

Economic impact of aerospace

- The Kentucky Cabinet for Economic Development reported “**aerospace exports have increased by an unprecedented 145.1 percent since 2010.**”
- Aerospace exports totaled \$8.7 billion in 2015 and are **currently on track to exceed \$10 billion in 2016.** In 2015, Kentucky ranked as the third largest aerospace exporter only behind Washington and California. **Remarkably, during the first six months of 2016, Kentucky ranked second only to Washington as an exporter of aerospace products.”**
- Aerospace products and services alone are now Kentucky’s leading export, comprising **one-fourth of the state’s total exports.**
- Kentucky’s aerospace industries do business with worldwide aerospace companies and supply **Boeing, Airbus, Lockheed** and many more.
- Not only is aerospace growing, it is growing and **pays its employees substantially more than traditional manufacturing industries.** Thus, it’s a very desirable target for the greater *One East Kentucky’s* economy.

Economic advantages of aerospace

- Pike County average weekly salary for production workers in is **\$945**
(Highest in region)
- Johnson County at **\$489** (Lowest in region)
- Average pay for aerospace skilled jobs in Kentucky is **\$1,624**
- Aerospace jobs are generally high-skill, high-wage and high-demand jobs that require technical training.
- And they make a prime target for communities and their industrial recruiting efforts.

Primary Regional Airports



Wendell H. Ford Airport (KCPF)

- Utilities: water, sewer and natural gas
- Industrial land adjacent to a taxiway: >10 acres
- Special considerations: Plans underway for a full ILS and lengthened runway
- Coal Fields Industrial Park nearby contains a large vacant industrial building

Big Sandy Regional Airport, KSJS



- Utilities: water, sewer and natural gas
- Industrial land adjacent to a taxiway: >10 acres
- Special considerations: A Federal Bureau of Prisons High Security Penitentiary is located adjacent to the Eastern Kentucky Industrial Park. A previously occupied facility, constructed in 2012 containing 54,700 SF, and a 44,000 SF speculative facility constructed in 2005 are both located in the industrial park near the airport. Total additional industrial land available at the park is approximately 180 acres

Pike County Regional Airport (KPBX)



- Utilities: Water, sewer and natural gas
- Industrial land adjacent to a taxiway: >10 acres
- Special considerations: Runway 02/20 presently closed and available for development as industry site(s) with access to the active runway 09/27



Aerospace strengths/assets

- Three regional airports capable of aerospace industry;
- Four industrial parks with infrastructure to support aerospace industry requirements:
 - East Kentucky Business Park, Marion's Branch Industrial Park, Gateway Industrial Park and Coal Fields Industrial Park;
- American Electric Power (AEP) is a strong and supportive economic development ally;
- Somerset Community College, located in Somerset Kentucky, offers a comprehensive FAA approved aviation maintenance program;
- Big Sandy, Southeast Kentucky and Hazard Community Colleges offer training programs.
- The eKentucky Advanced Manufacturing Institute (eKAMI), although new, has been remarkably successful retraining coal miners for advanced manufacturing jobs. eKAMI is destined to play an increasing role in transitioning skilled individuals to new employment

