PHOTO: GERALD SCOTT

Some 6,700 workers are currently putting together the OEM exhibits at Cobo Center for the upcoming Detroit auto show, including Ford's large pavilion and showroom.

'What a Difference a Year Makes' With Cobo Center Ownership Change

by Gerald Scott
Editor
U.S. Auto Scene

Good things continue to happen at Cobo Center, the city's primary trade show exhibition space and home to the Detroit auto show.

SMG Worldwide, a professional management services firm, was hired by the Cobo Authority to run the building on a daily basis.

SMG, in turn, brought in a new management team that includes Thom Connors as regional vice president and general manager and Mary Klida as the new marketing & communications manager.

Larry Alexander of the Metro Detroit Convention & Visitors Bureau discussed these and related changes in a briefing at Cobo Center last week, a press conference that included a tour of the show floor that is being built up for January's auto show.

"What a difference a year makes," Alexander said of the transition between city ownership and Authority ownership. "The Authority members have all come together to focus on doing what's right for Cobo Conference Center and to make sure we have the best facility in the world.

"We've made considerable progress . . . first of all, we've increased Cobo's annual revenue by $1.1 million and we've reduced annual expenses by $3.6 million by renegotiating 22 vendor contracts.

"We've also completed 'back-of-the-house' renovations."

To review, Cobo had previously been owned by the city of Detroit, which, facing severe financial constraints, wasn't able to maintain Cobo as a truly viable, world-class exhibition hall and display space.

Eventually, a regional Authority was created to both own and oversee Cobo – the Authority has paid $20 million to the city of Detroit for Cobo Arena and parking.

This is all part of Phase II upgrades at the center, which are currently under way.

Next, $60 million more of Phase II money is available for use. That will be applied as follows:

- $3.5 million to pay for the repairs and upgrades already done to support last January's 2010 Detroit auto show;
- $6.5 million for further Phase II upgrades and replacements, mainly with energy management, heating and cooling systems, door, kitchen upgrades, fire safety and infrastructure repairs;
- Approximately $4.4 million for construction manager and architects to develop the next stages of renovation and dock replacement;
- $40 million will be applied toward an additional 25,000 square feet of new exhibit space and steel ordered for the expansion of the Oakland Hall annex – all of which is scheduled to be completed in time for the 2012 Detroit auto show.

"We are fast-tracking this project because a first-class competitive convention center is necessary for us to attract large, multi-property conventions and events," Alexander added.

Auto dealers and Detroit auto show co-chairmen Barron Meade and Bill Porter, Jr., spoke about the 2011 NAIAS, which is expected to host up to 40 worldwide new car debuts come January at Cobo Center.

The change in ownership of Cobo couldn't have come soon enough for the Detroit Area Dealers Assn. (DADA), the organization that traditionally sponsors and runs the Detroit auto show.

Over the years, Cobo, of course, had gotten long in the tooth, with roofs leaking and lights blinking, but now the new management team says they are dedicated to improving the facility and its user friendliness in every way possible.

Back around 2008, there was even talk of moving NAIAS to another city like Chicago, but that talk finally dried up once the facility was officially and legally handed from the city of Detroit to the new governing Authority.

