

# Boeing's \$100M plan

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INDUSTRIES & TAGS

## Manufacturing

**Erik Siemers** Portland Business Journal staff writer

Boeing Co. plans to pump at least \$100 million into its Gresham plant in the next three years, creating up to 152 new jobs.

The Chicago-based aircraft manufacturer has filed an application to receive the benefits of an existing enterprise zone, from which it could receive up to 15 years of property tax deferrals on some investments.

Boeing Portland already employs more than 1,500 people in Gresham.

The majority of the investment will fund a 60,000-square-foot expansion of a chemical processing plant, with work expected to begin in May.

Boeing uses the Gresham plant as a milling operation. Workers there are responsible for critical machined metal components used in the company's commercial aircraft, including the new 787 Dreamliner. Work includes making gear boxes, engine mounts, carriages and flight control systems.

Don Hendrickson, senior finance manager for Boeing Portland, said the Gresham facility's existing chemical processing operation is more than three decades old and has been refurbished several times.

At current production rates, Hendrickson said the company didn't have the ability to upgrade the existing facility again, which is necessary to make it compliant with the latest technological and safety requirements.

"This allows us to build a modern facility," he said.

The new investment marks Boeing's second request for an enterprise zone tax exemption in the past three years.

In 2007, the city of Gresham signed-off on a Boeing request that led to an \$80 million investment, largely in new tooling and other equipment, and added

140 jobs, said Shannon Lopez, an economic development recruitment specialist for the city of Gresham.

Gresham designated six enterprise zones in 2006. Companies operating within an enterprise zone can apply for up to five years of property tax abatements for every year in which they make a new qualified investment. The tax break is targeted mostly at manufacturing and other industrial companies.

The investments must be made within three years and applicants must increase their full-time employment by 10 percent during that period to be eligible.

Boeing's application will go before the Gresham City Council on April 6.

Boeing last month issued layoff notices to 1,020 employees as part of a plan announced last year to shed 10,000 jobs company-wide.

But Boeing Portland has lost less than 30 jobs, largely because it works exclusively within the company's commercial aircraft division, which remains robust, Hendrickson said.

The company's expected 152 new jobs are a projection of Boeing's needs locally as demand for commercial airplanes increases.

"At our site, employment is purely impacted by the demand for our products to the various programs in commercial airplanes," he said. "If we hit a different economic downturn, we will have to adjust to the demand."

There will be no shortage of workers eager to fill the new positions, according to union officials.

Hiring at Boeing Portland has been largely stagnant since the job cuts were announced last year, said Robert Petroff, an official with the International Association of Machinists and Aerospace Workers District Lodge 24 responsible for 1,200 of Boeing's local workers.

But that's changed in recent weeks.

For example, the union recently was given a requisition for 12 hand-finishers — an entry-level position responsible for smoothing the rough edges of metal components.

For those 12 jobs, Boeing received more than 400 applications, Petroff said.

“They’re not having any problems getting applications,” he said.

*esiemers@bizjournals.com | 503-219-3418*



# OREGON MANUFACTURING INNOVATION CENTER

## Shaping the Future of Manufacturing in Oregon

### What is the Oregon Manufacturing Innovation Center (OMIC)?

OMIC is a world-class collaborative environment bringing together industry, higher education and government in partnership to develop new tools, techniques and technologies to address near-term manufacturing challenges through applied research and advanced technical training. OMIC is modeled after The University of Sheffield Advanced Manufacturing Research Centre (AMRC) with Boeing in Sheffield, England.

### What is the value proposition?

OMIC is the catalyst to enhance the competitiveness of the metals manufacturing industry, serving companies of all sizes through an industry-driven collaborative. The result provides a critical mass of workforce and innovation assets in the region, creating an innovation district for advanced manufacturing in Oregon.

### OMIC R&D

OMIC R&D will deliver advanced manufacturing tools, techniques and technologies to industry partners and the supply chain; a world-class learning/research and development environment to academic partners; and a pathway to economic prosperity and job growth. OMIC R&D is located in Columbia County, Oregon. The applied research and development facility will launch initial projects in 2017.