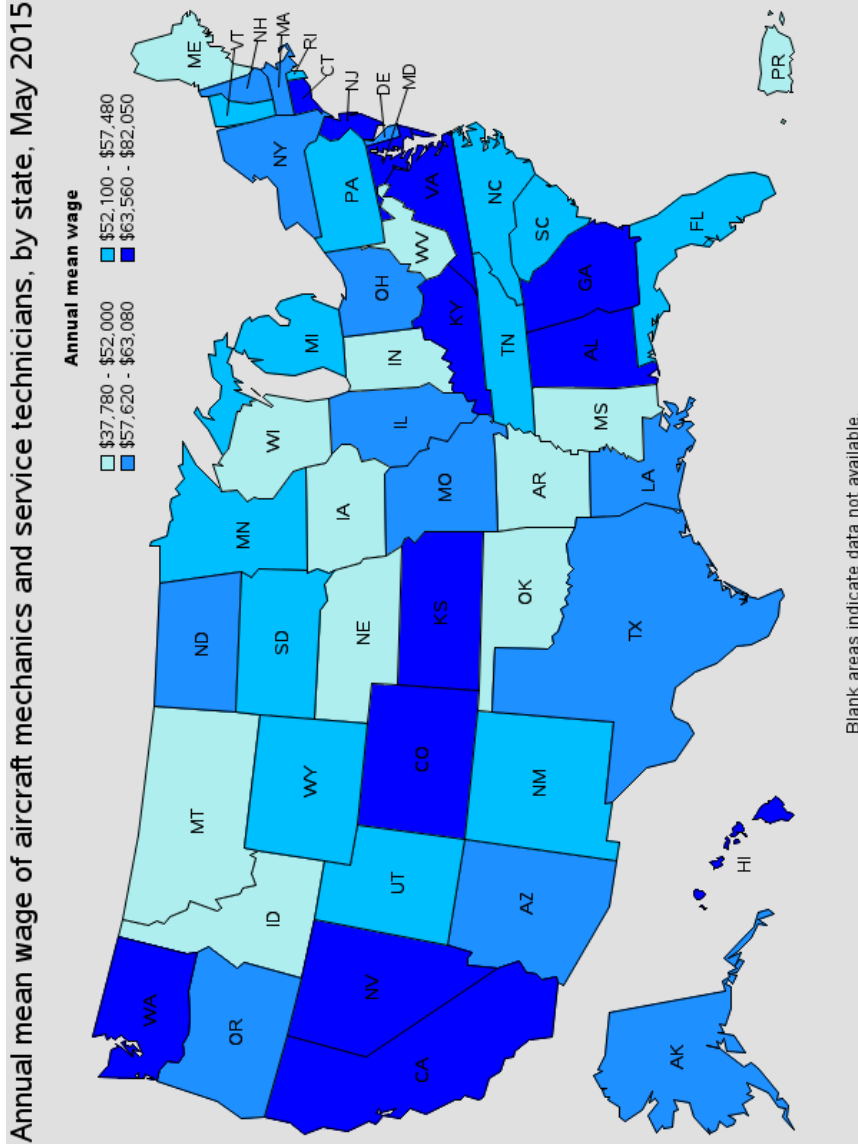
Aerospace strengths/assets

- A rapidly expanding and diverse aerospace industry sector in the State of Kentucky;
- A Pro-business local leadership throughout the region and available financial resources, sites and buildings required to recruit and accommodate the aerospace industry;
- State-wide aerospace business executives;
- Huntington Tri-State Airport in nearby West Virginia a willing and potential partner in aerospace recruitment;
- The nearby Interstate 75-corridor from Dayton to Cincinnati and counties in Northern Kentucky is home to numerous and rapidly expanding aerospace industries;
- The Kentucky Cabinet for Economic Development, has designated the aerospace industry as a high priority target;
- The Morehead Space Science Center, a first-class research center. East Kentucky Univ., and the Univ. of Kentucky offer aerospace related courses.

Aerospace weaknesses/liabilities

- Little local history or direct experience with aerospace industries;
- Limited aviation direct aerospace skill experience or training network entrenched within the community. This is especially noteworthy with A&P (airframe & power plant) FAA certified mechanics;
- There are currently no specialized A&P high school or college training courses available in the region to support and sustain an aviation facility involved with MRO (maintenance, overhaul or repair) of aircraft.
- Lack of an available expandable aircraft hangar facility or speculative building with taxi-way access at one of the three regional airports (in the 10,000- 50,000 square feet range) to attract a new MRO (maintenance, repair and overhaul) or other aircraft service businesses;
- Absence of an aerospace marketing plan to successfully recruit new aerospace industry that identifies regional partners committed to participate in the process.

