses to its fleet.

The first of its kind in southeast Michigan, the new hybrid-electric vehicles will help SMART to accommodate riders along high-demand routes while helping the environment.

Purchased with ARRA stimulus funds, these environmentally friendly buses are 61 feet long and can accommodate up to 100 riders.

"The addition of these two vehicles demonstrates SMART's commitment to provide quality service, improve the environment and meet the needs of our riders," said John C. Hertel, general manager of SMART.

"The articulated buses offer us the extra space on routes where people are jammed onto a bus and in some instances drivers cannot pick up additional riders.

"This is also the first of other alternative fuel vehicles we expect to add to our fleet in the near future."

The new hybrid electric buses will be placed into service after SMART drivers and maintenance staff has received the appropriate training. The hybrid-electric buses are manufactured by New Flyer in Winnipeg, Manitoba.

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