### OMIC Training Center

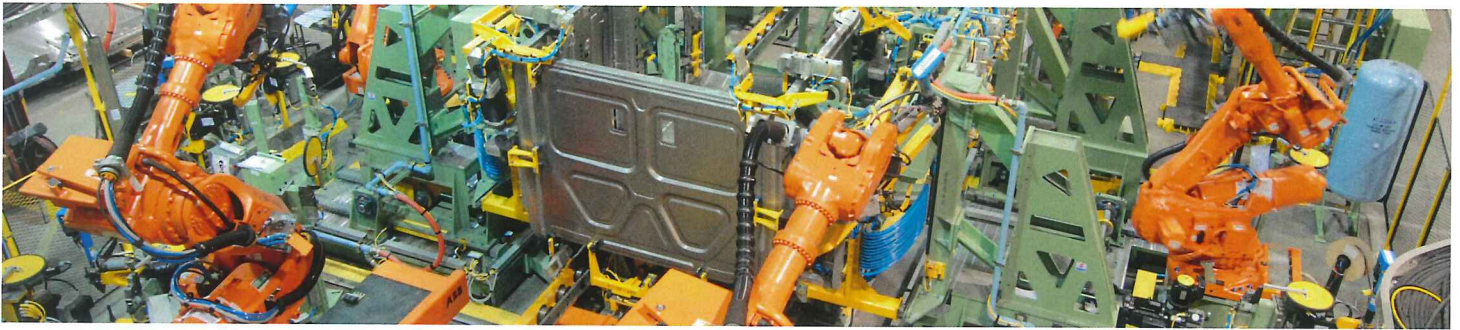
Portland Community College is building the OMIC Training Center. The Center will bring unprecedented workforce development opportunities to Oregonians with hands-on, earn-as-you-learn training programs. The OMIC Training Center emphasizes craftsmanship, professionalism, and placing graduates into high-wage, high-demand jobs. PCC's training programs will create pathways to high-demand degree programs at the partner universities. The 25,000 square foot Training Center is slated to open Fall-term of 2018.

### OMIC Innovation District

Under the auspices of the OMIC Enterprise, inclusive of the partners listed to the right, the OMIC Innovation District will plan for expansion of future R&D facilities and new business operations that support the growth of advanced manufacturing in Oregon. With the current momentum of OMIC, two major companies are already looking to relocate within the district.

The collaborative partnership includes:

- City of Scappoose
- Columbia County
- Columbia County Economic Team
- Greater Portland, Inc.
- Portland State University (PSU)
- Oregon State University (OSU)
- Oregon Tech (OIT)
- Business Oregon
- Portland Community College (PCC)
- Oregon Employment Department
- ATI Specialty Alloys and Components
- Blount International
- The Boeing Company
- Daimler Trucks North America
- Hangsterfer's Laboratories, Inc.
- Silver Eagle Manufacturing
- Vigor



### **Initial Investment**

During the 2016 session, the Legislature appropriated \$7.5M to OMIC. \$5M XI-G bond proceeds were provided to the Higher Education Coordinating Commission for distribution to Portland Community College to finance the acquisition of and improvements to land and the acquisition, construction for a Training Center Building, including furnishing and equipping of the building. Lottery revenue bonds were approved to provide \$2.5 million of proceeds to the Oregon Business Development Department for support of OMIC R&D investment in manufacturing infrastructure to promote advanced manufacturing.

### **OMIC Progress to Date**

OMIC has seen tremendous momentum since January 2016. The progress to date is as follows:

- OMIC R&D Facility building and land purchased in 2016 by Oregon Tech with State funding support
- Portland Community College is acquiring 20 acres of land and an option for 20 additional acres in Columbia County and plans to build a 25,000 square foot Training Center pending Federal Grant
- OMIC R&D entity was legally established in September 2016 as a 501(c)6 entity with a Board of Directors, comprised of industry, higher education and government stakeholders
- OMIC R&D Master Member Agreement is in final negotiations
- OMIC R&D Technical Council formed to guide the technical portfolio for research and development
- OMIC R&D and OIT Business Plans completed
- Active leads from national and international tool companies looking at land and talking to developers; seeking to build facilities near OMIC
- City and County land use approvals nearly complete; 200 acres brought into the UGB
- Significant public and private investment (see detail below)
- PCC and their OMIC Training Center leaders have begun work in forming a Joint Apprenticeship & Training Committee and is now in the process of onboarding selected OMIC R&D industry partners
- OMIC Training Center leaders, working with industry leaders and regional economic development teams have identified the first two Registered Apprenticeship Standards as "Machinist" and "Mechatronics Technician"
- PCC has vetted the needed equipment list for the apprenticeship training programs with industry leaders

### **Public Sector Contributions**

University research partners have committed to annual membership dues, to conduct OMIC federally funded grant work, and assign faculty/students to use the R&D facilities.

