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Arizona was a finalist for a \$5 billion Rivian manufacturing plant. Here's why the company picked Georgia instead



Rivian is pursuing plans for a second U.S. manufacturing facility to produce its electric vehicles. Rivian



By Audrey Jensen – Reporter, Phoenix Business Journal - May 26, 2022

Before announcing plans to build a second factory in Georgia, electric truck maker Rivian Automotive Inc. (Nasdaq: RIVN) was eyeing several locations for its development dubbed “Project Tera.”

Early in 2021, documents obtained by the Phoenix Business Journal show Rivian was looking at about 14 sites across multiple states, including Arizona, for a 12 million-square-foot electric vehicle manufacturing complex on 2,500 acres with a total \$5 billion capital investment and 16,000 jobs at full buildout.

The company wanted to finalize the site by summer, quickly break ground and become operational by spring of 2023, but reports said this would likely be delayed due to Covid-19. Rivian also anticipated needing 4 million gallons of water per day, access to rail line, natural gas and 500 megawatts of power at full build out. In comparison, the Taiwan Semiconductor Manufacturing Co.'s first phase will require 200 megawatts, which could power nearly 30,000 homes in Arizona.

By April 2021, Buckeye had been shortlisted as one of about four finalists for the economic development project city officials called the largest in the city's and state's history. The facility was slated to include a supplier park, battery manufacturing plant, technology center and possible test track, and cost an estimated \$1.6 billion to build, documents said.

About a dozen Rivian officials visited the state over two days last spring to seriously look at the Buckeye site, as well as a site in Queen Creek. Reuters reported that Rivian CEO R.J. Scaringe had talked to Gov. Doug Ducey about the project and that Rivian already has a small engineering and test facility in Wittmann, a rural area in the northwest Valley. Officials in other states initially thought Arizona was a favorite because it allows automakers to directly sell vehicles to customers.

But after city, state and utility officials worked for months to put together proposals, provide tours and outline a timeline for the factory, Rivian announced in December it had picked Madison, Georgia, which is east of Atlanta in a growing electric vehicle region, for its proposed plant, which is expected to produce 400,000 vehicles a year, start production in 2024 and employ 7,500 people.

Why Georgia?

Arizona's electric vehicle supply chain has also seen growth in recent years with the addition of Nikola Corp., Lucid Motors, and LG Energy Solution, but is still in the early stages of becoming a top technology hub. Arizona also has to compete with traditional vehicle manufacturing hubs such as Tennessee while the U.S. works to increase domestic lithium-ion battery manufacturing operations to support the EV sector.

Rivian declined to say why it didn't pick Arizona but said the Georgia site met its criteria such as access to a skilled and diverse workforce, quality education pipeline, opportunities for abundant renewable energy, superior transportation outlets and options and a "community we want to become a part of."

John Boyd, a principal at Boca Raton, Florida-based The Boyd Company Inc., said Georgia made a "full-court press" for Rivian and that one of Gov. Brian Kemp's chief legislative priorities was to boost the state's incentive program. The state gave Rivian a record \$1.5 billion in incentives. Last week, Hyundai Motor Group also revealed plans to build an electric vehicle factory and battery manufacturing plant in Georgia with up to 8,100 jobs and a \$5.5 billion investment only six months after Rivian's announcement.

“There’s a lot of synergies between the EV sector and what’s happening with Georgia tech,” Boyd said. “It’s really impossible to overstate the role that Georgia tech is having with Atlanta’s success in attracting EV manufacturers.”

But Arizona continues to be in the "mix" for a lot of projects, Boyd said, adding that the state is usually a runner-up or on the shortlist, which can help Arizona land future prospects like suppliers. Phoenix's skillset in cybersecurity is also attractive for electric and autonomous vehicle companies, he said.

Although Phoenix is “well positioned” with a positive business climate, lack of natural disasters and a growing vehicle sector, Boyd said the Phoenix metro, like other growing markets, is seeing a lot of inflated cost pressures, as well as a shortage of housing and affordability issues.

"Manufacturers and warehouse workers can't work remotely, so affordable housing is a major site selection factor today," Boyd said. Taking certain political stances on topics such as abortion can also create a business climate challenge and push companies to other states, Boyd added.

Behind the deal: Timeline, utilities and incentives key

Before selecting Georgia, documents show Rivian was especially concerned with speed to market and the amount of time it would take for the site to become “shovel ready,” including entitlements and infrastructure such as water, sewer and utilities and rail. The company was also interested in sustainability and quality of life in the city.

Last year in an attempt to lure Rivian, Buckeye proposed a 2,000-acre site generally located from Dean to Perryville roads and Broadway Road to MC 85 near Union Pacific rail line. Most of the site is agricultural and vacant land, while about 5 to 10% comprises a dairy farm operation, including 10 homes for workers, sheds and water related infrastructure, according to public records.

Buckeye Mayor Eric Orsborn highlighted the size of the land, access to rail, water availability, proximity to labor force and a “very pro-business growth mindset” in a letter to the Arizona Commerce Authority. The city was the fastest growing in the U.S. over the past decade and has in recent months landed a different battery manufacturing plant and numerous industrial and retail projects.

“I can’t properly express in this letter what an impact a project like Tera would have on a community like Buckeye and the region,” Orsborn said in the letter. “The employment opportunities in new technology clean vehicles of the future, infrastructure development, and the ability for current and new residents to work close to home will enhance the trajectory of this exciting growing region for decades.”

Throughout its proposal, city officials suggested expediting the entitlement process, which includes annexation and rezoning, to six months; entering into a public-private partnership to

build water treatment facilities; and building out infrastructure components such as rail and utilities as the project develops, among other recommendations.

Part of the property, the city noted, also has 11 wells on site, as well as Type 1 water rights, which could provide up to 6 million gallons of water a day. Arizona Public Service officials said at the time that it could not guarantee 500 megawatts by its target date of March 2023 but could work on long-term service options.

The Arizona Commerce Authority also asked Buckeye for estimated incentives it could offer Rivian, stating in an email to city officials that “certain communities have become rather aggressive in how they quantify all the incentives that they offer and included dollar amounts in how they will support Project Tera.”

By June, Buckeye city officials inquired about the status of the project, but the ACA said it had not received any direction on the project. Buckeye declined to comment on why Rivian did not choose the West Valley municipality.

North Carolina, South Carolina, Tennessee, Texas, Michigan, Illinois, and Washington were also in the running for Rivian's giant project, the Atlanta Business Chronicle reported.

Rivian has produced just over 1,000 vehicles. The startup raised more than \$10.5 billion in the past few years. It's backed by e-commerce giant Amazon and Atlanta's Cox Automotive. Rivian also has a manufacturing facility in Normal, Illinois, which is also undergoing a massive expansion.