

Section

1

Executive Summary

LOCATION CONSIDERATIONS—BALDWIN COUNTY, ALABAMA

Baldwin County offers a unique set of assets to an aerospace manufacturing or maintenance and repair. Among these assets are the following:

Available Buildings:

- Kaiser Building, Bay Minette: 137,064 sq. ft. on 40 acres. Has helipad and access to rail.
- Select Aircraft Building, Gulf Shores Industrial Park, 9,400 Sq. Ft. Adjacent to 6,968' runway, two hangers, metal fabrication shop, and office.

Available Sites:

- Aerospace manufacturing and MRO sites available:
 - Gulf Shores Airport Business and Industrial Park: 60 Acres.
 - Foley Airport Site: 19 Acres.
 - Fairhope Airport Site: 144 Acres.
 - Fairhope Airport Pad Sites for Hangers: Space for 60,000 Sq. Ft. Hanger.
 - Bay Minette Airport Commerce Park: 120 Acres.
 - Bay Minette Airport Pad Site Available.

Incentives:

- Infrastructure Development Grants for renovating a building or for site preparation.
- Property Tax Abatement up to 10 years on land, building, machinery and equipment.
- Sales and Use Tax Abatement on construction materials and equipment placed in service.
- Tax Increment Bond Financing.
- Special Improvement Bond Financing.
- Airport Revenue Bonds.
- AAAE Airport Capital Loan Program.
- Low interest and zero interest loans.
- Other federal, state, and local incentives:
 - Industrial Development Training, which includes program development, use of advertising, mobile training unit, pre-employment training, on the job training, and wage reimbursement.
 - State Capital Income Tax Credits of 5% of capital investment for 20 years to offset state income tax liability.
 - Foreign Trade Zones in Gulf Shores and Fairhope.
 - Federal Hub Zone in Bay Minette.
 - Waiver of the cost of certain local fees.
 - Employee intangible incentives for relocating employees that include discounted banking, moving, printing, and hotel services for house hunting.

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Operating Profit:

An independent study by DCG Corplan Consulting put hypothetical aerospace companies in several areas around the country and compared all of factors that affect profitability. Bottom line: costs are lower and profits higher in Baldwin County.

| Aerospace Operational Profit for Aircraft Parts and Auxiliary Equipment Manufacturing (NAICS 336413) | | |
|--|------------------|------------|
| Baldwin County, AL | National Average | Difference |
| 10.3%/year | 8.8%/year | 1.5%/year |

| Aircraft Manufacturing (NAICS 336411) | | |
|---------------------------------------|------------------|------------|
| Baldwin County, AL | National Average | Difference |
| 12.8%/year | 10.9%/year | 1.9%/year |

| Aircraft Engines and Engine Parts (NAICS 336412) | | |
|--|------------------|------------|
| Baldwin County, AL | National Average | Difference |
| 12.3%/year | 8.2%/year | 4.1%/year |

Source: DCG Corplan Consulting, 2002.

Workforce and Training:

- Availability:
 - 125 aircraft parts assemblers available from Goodrich Aerospace Plant consolidation.
 - 300 dislocated, available aircraft wire harness assembly personnel from closure of Packard Hughes Interconnect Facility.
 - Over 200 dislocated, available electronic component assembly personnel from closure of the Delphi Mechatronics Systems.
 - Over 854 aircraft mechanics and service technicians.
 - Over 4,000 employed in aerospace in the labor market area.
 - Over 1,200 machinists.
 - Over 3,000 employed in electronics/electrical assembly manufacturing.