- Oregon State University and Portland State University: \$100,000 yearly commitment
- Oregon Tech: \$1.7M for building purchase (in conjunction with \$2.5M from OBDD)
- \$100,000 in-kind and cash from Greater Portland Inc., Columbia County, Columbia County Economic Team and OBDD
- \$174,000 re-allocated from Northwest Collaboratory for Sustainable Manufacturing (NWCSM) to OMIC R&D for operations costs through June 2017
- ODOT Immediate Opportunity Funds for West End Lane road access (\$843,000)
- PCC has allocated \$9.4M through public bonds for the OMIC Training Center, to help purchase land, construct a building, and acquire capital equipment
- PCC was awarded a \$577,500 Oregon Talent Council grant of which \$234,142 will be spent on equipment, supplies and software to be used for the OMIC Mechatronics Registered Apprenticeship targeting an early-launch in fall 2017 at PCC's Willow Creek Center
- The US Department of Labor Employment and Training Administration has awarded the Oregon Employment Department a \$3M grant to be used for creating and expanding registered apprenticeships in advanced manufacturing

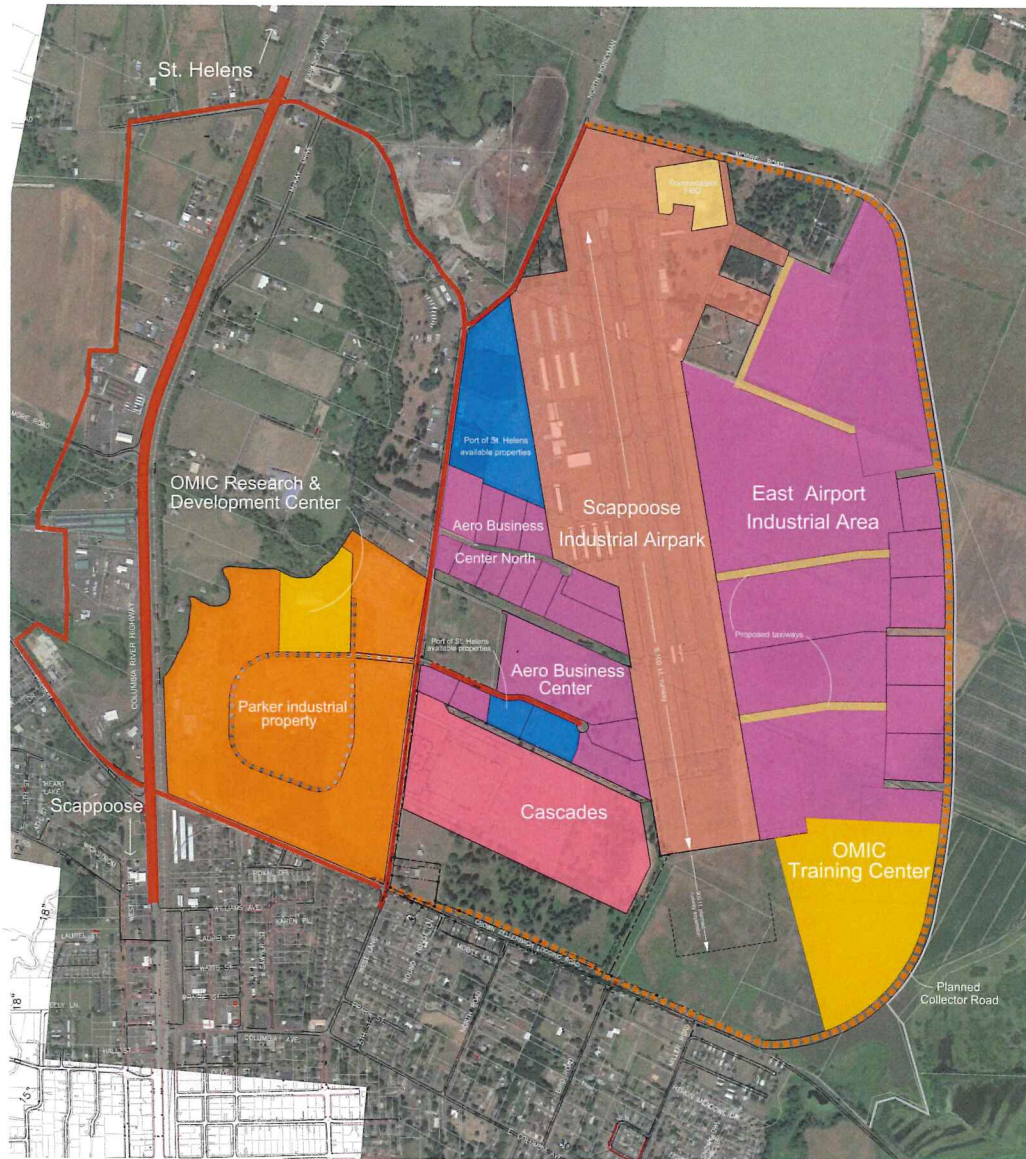


Figure A: Oregon Manufacturing Innovation District



Figure B: OMIC R&D Facility in Scappoose, OR. Representative signage added.

Figure C: OMIC R&D High Bay Interior View





### Private Sector Contributions

- \$780,000 cash investment for 2017-2018 from Industry Charter member (not including new members)
- \$2M in-kind contributions from Industry Charter Members
- Donated land: 2.3 acres valued at \$400,000 (road access to OMIC R&D Facility)
- Equipment pledges valued at \$11.4M from global manufacturing supplier base
- \$2.7M state of the art CNC Turning/Boring/Milling Center
- OMIC Training Center team is working with OMIC R&D industry members and other regional manufacturers to identify opportunities for equipment and supplies donations

### Looking to the Future

Below are milestones and deliverables for OMIC in the next Biennium.

#### Future investment

- Grant application to Economic Development Administration (2 concurrent in the amounts of \$3M each) for infrastructure development for OMIC Training Center and OMIC R&D