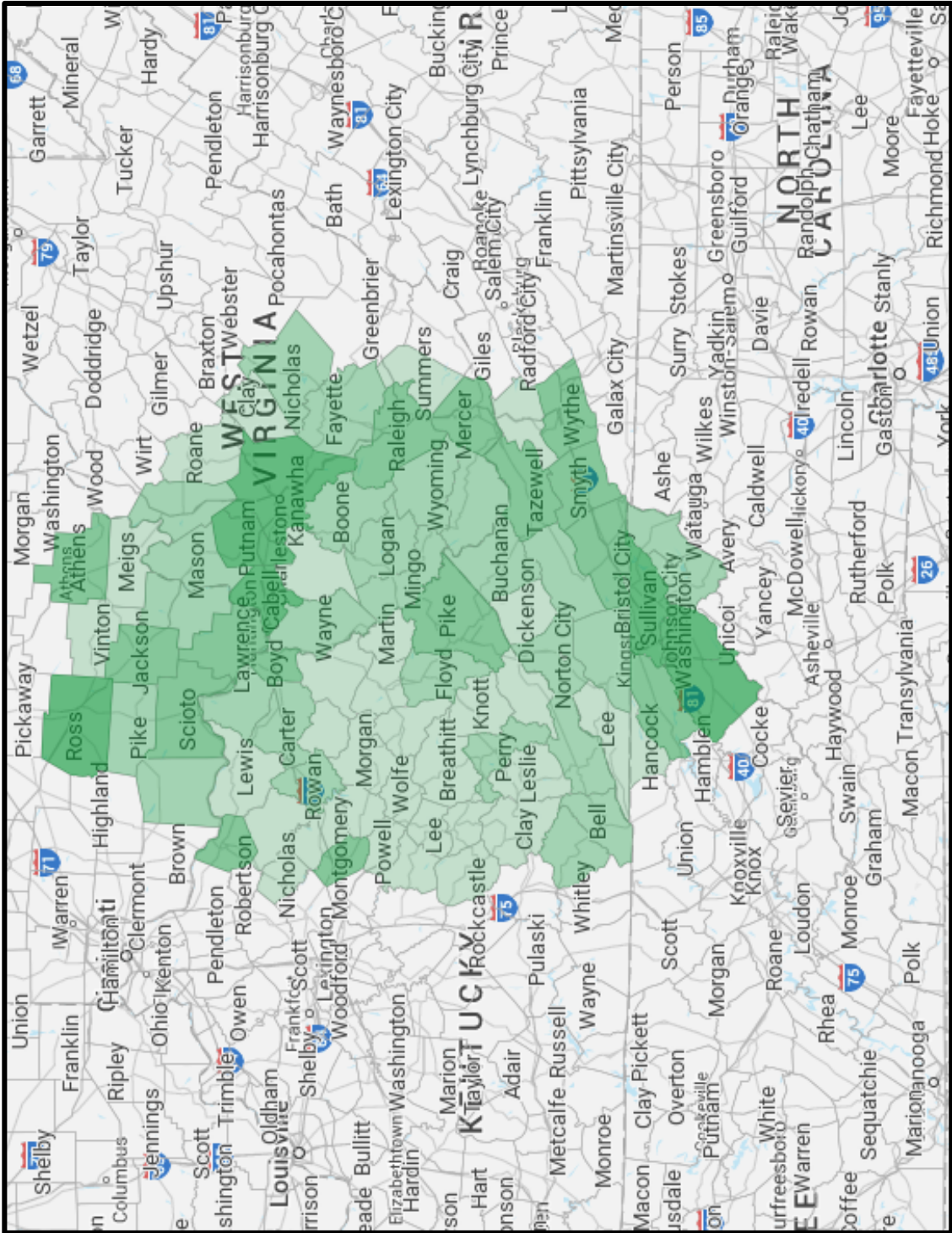
Top five paying states for Service Technicians (49-3011)



State	Employment	Employment per thousand jobs	Location quotient	Hourly mean wage	Annual mean wage
<u>Kentucky</u>	1,780	0.97	1.08	\$39.45	\$82,050
<u>New Jersey</u>	1,720	0.44	0.49	\$35.76	\$74,380
<u>Washington</u>	4,550	1.53	1.70	\$33.75	\$70,200
<u>Maryland</u>	2,350	0.91	1.01	\$32.84	\$68,310
<u>Colorado</u>	1,760	0.72	0.80	\$31.39	\$65,280

