



Project Profile: Long Beach

Impact Statement

The City of Long Beach worked to minimize economic impact of the C-17 plant closure on both workers and business alike, developed a Master Plan for guiding the strategies around future economic and land-uses of the C-17 site, and provided assistance to impacted defense firms in collaboration with the Manufacturing Extension Partnership of California the California Manufacturing Technology Consulting (CMTC). Partnering with Pacific Gateway, the City of Long Beach accomplished the activities set forth in the OEA grants, transforming Pacific Gateway's entire network of systems related to the provision of re-employment services and resources.

Key Project Takeaways

The City of Long Beach lost a significant local employer and OEM when it closed in 2011. In response, the City used OEA funds to perform an economic analysis and industry cluster study, create a master plan for the former Boeing site, and assist defense businesses, most of whom are former Boeing suppliers.

Project Overview

Rationale

The City of Long Beach initially applied for a Phase I grant from OEA in anticipation of job losses in the aerospace and defense as well as across other industries, including employment losses in industries tangential or linked to aerospace/defense. The Phase I grant was geared toward supplementing the City's ongoing work around mitigating the economic impacts of Boeing closing a local defense related facility—since 2011, Boeing and the City has undertaken collaborative efforts in preparation for the closing of the facility. The local facility closure was a part of wider Department of Defense (DOD) issued manufacturing stoppage of the Boeing Corporation's C-17 Globemaster aircraft. Being as the C-17's production was largely dependent on DOD contracts, the termination of these contracts prompted Boeing to announce plans to close its C-17 production facilities by mid-2015.

Long Beach, located in southern most portion of Los Angeles County, and bordering Orange County, had a relatively substantial defense presence within its broader aircraft industry ahead of the Boeing closure. While the employment in the aircraft industry continues to exist for establishments with commercially oriented products and operations, the closure of the C-17 plant effectively eliminated all defense related employment and activities in Long Beach. As a result of the closure there was an anticipated loss of more than 5,000 jobs for the region, including both direct layoffs from the site and the rippling impact throughout the supply chain. While the Boeing site alone expected to account for 1,158 direct layoffs across 900 positions, additional jobs were also expected be lost throughout the C-17 supply chain. Estimated jobs to be lost across the C-17 supply chain was 3,781 suggesting a reduction of over. These regional job losses would have a 30-35 mile impact radius, spanning both Los Angeles and Orange County, and affect not only employment outlooks but also regional earnings, lowering the regional earnings outlook by approximately \$400 million per year.



Pacific Gateway, the City's Workforce Development Bureau and regional workforce investment board, was chosen by the City of Long Beach to manage the OEA grant. As early as 2013, Pacific Gateway, the region's workforce development bureau, collaborated with Boeing as well as other regional partners including the City of Long Beach and Los Angeles County Economic Development Corporation (LAEDC) in order to prepare individual workers and the region broadly for the impending layoffs. In particular, Pacific Gateway has worked to provide re-employment and training services for workers dislocated from the Boeing site.

Program Activities

The City of Long Beach's Phase I OEA funds have been focused on supporting efforts in response to the C-17 plant closure aimed to minimize economic impact of the plant closure on both workers and business alike while also developing a Master Plan for guiding the strategies around future economic and land-uses of the C-17 site. The work had three focal areas; economic development planning, land use and infrastructure planning, and assistance to impacted defense firms – executed by the Manufacturing Extension Partnership of California the California Manufacturing Technology Consulting (CMTC) – and assisting impacted defense workers, carried out by Pacific Gateway.

Pacific Gateway has worked with a variety of stakeholders in accomplishing the activities set forth in the OEA grants, including Boeing, the public, and the City of Long Beach. To date, Pacific Gateway has transformed its entire network of systems related to the provision of re-employment services and resources and CMTC is near completion of working with, and assisting, impacted firms.

Resiliency Impacts

Increasing Awareness of the Defense Industrial Base

The first task focuses on the Los Angeles County and Orange County geographies and reflects initial data collection and analysis of economic and labor market information to support a cluster mapping report in addition to helping identify impacted firms and informing strategies for re-employment assistance. There has historically been a strong awareness of the defense industry in the area. The focus of the IR project for Long Beach is to identify resources for defense industry businesses and better utilize them.

Within Phase II, Long Beach conducted an economic assessment on issues impacting the supply chain in an effort to equip the defense industry with economic information necessary to make informed choices about diversification. It also developed the programmatic outline of a plan to accelerate defense industry business growth. Through this process, Long Beach hired a consultant to identify pain points and opportunities, sharing their findings with local commissions and economic development stakeholders. They also worked with the city government to achieve zoning adjustments to the corridor for best use and to align with the project's master plan. In addition, the project held a series of community convenings and conducted a survey and economic analysis.

