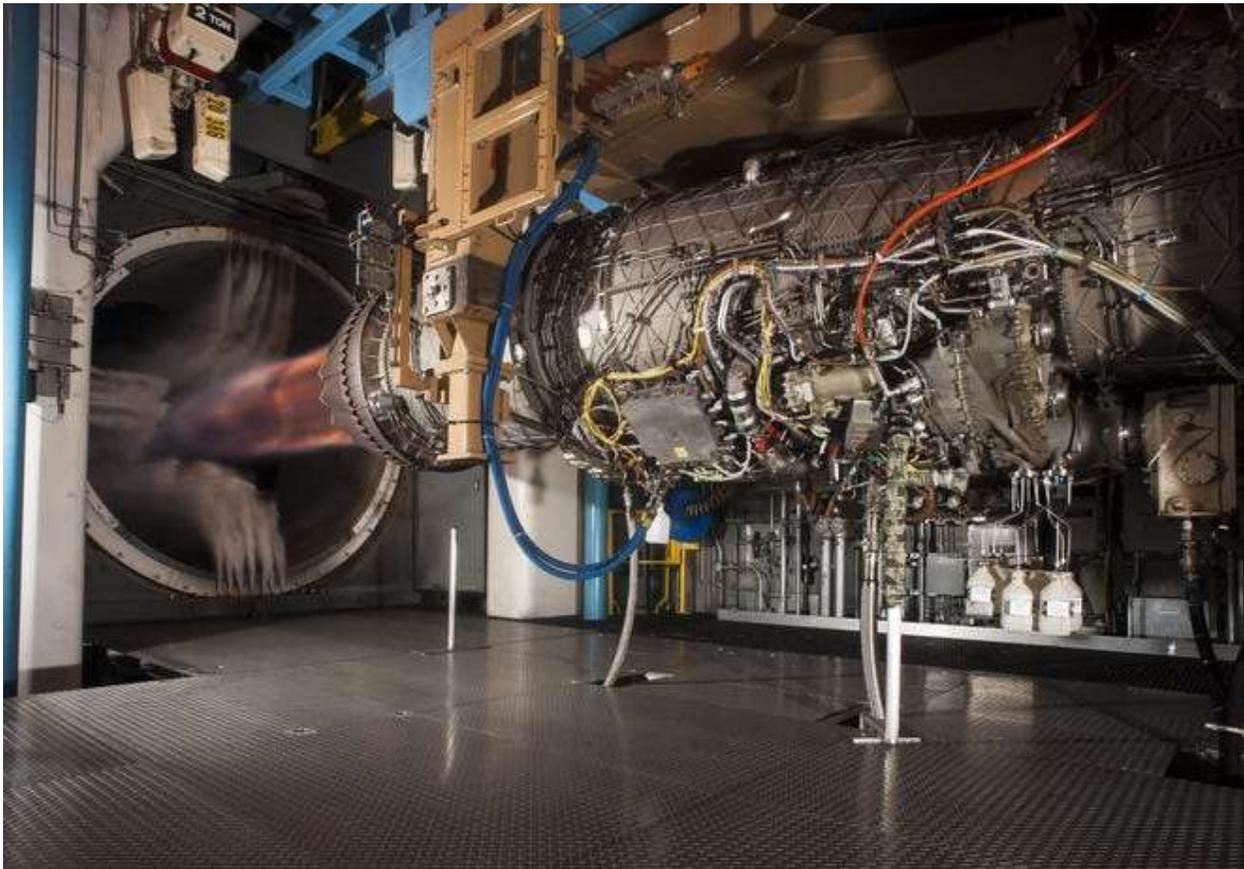


## Pratt & Whitney's \$650M Asheville plant expected to spawn more investment, 'resonate for decades'

John Boyle - Asheville Citizen Times – October 31, 2020



Sometimes in the economic development game, a little hyperbole follows a big announcement.