Aerospace employment and skills

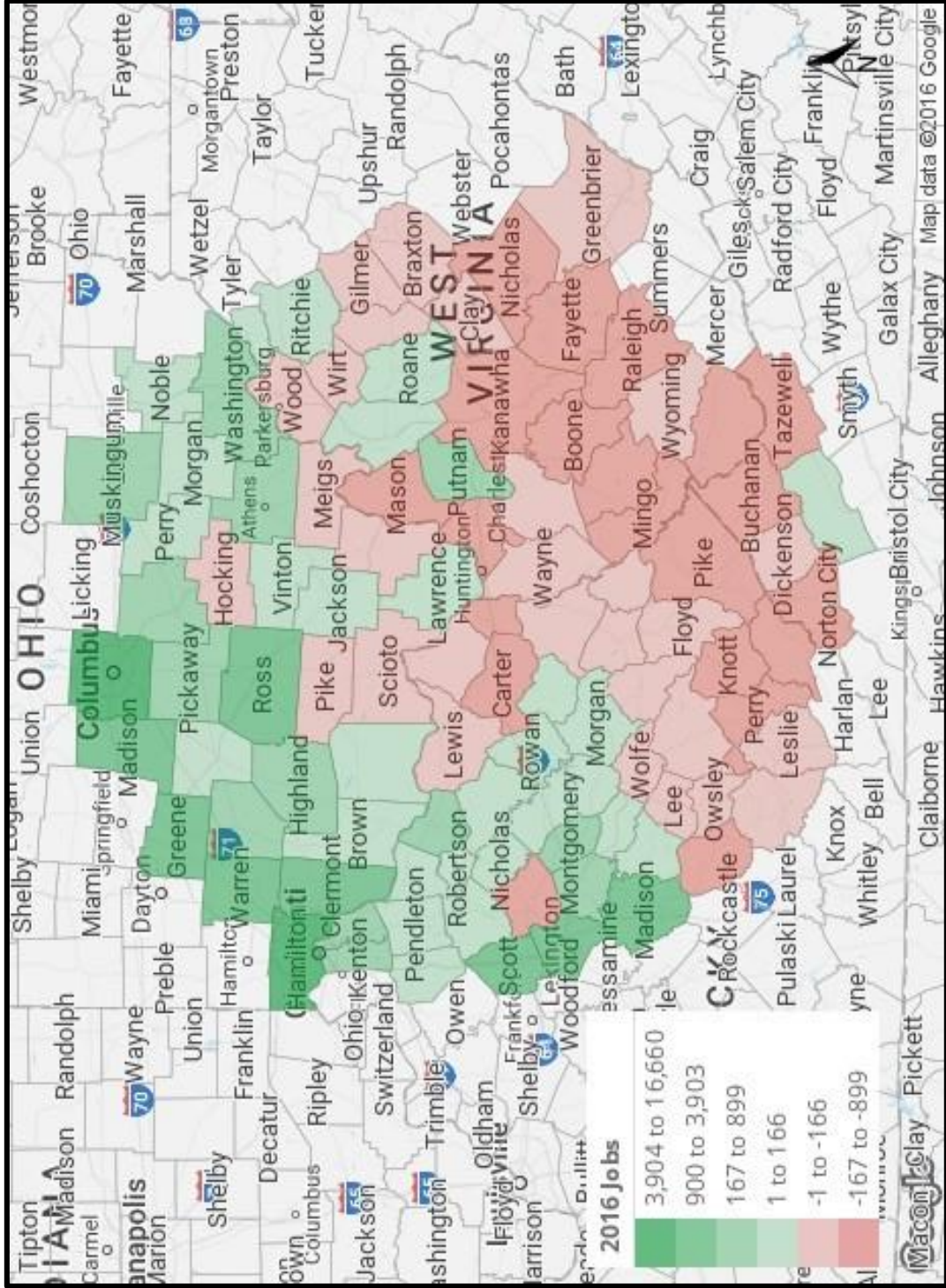
Density and location of 74- aerospace related skills, within 100 miles of Martin County KY, by county. Note the heaviest skill concentrations centered around the north, south and east of the One East Kentucky Region



General aerospace skill job migration from SE to NW

74-aerospace skills

Between 2010 and 2016, 1,222-skilled individuals have relocated from the SE to the NW, essentially relocating to other regions and depleting some of southeastern Kentucky's most skilled workers.



Regional aerospace industries and characteristics

General Dynamics Armament/tech	336413	Other Aircraft Parts and Auxiliary Equipment Manufacturing	708
Aeronautical Accessories	336413	Other Aircraft Parts and Auxiliary Equipment Manufacturing	600
Bell Helicopter	336411	Aircraft Manufacturing	250
BAE Aerospace	336413	Other Aircraft Parts and Auxiliary Equipment Manufacturing	130
Superior Metal Products Inc.	336413	Other Aircraft Parts and Auxiliary Equipment Manufacturing	79
Cisco Helicopters	336411	Aircraft Manufacturing	5

13	1,767	0.45	\$84,442
Payrolled Business Locations	Jobs	Concentration	Earnings Per Job
Payrolled business locations increased by 5 over the last 5 years.	Jobs increased by 497 over the last 5 years. Projected to decrease by 2 over the next 5 years.	Regional concentration is 0.45 times national concentration.	Regional earnings per job are \$33,202 the below the national earnings per job of \$117,644.