- PCC is in partnership with The Boeing Company and Oregon Tradeswomen Inc. to apply for a pre-apprenticeship grant
- The PCC Foundation is submitting a grant proposal to the Ford Family Foundation to help fund Future Connect's wrap-around services for Columbia County-based apprentices

#### OMIC R&D

- Q2 2017:
  - OMIC R&D Facility opens
  - Applied research executed by Charter Research Members (OSU, OIT and PSU)
  - RFPs for Research Projects completed and research and development launched
- 2017-2018: OMIC R&D Member Recruitment forecast \$570,000 in new members

#### OMIC Training Center

- Q3-Q4 2017: Registered Apprenticeships -- Machining and Machine Repair Mechanics to be presented to Oregon State Apprenticeship and Training Council
- PCC has submitted a grant proposal to GE Additive to obtain a metal-printing additive manufacturing machine
- PCC's OMIC Training Center will participate in this year's NW Machine Tool Expo April 12-13 at the Portland Convention Center, to promote OMIC Training and R&D, develop new industry partners, and recruit registered apprenticeship sponsors

#### OMIC Innovation District

- 2017: Creation of Innovation District with special incentives to attract international investment in Oregon

#### Requested 2017 Legislative Support

- *Continued \$1.6M appropriation to OMIC R&D for administrative/operations costs (General Fund, allocated to OBDD Budget)*
- *\$4.5M infrastructure costs for building and site development (XI-Q Bonds)*
- *\$4.5M to augment equipment purchase to pay for portion of reduced purchase price, delivery, installation and training. Equipment will complement current partners' existing resources (General Fund or Lottery Bonds)*
- *\$500,000 support for applied research projects with 1 to 1 industry match (General Fund or Lottery Bonds)*

Oregon's seven public universities are seeking an increase of at least \$100M in state funding to maintain current operating service levels and keep college affordable. Additionally, the 17 community colleges are requesting an increase of at least \$80M in state funding for the same purpose. OMIC strongly supports both requests.