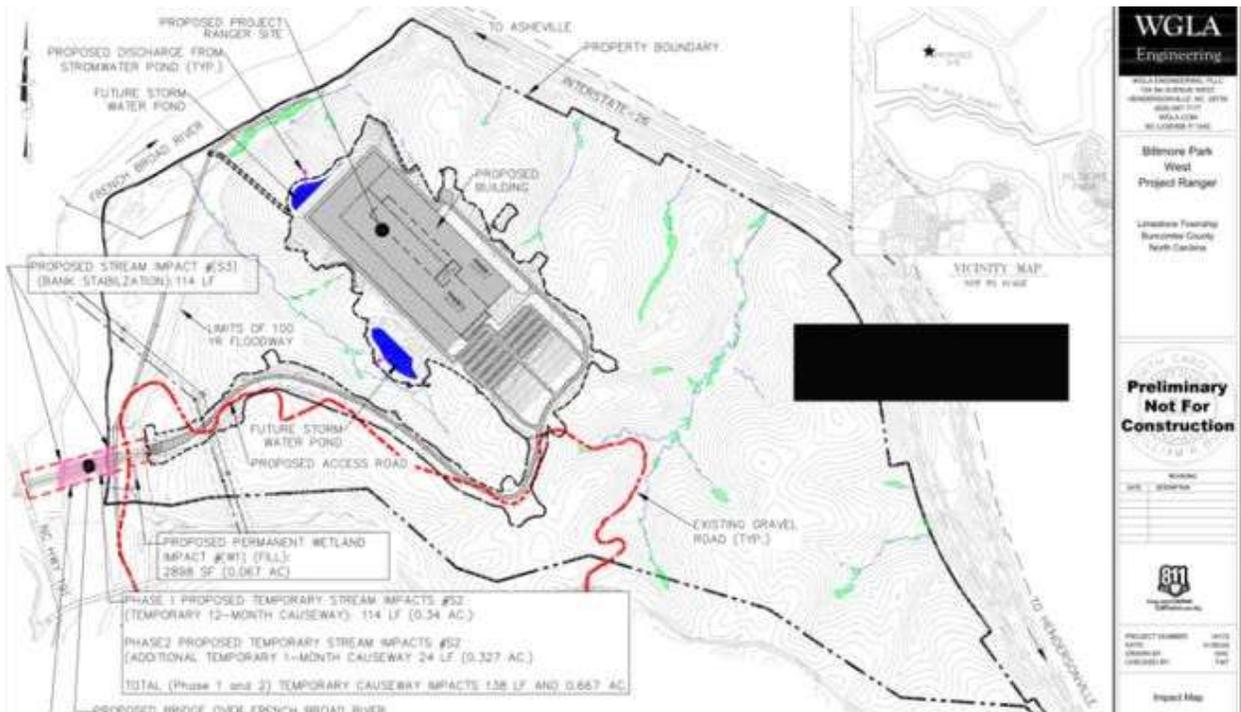
Exuberant officials may wax poetic about a new facility "changing the game" or "creating a new landscape," when in fact it will mean a decent number of jobs for a small group of people. In short, a grain of salt may be in order.

But the recent announcement by Connecticut-based aircraft engine manufacturer Pratt & Whitney warrants the enthusiasm. The company plans to employ 800 people — the vast majority

of them local hires — in a facility that will produce an annual payroll of nearly \$55 million, with the positions averaging \$68,000 a year.

But possibly more importantly, when an area lands a big fish like Pratt & Whitney, other companies take notice — and may follow suit, in part looking to capitalize on lower labor and operational costs in the South.

"These types of projects are valuable above and beyond Pratt & Whitney because of their ability to attract vendors and suppliers," said John Boyd, a New Jersey-based consultant who has advised manufacturers, including Pratt & Whitney and Boeing, on relocations and expansions. Boyd did not work with P&W on the Asheville project.



Pratt & Whitney will build a 1 million square-foot advanced manufacturing center on a 100-acre site the Biltmore Farms Co. offered to Pratt & Whitney for \$1, part of \$15 million in state economic incentives plan that lured the company to North Carolina instead of several competing states.

### More companies could follow

Labor costs, available land, and a ready workforce are all factors also playing into Jack Cecil's cautious enthusiasm about bringing in more high-tech manufacturers.