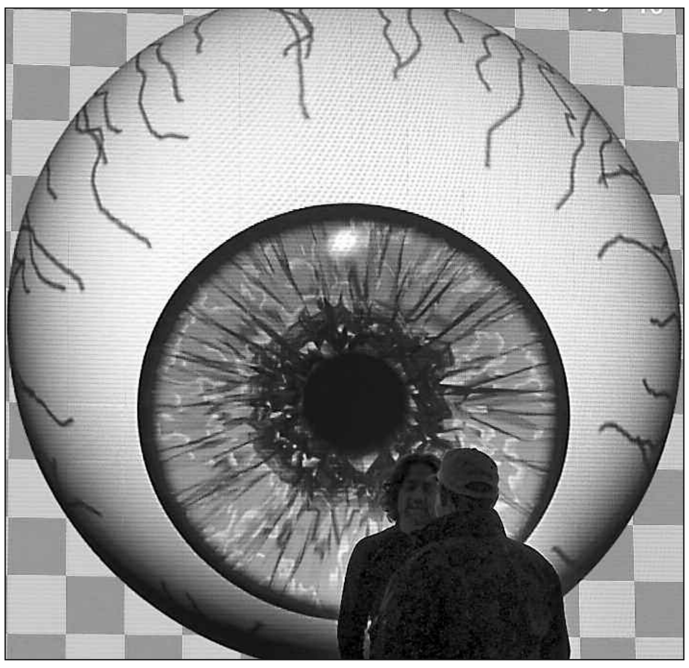


PHOTO: GERALD SCOTT

The "eyes" have it as workers build this video display board related to the Ford exhibit at Cobo Center for the upcoming Detroit auto show.

Ford to Hire More Workers at Factory

By DEE-ANN DURBIN
AP Auto Writer

Ford is the latest U.S. automaker to hire hundreds of workers as the economy picks up and new car sales improve.

At an announcement in front of workers in its Louisville Assembly Plant, Mark Fields, Ford Motor Co.'s president of the Americas, said the factory plans to hire 1,800 more employees – or nearly 5 percent of Ford's current U.S. work force – to build a new version of the Ford Escape small SUV.

The Escape is the second best-selling small SUV in the U.S. behind the Honda CR-V.

Ford will invest $600 million in a year-long renovation of the plant and Fields said the upgrades will help Ford shift to smaller cars and boost its competitiveness. The new Escape will be built on the Ford Focus car platform instead of a truck one to boost fuel economy.

When the Louisville plant reopens in late 2011, it will be one of the most advanced in the company, able to switch quickly between car models in response to consumer demand.

Fields said such flexibility is necessary as the market grows more competitive. Other car makers such as Toyota Motor Co. and Hyundai Motor Co. have newer, more nimble U.S. plants.

The Louisville plant will be running on two shifts with 2,900 workers when it reopens. Some of the 1,800 added workers will be new hires, but many will come from Ford plants where they have been laid off, Ford said. Under a 2007 contract, new hires will make around $14, or half the wages of veteran workers at the plant, which will mean significant savings for the company.

Ford plans to keep making the current version of the Escape at a plant outside Kansas City, Mo., until production moves to Louisville. The company hasn't announced a future product for the Missouri plant.

The Louisville plant currently builds the Ford Explorer and employs 1,100 people on one shift. Production of that mid-size SUV has already moved to a Chicago plant.

Ford will get $240 million in tax incentives for the Louisville project from Kentucky and local governments over the next decade. Fields said the jobs may not have been created without the tax incentives.

Ralph Hearn, a plant production standards representative from Louisville, said the news was a long time in coming for factory employees struggling with Ford's woes over the last few years. Ford cut thousands of workers and closed plants in a major restructuring that began five years ago.

"I think what it has done is lifted the morale of the plant," Hearn said.

Ford has around 40,000 U.S. hourly production workers.

General Motors Co. and

'We Want to See Graduation Rates Climb'– GM's Reuss

by Stefanie Carano
Staff Reporter
Detroit Auto Scene

As finances improve, General Motors is continuing to invest in metro Detroit, home to its headquarters, Tech Center and 87 years of company history.

Recently, at Detroit's Cody High School, the GM Foundation announced a $27.1 million donation to the United Way for Southeastern Michigan to create Networks of Excellence in five area high schools.

"We want to see high school graduation rates at these schools get up to 80 percent," said GM CEO and Vice President of North America Mark Reuss. State of Michigan figures show the Detroit Public Schools' graduation rate right now is 58 percent.

"Eighty percent – that's the goal. We want to see 80 percent of kindergartners be considered ready when they start. We want to create in the next couple of decades one of the most skilled workforces in the nation right here in Southeast Michigan.

"This is the beginning of making Detroit again a destination, both in the school system and the economy and the city itself and the communities that surround it."

The Networks of Excellence link schools that are participating in the United Way's educational turnaround program intended to reduce dropout rates and encourage a good learning environment.