| Median Hourly Wages | | | | | | | |
|---------------------------|-----------------------|-------------------|---------------|-----------------|----------------|----------------|------------------|
| | Mobile MSA Alabama | Boca Raton, FL | Dallas, TX | Hartford, CT | Seattle, WA | Wichita, KS | United States |
| Aircraft Body Repairer | \$17.87 | \$19.41 | \$19.97 | \$21.42 | \$21.73 | \$19.08 | \$19.68 |
| Aircraft Engine Mechanic | \$18.94 | \$19.31 | \$19.86 | \$21.31 | \$21.62 | \$18.99 | \$20.78 |
| Aircraft Maintenance | \$22.97 | \$23.63 | \$24.31 | \$25.92 | \$26.25 | \$23.20 | \$24.81 |
| Aircraft Mechanic | \$22.02 | \$22.10 | \$22.75 | \$24.33 | \$24.65 | \$21.72 | \$23.89 |
| Aircraft Mechanic for Jet | \$20.21 | \$22.29 | \$22.96 | \$24.55 | \$24.87 | \$21.91 | \$22.10 |

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- Wage Costs:

| Median Hourly Wages | | | | | | | |
|---|------------------------|-------------------|------------|-----------------|----------------|----------------|------------------|
| | Mobile MSA, Alabama | Boca Raton, FL | Dallas, TX | Hartford, CT | Seattle, WA | Wichita, KS | United States |
| Aircraft Mechanic for Props | \$18.61 | \$20.71 | \$21.31 | \$22.83 | \$23.14 | \$20.36 | \$20.44 |
| Airplane Inspector | \$24.95 | \$21.91 | \$22.56 | \$24.13 | \$24.45 | \$21.54 | \$26.71 |
| Avionics Mechanic | \$18.01 | \$19.66 | \$20.22 | \$21.69 | \$22.00 | \$19.33 | \$19.82 |
| Avionics Technician | \$18.01 | \$19.66 | \$20.22 | \$21.69 | \$22.00 | \$19.33 | \$19.82 |
| Computer Control Machine Tool Operation, Metal & Plastic | \$12.22 | \$14.88 | \$11.17 | \$16.82 | \$15.42 | \$19.90 | \$13.97 |
| Electrician—Certified | \$22.36 | \$22.09 | \$22.74 | \$24.32 | \$24.64 | \$21.71 | \$24.42 |
| Machinists | \$15.36 | \$15.46 | \$14.28 | \$17.35 | \$20.31 | \$15.83 | \$15.66 |
| Metal Fabricator | \$15.04 | \$17.01 | \$17.48 | \$18.82 | \$19.12 | \$16.73 | \$16.73 |
| Metal Fabricator Assembler | \$13.13 | \$14.99 | \$15.38 | \$16.62 | \$16.92 | \$14.75 | \$14.68 |
| Tool and Die | \$18.44 | \$20.09 | \$19.36 | \$21.37 | \$24.28 | \$23.93 | \$20.54 |
| Welder | \$14.71 | \$15.54 | \$15.95 | \$17.21 | \$17.52 | \$15.29 | \$16.37 |
| Welding Machine Operator | \$13.77 | \$15.29 | \$15.69 | \$16.95 | \$17.25 | \$15.04 | \$15.36 |
| Welding Technician | \$17.48 | \$18.32 | \$18.84 | \$20.24 | \$20.55 | \$18.02 | \$19.25 |

Source: ERI Economic Research Institute, Inc., Aircraft and Parts Industry (SIC 3720), January 2002
 US Bureau of Labor Statistics, Metropolitan Area Occupational , 2004

- Employee benefits: a percentage of compensation for the Aerospace Industry in the Mobile / Baldwin area is 23 %.

- Quality:

- Employer ratings* of the workforce: good to excellent.
 - ◆ Productivity – 95%
 - ◆ Attitudes – 100%
- Percentage of industrial unionized workers: less than 5.1%.
- There are no metalworking unions in Baldwin County.

* Rating information provided by over 30 Baldwin County manufacturers and major employers.