As the president and CEO of Biltmore Farms, the development company that built Biltmore Park and Biltmore Lake, among other projects, Cecil said his vision and that of his late father, George Cecil, who died Oct. 19 at age 95, includes attracting more high-wage manufacturers.

Biltmore Farms traces its lineage to Jack Cecil's great-grandfather, George Vanderbilt, who built the Biltmore House and once owned over 100,000 acres of mountain land. Biltmore Farms operated the estate's dairy but split off in the 1970s to become a development company.

The company owns about 900 more acres adjoining the Pratt & Whitney site, which a previous press release called "the first private investment for the new Biltmore Park West, a 1,000-acre master-planned development by Biltmore Farms LLC." Cecil is quick to point out that the remaining 900 acres "undulates" in topography and is not all suitable for build out.

Right now, Cecil said, all the focus is on ensuring Pratt & Whitney hits its target of opening in early 2022. Biltmore Farms plans to build a five-lane bridge over the French Broad River from Brevard Road to reach the new industrial park, which lies between the river and I-26.

While it's tempting "to revel in the glory" of the announcement, the hard work is really starting now, Cecil said, adding that no other big companies are on the line right now.

"Honestly, we don't have any plans for the other land there right now," Cecil said last week. "All we've been focused on is, 'How do we sign this deal?' And then, 'How do we make it happen?'"

But he also quickly adds that "at some point in the future, when we have time to really think about it," they'll be looking for opportunities to bring in other companies to join Pratt & Whitney at Biltmore Park West. That was part of his father's vision, too, Cecil said.

The aircraft engine company was referred to for months as "Project Ranger," and the deal required intense secrecy and behind-the-scenes work.

"The reason Project Ranger is there is, intellectually and philosophically, my father decided we wanted to do something to create jobs to benefit generations in the future," Cecil said. "It's one thing to build houses and retail, but our goal ultimately is that we need to create sustainable, high-wage jobs for this community. To improve the community over the long haul."

## **A 'new economic engine'**

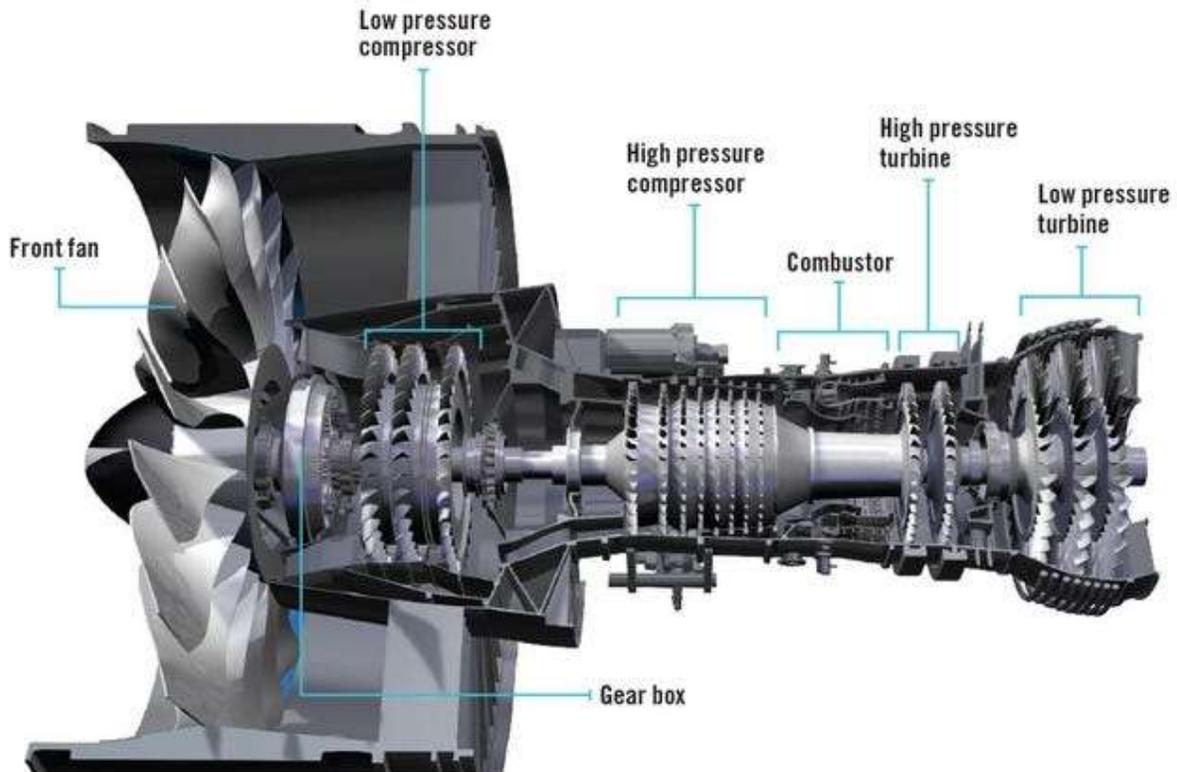
As the executive director of the Economic Development Coalition for Asheville-Buncombe County, Clark Duncan sees Pratt & Whitney as a "new economic engine" for southern Buncombe County and beyond. He's "very optimistic" other companies will find Biltmore Park West enticing, as well as the Asheville area in general.