The first network of excellence was created in 2008 and included five high schools – Cody and Osborne high schools in Detroit, Melvindale High School, Pontiac High School, Van Dyke and Lincoln high schools of Van Dyke Public Schools in Warren.

It established early learning centers at each location, programs for caregivers of children under age 5 to ensure a child is ready for kindergarten.

It also created four academies within each high school, essentially creating 20 schools, reducing class size and creating smaller student-teacher ratios.

The network was funded by the United Way's Venture Fund with financial support from the Detroit-based Skillman Foundation and AT&T.

GM's donation will create a second network consisting of high schools in areas that have lost a significant amount of manufacturing jobs and also have high dropout rates.

"It's really about how we've witnessed the closing and consolidations here in Detroit that's gone along with the economy and the exit of jobs. I'm not proud of that, working in this industry, I don't think anybody is," Reuss said.

Reuss, a GM Foundation board member, said the GM Foundation funds are separate from the operational funds of the company, though the main source of funds – grown on an investment basis – come from the company.

Reuss told the press as the auto companies in Southeast Michigan begin to make profit again, they have reinvested in the area and that's what GM plans to do.

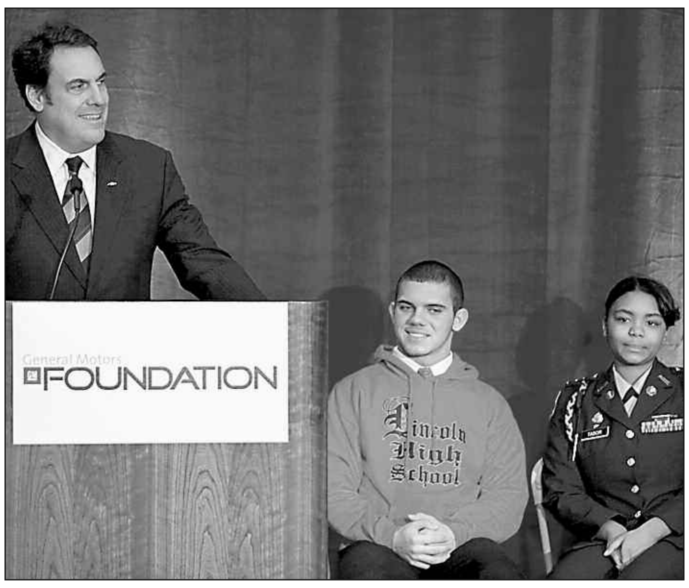
Speaking on behalf of the program was Cody High School sophomore Marlicia Tabor, who said her school performance has improved since attending Cody under the Network of Excellence turnaround program.

"Prior to coming to Cody two years ago, I rarely attended school. I was kicked out two years in a row for fighting," Tabor said. "I now have a 3.8 GPA, I come to school early and I'm hardly ever absent."

Larsa Shiba, a junior at Lincoln High School who was invited to attend the ceremony at Cody, said she has noticed changes at Lincoln since the time she started high school.

"We're now just more structured, we're learning so much more," she said. "And, there's a lot of rules. We had a lot of rules before but right now they're putting their foot down on the rules.

"The rules are being enforced and a lot of kids first had negative attitudes on it but now when I think about it, we're seeing that it's really helping us out, like our school is really changing."



GM's Mark Reuss announces the GM's Foundation $27.1 million donation to United Way to help in the creation of Networks of Excellence for Detroit Public Schools. Pictured at right are Ivan Combellask of Van Dyke Public Schools Lincoln High and Marlicia Tabor of Detroit's Cody High School.

New U-M Traffic Study Says Crash Fatalities Down

ANN ARBOR – Over the past five years, road fatalities in the United States have fallen 22 percent, thanks primarily to the poor economy and the increased prevalence of air bags, according to University of Michigan researchers.

"A reduction of such magnitude over such a short time has not occurred since road safety statistics were first kept starting in 1913, except for the reductions during World War II," said Michael Sivak, a research professor at the U-M Transportation Research Institute (UMTRI).