- Training

- The Enterprise-Ozark Community College’s Aviation Center has opened its new \$2.8 million center in Brookley Field, just a short distance from Baldwin County. The facility has room for 300 students. The College offers Associates Degree in Airframe Mechanics and an Associates Degree in Powerplant Mechanics.
- Alabama Industrial Development Training provides workforce training for new and expanding companies at no cost to the company and has successfully recruited and trained workforces for: Pemco Aeroplex, Inc., Sikorsky Support Services, MAE, Boeing and Goodrich.*
- Career Center On-the-Job Training provides businesses a reimbursement of up to \$10.00 per hour and six months of training.*

*Available to Qualifying Companies

LOCATION CONSIDERATIONS - BALDWIN COUNTY, ALABAMA

Demographics:

Baldwin County Population Growth

| <u>1990</u> | <u>2004</u> | <u>Percentage Growth</u> |
|-------------|-------------|--------------------------|
| 98,280 | 156,545 | 59.3% |

Population Growth in a 50-Mile Radius of Available Aviation Sites

Bay Minette

| <u>1990</u> | <u>2004</u> | <u>Percentage Growth</u> |
|-------------|-------------|--------------------------|
| 876,385 | 1,030,288 | 17.56% |

Fairhope

| <u>1990</u> | <u>2004</u> | <u>Percentage Growth</u> |
|-------------|-------------|--------------------------|
| 888,589 | 1,044,169 | 17.50% |

Foley

| <u>1990</u> | <u>2004</u> | <u>Percentage Growth</u> |
|-------------|-------------|--------------------------|
| 838,091 | 1,006,396 | 20.08% |

Gulf Shores

| <u>1990</u> | <u>2004</u> | <u>Percentage Growth</u> |
|-------------|-------------|--------------------------|
| 799,080 | 949,579 | 18.83% |

Transportation:

- Highway: Interstates 65 & 10.
- Truck: 1,067 carriers are licensed to serve the Mobile MSA.
Seven terminals are located in Baldwin County.
Fifty terminals are located in mobile MSA and eight offer container service.
- Rail: Class I Service provided by CSX Rail in Bay Minette.
- Commercial Air:
 - Between two regional airports: Mobile Regional Airport; Pensacola Regional Airport.
 - Service: ASA, American, Continental and Continental Express, Delta, Northwest Airlink, Skywest, United Express, US Airways and US Airways Express.
 - Cargo: UPS and FedEx maintain terminals in Mobile and Pensacola.
- General Aviation
 - Four Municipal Airports offering lighted approach.
 - ◆ All four with instrument approach.
 - ◆ Jack Edwards, Gulf Shores: Full Cat 1 ILS.
- Public Bus: Baldwin Rural Area Transportation (BRATS) Network.
- Parcel: UPS, Fed-Ex, DHL, Airborn Express (UPS has a Terminal in Robertsdale).
- Ports: Alabama State Docks, Mobile; Port of Pensacola, Pensacola.
- Waterways: Intracoastal Waterway, Tensaw River, Mobile River, Mobile Ship Channel.

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Suppliers Capabilities:

- Goodrich Aerospace: full priming and painting facilities / wire harness assembly.
- Crestview Aerospace: helicopter parts manufacturing.
- AIRINC offers repair and overhaul of commercial aircraft instrumentation, mechanical, hydraulic and pneumatic components. employees: 61
- Teledyne Continental Motors: piston aircraft maintenance and repair and engine installation.
- Euromex: inventory / logistics - 360,000 sq. ft. available for parts warehousing.
- Select Aircraft Painting: full paint and priming facilities.
- Coastal Aircraft Maintenance: single, multi-engine piston / turbine, and helicopter repair and inspections.
- Industrial outsourcing:

| | Area Business | Employees |
|----------------------------------|---------------|-----------|
| Machine Shops | 891 | 1,311 |
| Industrial Supplies / Tools | 161 | 1,977 |
| Tools and Die: Jigs and Fixtures | 8 | 101 |

Assistance in Acquiring Related Local Businesses

- Venture/Seed Capital Network available for financing.
- BCEDA will assist in introducing aerospace and manufacturing companies to local firms.

Quality of Life

- EASI Quality of Life Index: 178 (US Average - 100)
- EASI Cultural Index: 152 (US Average - 100)
- Abundant Recreational Opportunities
- Sperlings Cost of Living (Fairhope): 94.6 (US Average - 100)
- ACCRA Cost of Living Index: 90.6 (US Average - 100)
(Reflects cost differentials for professional and executive households in the top income quintile)