"This is really building the foundation for the next generation of high-quality job creation in Buncombe County," Duncan said, describing Biltmore Park West as a "clean slate that will certainly invite following economic activity in years to come. You can measure it in terms of the economic impact, and you can talk about sort of a coat-tails effect that these kinds of projects have. I think it's fair to say that we're on the map in the aerospace industry."

That includes the confidence in the area GE Aviation has had for decades, Duncan said, which in part is a testament to job training here in the mountains for such high-tech jobs.

## Majority of jobs will be for locals

Duncan, Cecil, Boyd and other officials familiar with the deal expect the vast majority of the 800 jobs to be local hires. Pratt & Whitney's Asheville plant will manufacture turbine airfoils, the blades that help move and compress air into the turbine, where it mixes with jet fuel to produce thrust, according to company spokeswoman Jenny Dervin. The local plant will make airfoils for civilian and military engines, including the F-35 Joint Strike Fighter and several Airbus and Embraer civilian jets.



The Asheville parts will go to other Pratt & Whitney plants in Connecticut and throughout North America.

Regarding how many of the Asheville jobs will go to locals, Dervin said, "I don't have information to share with you on this, but when we begin our job fairs I'll have more."

Boyd said as the Asheville project is a new facility, he would expect some managerial support to come from Connecticut but most floor workers to be locals.

## A-B Tech to build training center

Asheville-Buncombe Technical Community College is certainly planning on that. With funding from Buncombe County, the college plans to build a 20,000-square-foot educational facility in

the Biltmore Park West campus, with half of the space devoted to training Pratt & Whitney machinists and other workers.

Kevin Kimrey, director of Economic and Workforce Development at A-B Tech, calls the Pratt & Whitney announcement "transformational to a large degree for our local economy," noting the college has been working with economic development officials on the project for the past 15 months.

While Pratt & Whitney stated its commitment to 800 jobs, Kimrey has "a feeling it could potentially go beyond that."

"I do think it would not be unusual to go north of 800 jobs," Kimrey said. "What they're telling us is it's really going to be local hires. We don't expect them to make big package offers to folks in other locations (to relocate)."



It is normal for companies opening a new facility to bring in some current managers or employees with expertise to make sure operations run smoothly, Kimrey noted.

According to the New Haven Register, Pratt & Whitney had laid off 450 workers in Connecticut, but Cecil, Boyd, Kimrey and Duncan all said they would not expect relocations of northern employees to Asheville. Rather, the bulk of hires will be locals.

The layoffs in Connecticut affected salaried employees, not hourly workers, Pratt & Whitney said.

The focus now will be on getting adequate numbers of potential employees trained, Kimrey said, although he stressed the Asheville area has a strong and well-trained workforce already.

## **Asheville has had record low unemployment**

Kimrey said that before the pandemic, Asheville and Buncombe County consistently had the lowest unemployment rates in the state, and A-B Tech and other players had some concerns about finding enough workers to satisfy Pratt & Whitney's needs. The latest figures peg unemployment for the Asheville metropolitan area — Buncombe, Haywood, Henderson and Madison counties — at 7%, down from an eye-popping 16% in the spring, when the region lost 36,400 jobs.