While more drivers have slowed down and limited their long-distance leisure travel to save gas and money—and, ultimately, lives—an increase in vehicles equipped with both side and front air bags also has been a contributing factor. On the other hand, fatal crashes that involved distracted driving (using cell phones, talking to passengers, eating, etc.) have increased 42 percent.

In a new study in the current issue of Traffic Injury Prevention, Sivak and UMTRI colleague Brandon Schoettle noted that U.S. road deaths declined from 43,500 in 2005 to about 34,000 last year. Using data from the Fatality Analysis Reporting System (a database of all fatal traffic crashes in the United States), the researchers examined 19 conditions or variables involved in fatal crashes in 2005 and in 2008 (the latest year for which detailed data were available).

The changes in the frequency of many of the crash conditions suggest that the recent economic downturn resulted in fewer crashes, they said.

For example, the largest declines in fatal crashes by time of day occurred during the afternoon and morning rush hours – consistent with reduced commuter traffic.

Moreover, fatal crashes on rural interstate highways dropped substantially, whereas those on city streets rose – consistent with a decrease in long-distance leisure driving and an increase in local leisure driving in response to economic concerns.

Petty Returns to Run His Motorsports Team

CONCORD, N.C. (AP) _ Richard Petty will once again run his race team and participate in day-to-day operations as chairman of the new ownership group that was announced last week.

The assets of Richard Petty Motorsports have been sold from George Gillett Jr. to an investment group that consists of Petty, Medallion Financial Corp., and DGP Investments.

"Today is a great day for me, my family, our fans and our wonderful sponsors," Petty said in a statement that listed 10 partners that "have supported me through thick and thin and I thank them from the bottom of my heart."

RPM will field cars for AJ Allmendinger and Marcos Ambrose in 2011.

The transfer of assets has been in the works for several weeks because of Gillett's ongoing financial problems. Debt-laden English soccer club Liverpool recently was sold despite the objection of Gillett and business partner Tom Hicks. And a U.S. hedge fund is suing Gillett over what the firm says is more than $117 million in debt he racked up investing in Liverpool.

Petty owned just a small take in the organization during Gillett's two-year ownership run of RPM. The seven-time NASCAR champion seemed at times to be nothing but a figurehead, while the Gillett family ran the team.

But Petty worked the final two months of the season to regain control of the team, and the new ownership group was revealed Monday.

Medallion Financial is a publicly traded investment company that has Hank Aaron among its key board members.

"We could not be happier to be able to acquire these assets together," said Andrew Murstein, president of Medallion. "Richard is one of the greatest names, not only in NASCAR, but in all sports. His name and image are a world recognized brand with unlimited potential to grow and expand in racing.

"Ample working capital has been invested in the company to ensure this great team and legend will not only continue to perform, but will thrive and be back in the winner's circle."

DGB Investments is a company owned by Douglas Bergeron, the CEO of VeriFone Systems, Inc.

"With Richard Petty's unmatched name and reputation in the motorsports industry, I know this investment is well-timed to succeed," Bergeron said.

It's Petty's second partnership with investment groups. In 2008, he gave up majority control of the team his family had run since 1949 to Boston Ventures. That move gave Boston Ventures employees the roles of chairman and CEO, while Petty was relegated to a participant in the day-to-day operations.

The move was necessary because the team, then known as Petty Enterprises, had fallen so far behind the competition both on the track and on the business side.

Medallion was believed to have been one of the investment groups interested in Petty at the time Boston Ventures completed its deal. But Boston Ventures time with the team was short-lived: Just six months later, Petty was working on a merger with Gillett's race team.

The merger at the start of 2009 was necessary to keep both Gillett-Evernham Motorsports and Petty's team afloat after the economic collapse months earlier.

Although the new team – what's now known as RPM – returned to Victory Lane with Kasey Kahne, the financial issues were never resolved and the organization operated on a week-to-week basis the final two months of this season.

Coincidentally, Petty visited the Walter P. Chrysler Museum earlier this year for a big awards ceremony with Lee Iacocca.