Primary Recruiting Targets

1. Los Angeles-Long Beach-Anaheim, CA		
	408	\$124,431
Payrolled Business Locations (2015)	Avg. Earnings Per Job (2016)	
This region lost 17 payrolled business locations in the industry from 2010-2015. High payrolled business location loss signals that businesses are willing to relocate.	These region's industry earnings are above your state's industry earnings of \$85,667. Your state's cheaper average labor cost may make it easier to attract businesses.	
Top Info-group Businesses		
Business		Business Size
Boeing Co		Large (250+)
Aerojet Rocketdyne		Large (250+)
Robinson Helicopter Co		Large (250+)
Rockwell Collins Inc.		Large (250+)
Rockwell Collins Inc.		Large (250+)

Prime Recruiting Targets, numbers 2-10

2. Dallas-Fort Worth-Arlington, TX
3. Phoenix-Mesa-Scottsdale, AZ
4. New York-Newark-Jersey City,
NY-NJ-PA
5. St. Louis, MO-IL
6. Bridgeport-Stamford-Norwalk,
CT

7. Washington-Arlington-Alexandria, DC-VA-MD-WV
8. Columbus, OH
9. New Haven-Milford, CT
10. Oklahoma City, OK

Marketing strategies for aerospace recruitment

- ❖ **Annual budget of \$30,000** for expenses and two-three years to successfully recruit an aerospace industry.
- ❖ **Receive endorsement and a funding commitment.**
- ❖ **Advise The Kentucky Cabinet through its Department of intention to market aerospace.**
- ❖ **Invite The Kentucky Cabinet's Department for Business Development, Somerset Community College, aerospace consultants, American Electric Power Co., economic development officials and other recruiting partners to spend a day in the region.**
- ❖ **Establish a strong committed regional aerospace/aviation alliance** within the 9-county *One East Kentucky* region. Also consider expanding the marketing effort to multi-regional area.
- ❖ **Interview and develop a personal network of aerospace industry managers and workers in** the area.

Marketing strategies for aerospace recruitment, (Cont.)

- Meet with the USAF contracting office in Wright Patterson AFB.
- Create a formal marketing/recruitment strategy.
- Create a trifold brochure and web site & Include aerospace-related information on regional airports, workforce partners, city and county websites.
- Compose a list of Airbus' and Boeing's worldwide suppliers.
- Market the AEROready certification.

Attend the following trade shows and marketing events

Domestic:

Heli Expo- Focused on the helicopter industry both military and commercial. (February, various nation-wide locations).

NBAA- The National Business Aviation Association Show- specializes in commercial aviation. (October, various nation-wide locations).

MRO- This trade show concentrates on the Maintenance, Repair & Overhaul (MRO) of Aircraft. (April, various nation-wide locations).

Quad A- Primarily US Army military aircraft. (April, Nashville TN).

Trade Shows & Events, (Cont.)

International:

Paris Air Show-Civilian and military aircraft is also the world's largest airshow. Held in the odd years (i.e., June 2017, 2019, etc.) Le Bourget Airport, near Paris France.

Farnborough Air Show, held at Farnborough Airfield near London. This event is held on the even years alternating with the Paris Air Show. (June, Farnborough Airport, near London, England).

Singapore Air Show, held on the even years, four months prior to the Farnborough Air Show. (February, Singapore).



AEROREADY Certification

The consulting team of Common Sense Economic Development, LLC and Tucson/Atlantic Consulting has surveyed and examined the *One East Kentucky* region, and its potential to target, recruit and support aerospace-related business and industry. Fourteen essential qualities in aerospace site location searches were evaluated, and many secondary aviation support criteria were evaluated to determine the potential for aerospace corporations to operate successfully in the nine-county region. These include, but are not limited to, the following:

1. Airport(s) with at least 10 acres of available land for economic development, supporting navigation aids for corporate aircraft and a minimum 5,000-foot runway;
2. Availability of local training of technical skills often needed by aerospace companies;
3. An FAA certified A&P (airframe and power plant) training facility located within the State;
4. Available industrial building(s) or hangar(s) suitable for aviation development;
5. An available skilled workforce suitable for aviation employment;
6. Adequate infrastructure to support the aviation industry;
7. Aviation support service business and industry;
8. A community pro-business environment;
9. Proximity to University- based aerospace programs and research;
10. Quality of Life assets in the region, which are essential to attracting executive talent.

It is our opinion that the area possesses the resources needed to attract and sustain aerospace- related companies, including those that require airport support services and infrastructure, as well as those that simply need high-quality sites or buildings.

The regional public and private leadership have shown a strong commitment to grow their market area and we are proud to endorse their aerospace recruiting efforts by certifying the ***One East Kentucky* region as an AEROREADY™ Region**, signifying its ability to successfully support the critical needs of the aerospace industry. This certification authorizes the ***One East Kentucky* and its aerospace partners** to utilize the **AEROREADY™ Region** logo in its marketing efforts and to publicize its **AEROREADY™ Region** status as needed to recruit aerospace related business and industry.

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