"Not that the pandemic is a good thing, but we think there are going to be a lot of folks who are going to need to retool," Kimrey said. "So, that's advantageous for Pratt & Whitney."

While Kimrey is confident the area will have enough people looking for these jobs, he said what they've "preached to them" at Pratt & Whitney is they've "got to make sure the wages are attractive enough to get the folks you want."

That \$68,000 average annual salary includes management and engineering jobs, and floor workers at the new facility likely won't be making that much, Kimrey said. He would expect machinists and other skilled floor labor to be earning salaries in the ballpark of \$40,000-\$50,000 range.

Pratt & Whitney is going to want to be competitive with GE, Kimrey said, and maybe "even a little bit better."

Pratt & Whitney won't start hiring until next year, but Kimrey said A-B Tech is already getting inquiries about jobs there. The college is running two preparatory courses now — fundamentals of machining (a 15-week program) and a certified production technician course (8 weeks).

"What we negotiated with the Pratt folks is the people who take and complete those courses, they may have to wait a little while until the interviews begin, but they would be guaranteed an interview, as long as they pass all the screenings to work there," Kimrey said. "There's no guarantee of a job, but there is a guarantee of an interview."

Like other locals involved in the project, Kimrey said the P&W location could result in other companies locating here, too.

"I think whenever things like this happen, it seems to have a bit of a cluster effect," he said.

## **Workers could come from 10-county region**

Nathan Ramsey, director of the Mountain Area Workforce Development Board, points out that the Pratt & Whitney project likely will draw workers from multiple counties.

"This project's 'labor-shed' represents at least 10 counties, so the substantial training resources available in Western North Carolina will be key to meeting the workforce needs for Pratt & Whitney," Ramsey said, noting that A-B Tech, as the largest higher education institution in the mountain, will anchor the effort. "Pre-COVID our region added over 5,000 jobs in the manufacturing (sector) in the previous five years, so this project, although significant in size, is very manageable based on the talent pipeline available locally."



Local companies added significant numbers of jobs, "even though the Asheville metro maintained the lowest unemployment rate in North Carolina for over five years — 61 consecutive months," Ramsey pointed out.

"Most new jobs in our region are added by existing employers, and right now manufacturing employers in our region are growing, recovering from the impacts of COVID-19, and are working to develop talent," Ramsey said.

While the aviation industry has taken a beating during the pandemic, as air travel and airliner orders dried up, Pratt & Whitney believes a rebound is coming, and its timeline on Asheville will position it to capitalize on a resurgence in air travel.

According to Thomas.net, an industrial sourcing platform serving North America, Pratt & Whitney ranked third in 2017 among "Top commercial aircraft engine manufacturers to the North American market," behind CFM International and GE Aviation. Pratt & Whitney produced 1,849 engines in North America that year and 3,669 worldwide, compared to 4,686 and 11,227, respectively, for GE Aviation.



## Air travel down but likely to return

Dervin, the Pratt & Whitney spokeswoman, noted the company serves military and commercial customers.

"Pratt & Whitney engines are on the right aircraft, such as the Airbus A320 neo (new engine option) family, as well as the fifth-generation F-35 Joint Strike Fighter," Dervin said. "Demand for these aircraft and others will remain strong."

She said the company expects commercial air travel to return to 2019 levels "in 2023 at the earliest.

"We are seeing that as countries or regions get past their peak in infections, the first element of commercial travel to rebound has been domestic short-haul trips, which are powered in large part by our engines," Dervin said. "In the future, airlines will be motivated to grow, or to re-fleet to more fuel efficient aircraft, such as the A320neo."

In the press release announcing the Asheville plant, Pratt & Whitney President Chris Calio looked ahead, too.

"Turbine airfoils are a critical component across our engine portfolio and demand will increase significantly as the market recovers over the next several years," Calio said. "We need to invest today to ensure that we have the infrastructure, production capabilities and workforce in place to meet future market demand and to provide the best products to our customers worldwide."