

Triangle Business Journal - June 23, 2008

<http://triangle.bizjournals.com/triangle/stories/2008/06/23/focus1.html>

TRIANGLE BUSINESS JOURNAL

Friday, June 20, 2008

The making of Novartis' \$600M vaccine plant

Triangle Business Journal - by [Katherine Kopp](#)

HOLLY SPRINGS - A 300,000-square-foot glass and concrete facility with space for a warehouse, administrative offices and a manufacturing plant is slowly taking shape here.

Surrounded by lush lawns and scattered trees, this \$600 million **Novartis AG** facility will become the home of a vaccine plant that could employ more than 350 people, from entry-level and technical and scientific positions to senior supervisors and managers, says Novartis spokesman Eric Althoff.

The facility is expected to be a boon to the region's growing biotechnology and pharmaceutical industry.

Novartis broke ground at the site on Aug. 23, 2007. Once complete, it will be the first cell-culture-derived influenza vaccines manufacturing facility in the United States.

"It's a huge project for Holly Springs," says Jenny Mizelle, economic development director for the town of Holly Springs.

Holly Springs drew headlines in July 2006 when pharmaceutical giant Novartis, headquartered in Basel, Switzerland, announced it would build a vaccine manufacturing facility in the Wake County community.

The decision to locate the plant in North Carolina followed a multiyear search by the pharmaceutical giant throughout several states. "The company evaluated more than 15 sites across the United States before choosing Holly Springs," said Dr. Joerg Reinhardt, CEO of Novartis' Vaccines & Diagnostics division, when the project was announced.

SNARING A BIG FISH

Holly Springs, which has grown from just 1,000 residents in 1990 to close to 20,000 today, spent two years chasing the deal. The town landed the Novartis facility after offering an incentives package that included \$8.3 million to acquire and prepare the 167-acre site, which was then transferred to Novartis' ownership. An additional \$11 million from the town will fund infrastructure improvements such as new roads and water and sewer lines.

The town's commitment of an almost \$20 million investment in Novartis caused some controversy, but town officials say the payoff in new property taxes and in the payroll generated by the project will, over time, far exceed the cost of attracting Novartis. "The



Rendering c/o Novartis

Rendering of the Novartis vaccine plant, which is currently under construction in Holly Springs, with work expected to be completed in late 2009 or early 2010.

[View Larger](#)

economic impact of the Novartis project, in both direct and indirect benefits to Holly Springs, is estimated to be about \$150 million annually," says Mizelle.

The Golden Leaf Foundation awarded an \$800,000 grant to Holly Springs to assist with infrastructure improvements to the Holly Springs Business Park, where the facility is under construction. The town also received a \$1 million grant for the project from the federal Economic Development Association.

Holly Springs' purchase of the land and the Golden Leaf Foundation and EDA grants combined with tax credits, cash grants and other incentives add up to more than \$41 million in incentives from state and local governments. Site Selection magazine named Novartis' choice of Holly Springs as one of the top 20 deals in North America in 2006.

According to a rendering provided by the company and information from contractors involved in the project, the facility is expected to span more than 300,000 square feet of space and comprise an administration building, a manufacturing plant and a Good Manufacturing Practices warehouse.

The three units will be connected, but different contractors are overseeing construction of each section.

Contractors for the project are BE&K Building Group of Raleigh, a division of **BE&K Inc.** in Birmingham, Ala.; **Jacobs Engineering Group**, a publicly traded company headquartered in Pasadena, Calif.; and **Teer Associates** of Research Triangle Park.

SHAPE OF A CAMPUS

BE&K, which said in May that it will be acquired by **KBR Inc.**, is overseeing the administration building; Jacobs is constructing the manufacturing facility; and Teer is responsible for the GMP warehouse.

Jeff Hall, project manager for BE&K, says the 115,000-square-foot quality control and administration building is scheduled for completion in summer 2009. The cost of the first phase of the project is estimated at \$267 million, Althoff says.

Upon completion, the project will represent a \$600 million investment in North Carolina by Novartis, a figure that includes a \$220 million grant for the project that Novartis received in June 2006 from the U.S. Department of Health and Human Services.

Vaccine manufacturing facilities such as the Novartis plant have special requirements for their construction and operation. "The GMP building has to meet FDA (U.S. Food and Drug Administration) standards of quality in every aspect of construction," says Daniel Barutio, a developer with Teer Associates, which is supervising the GMP warehouse construction. "This type of facility includes 'clean rooms' and enhanced HVAC, among other special features," he says. "It's a lot different from a typical warehouse."

Teer broke ground on the 60,000-square-foot GMP warehouse, estimated to cost \$20 million, in May 2008. Teer has built similar facilities for other pharmaceutical clients in the Triangle, Barutio says, including **GlaxoSmithKline's** first two buildings and warehouses for Biogen Idec and **United Therapeutics**.

Althoff says the overall timetable for the facility calls for its completion in "late 2009 or

early 2010." Pharmaceutical manufacturing facilities such as the Novartis project must undergo a validation process before manufacturing begins to be sure the facility meets federal standards. Validation of the plant is expected by 2011, at which time initial vaccine production can begin.

Traditional manufacturing of the flu vaccine involves egg-based production. The newer cell-culture technology that Novartis will utilize reduces production time and provides greater reliability in the end product, according to industry reports.

Novartis projects that the facility will have an annual production capacity of up to 50 million doses of seasonal trivalent flu vaccine. If an influenza pandemic occurred, the plant could ramp up to 150 million doses within six months.

Meanwhile, Holly Springs officials eagerly anticipate the facility's opening. "We certainly welcome having Novartis and what they'll bring to our community," Mizelle says.

All contents of this site © American City Business Journals Inc. All rights reserved.