Enhancing Force Multipliers to Support the Defense Industrial Base

Funds supported the development of the C-17 Transition Master Plan to guide decision-making around future zoning and land-use of the site and surrounding areas while involving the community in imagining



long-term opportunities for the site. Pacific Gateway worked with DUDAC, the City Planning Department consultant, to develop the Master Plan and also engaged the community for insight and perspective on site uses. The public engagement elements of this track consisted of three public charrettes. The charrettes created an opportunity for the City to share and receive feedback on the baseline economic and demographic analyses, designs of prospective land use for the site, and financial scenarios and prioritization of viable options for the site. The project utilized focus groups to inform the master plan, events which suppliers also attended to learn of the project's activities.

Long Beach relies on an ecosystem of local service providers such as Small Business Development Centers (SBDC), Goldman Sachs' 10,000 Small Businesses, Long Beach City College, and the City of Long Beach economic development department. The project's partners helped to identify resources and coordinate their delivery. Key questions raised during the charrette process include identifying what happens to the region's unique asset moving forward, how to strengthen the aerospace and defense industry, how to involve the community most effectively in the planning process, how would be given access to the runway and for what purpose, and more. The defense sector is an important pathway for workers that aren't college educated, defense businesses' financial situations have improved and some have plans for expansion, affirming both the value of supporting the sector and Long Beach's self-perception as a military town in Los Angeles County.

Commercial Diversification of Defense Companies to Sustain the Industrial Base

Tasks included a cluster mapping effort to promote the health and growth of defense industry businesses. Building on a previous contract with the City of Long Beach, this project involved mapping local defense and aerospace establishments and their size, regional assets for growth, and other factors that determine the cluster's competitiveness. The analysis identified the types of businesses involved in the supply chain and what sectors related to the defense industry have the potential for growth by looking at the first four tiers of the supply chain, predominantly businesses with a direct connection to Boeing. The study equips the sector with economic information to make informed choices about diversification and creates the programmatic outline of a plan to accelerate growth, identify new markets, and become compliant with Department of Defense objectives.

Long Beach worked with CMTC to identify businesses for the supply chain analysis. Respondents included businesses that volunteered for the study via participation in the local rapid response layoff aversion program or through CMTC's experience with defense businesses based on their past work with manufacturers. Long Beach worked with the city department of commerce to send surveys to companies in the Boeing supply chain and targeted interventions based on those surveys.

Tasks in Phase II builds off the economic analysis and technical assistance performed in Phase 1 to support firms in moving toward diversifying their products and services and identifying new market opportunities. This work equips firms with resources to remain resilient in the context of a changing funding landscape for the DOD, while also preserving channels for potential future DOD funding. Workforce support to impacted workers continues under this task, with an additional component



around inviting collaboration from local community stakeholders (i.e., employers and industry champions).

Lethality Impacts

Innovation through the Development of New Intellectual Property or New Technologies

Funds provide targeted support for defense industry entrepreneurs whose businesses were on the cusp of entering a high-growth phase and needed support to achieve that growth. Other requirements included a potential loss of funding due to budget cuts or imminent layoffs of the workforce for a defense business. Long Beach developed a responsive, customized approach to helping each business, using cross-sectoral thinking on achieving scalability. Key to this approach is working with other institutions and service providers to identify best practices in serving growth businesses. Long Beach built the accelerator program around findings from the economic analysis and longitudinal data from local providers on the keys to business growth

Several firms impacted by the loss of Boeing, mostly former suppliers, were directly assisted by CMTC. CMTC assessed around 40 firms, 25 of which met the criteria of a 5% loss in revenue. 20 companies are in the process of receiving direct services. As a result of the accelerators support, businesses have developed new or expanded products, internal growth, analysis of sales process, overall operational or production efficiencies, succession plans, process development, improved inventory management, formalized product scheduling, and more. Measurable outcomes from the ten growth projects that took place include:

- Retention of 212 jobs,
- Creation of 31 new jobs,
- Increased sales of \$5.4M,
- Retained sales of \$12M,
- Operational cost savings of nearly \$5M,
- Additional investments \$4750,000 by participating companies, and
- Savings of \$1M in investments by participating companies

Readiness Impacts

Training and People support

Track 3 also works to assist impacted defense firms and workers through the online C-17 Dislocated Worker Platform, established to make available a convenient alternative for accessing the City's transitioning services. In developing the online platform, workers residing in Long Beach and outside of Long Beach no longer needed to make in-person visits to the City's offices to access services and resources. The online worker platform allowed for Pacific Gateway to prepare workers for re-employment opportunities in ways not previously available in the context of previous systems. The online systems include courseware, career pathways, and information on transitioning skills as well as available licenses. The adoption of this system allowed the grant managers to move away from the traditional "case worker" model and created an opportunity for dislocated workers to explore re-



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employment opportunities at their own pace and according to their convenience. By implementing system, the City is better able to track the progress of impact workers and communicate the value of the services being administered. As a result, the area unemployment rate fell three percentage points.