

# LOS ANGELES BUSINESS JOURNAL™

## Task force aims to stem exit of state's aerospace industry

BY TIM DEADY

The state's first organized effort to keep its vaunted aerospace and defense industry from moving out of California is under way and is being headed by a Long Beach businessman who has been active in Republican Party politics.

The yet-unnamed task force was conceived in the Governor's office and is the brainchild of Ron Cedillos of Cedillos Testing Co. in Long Beach, a defense industry supplier and subcontractor.

The group was formed in response to concerns that major aerospace and defense contractors and their suppliers are abandoning California in pursuit of less-expensive, less-regulated states. The most notable example of that trend occurred when Calabasas-based Lockheed Corp. moved its Burbank manufacturing facilities to Marietta, Ga., costing L.A. County's economy thousands of jobs.

One of the task force's objectives is to unify the state's elected officials and create solidified political backing for the industry.

The task force, which officials said is operating without public funding, has already resulted in one recent meeting between Gov. Pete Wilson and Kent Kresa, chairman and chief executive officer of Century City-based Northrop Corp., said Cedillos.

Another meeting has been held between a top Wilson aide and Robert Hood, president of Douglas Aircraft Co. in Long Beach, a large Los Angeles County employer that recently acknowledged it was considering moving a planned commercial airline project out of California.

Cedillos said the chief executive officers of all the major contractors in the state, which includes many Los Angeles County companies, have been invited to a meeting next month to talk about the status of the industry in California.

He said in addition to working with the major contractors, the task force will include efforts at unifying the state's elected officials behind the industry, which is something that has been lacking in the past.

"What we're talking about is making sure that, when it comes to continued funding for existing projects and budgets for

new programs, California gets a fair hearing. We're not talking about pork barreling, we're talking about a unified front. That hasn't happened before," Cedillos said.

Wilson, a Republican who before being elected governor last fall was a member of the powerful Senate Armed Services committee, created the task force about one month after taking office in January, according to his spokesman, Franz Wisner.

"The basic reason for this is to improve the business climate for the aerospace industry in California," said Wisner. "The idea is to have the CEOs form a working group to advise the governor on how the state can best serve the industry. We need to be more concerned about keeping it here because it has been leaving California due to the cost of doing business."

A spokesman for Los Angeles-based Hughes Aircraft Co. said, "Any effort by the governor to work with the industry is welcomed. Too often in the past it has seemed that other states, for whatever reason, have made a greater effort on behalf of the industry."

The spokesman, who asked not to be identified, said he was aware of the upcoming meeting of CEOs and that if available, Hughes Aircraft Chairman Malcolm Currie would probably attend.

A spokesman for TRW Inc., which operates its space and technology unit in Redondo Beach, said he was aware of the advisory group but did not know any details. "It sounds like a good idea though and something that is needed," said John Booth.

A spokesman for Lockheed said it will "try to accommodate the governor" by having Chairman Daniel Tellep attend the meeting.

Don Hanson, a spokesman for Douglas Aircraft, confirmed company officials recently met with representatives of the governor. "We are certainly going to be cooperative, but right now it's a little too soon to say what is going to come of this," said Hanson.

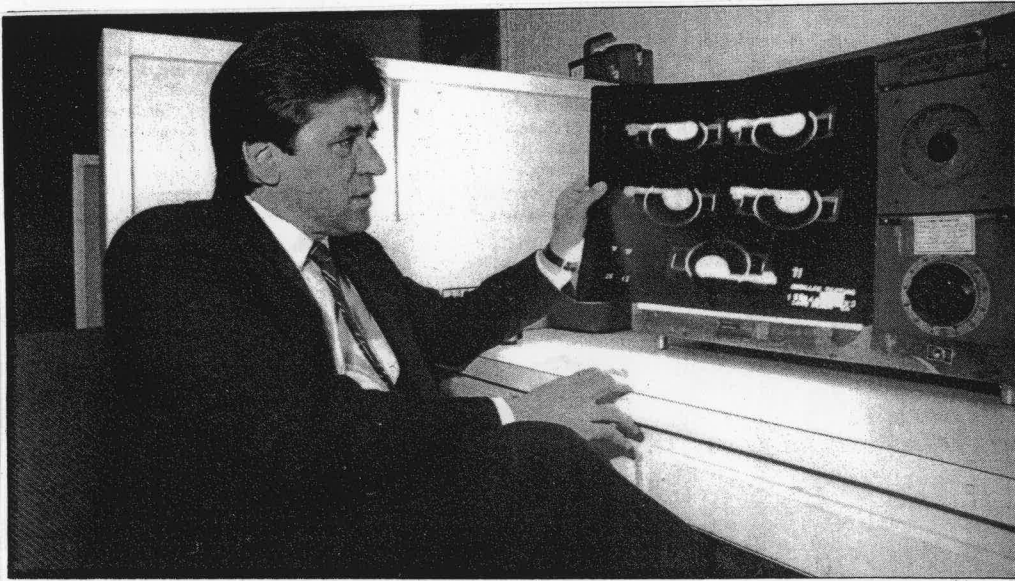
As many as 30,000 aerospace workers in Los Angeles County have lost their jobs in the past three years, mainly because of cuts in defense spending. Last year employment in the defense and aerospace industry in Los Angeles County averaged about 260,000.

Cedillos said the task force has been loosely and informally formed to keep it from turning into another level of state bureaucracy.

"The last thing anyone is interested in is another six-pound report. We want to keep this at a handful of people who can stay focused on keeping the industry here in California and making sure the industry is represented," said Cedillos.

He acknowledged that the aerospace and defense industry, which represents 30 percent of the state's manufacturing business and is Los Angeles County's largest manufacturing employer, faces serious problems in staying in California. Among the obstacles are the state's and region's stiff environmental regulations, land costs, transportation problems and the cost of living for workers, Cedillos said.

"We are going to be addressing all of those problems," he said.



Ron Cedillos: Founder and leader of new state task force to keep aerospace companies in California

TODD FRANKEL/The Business Journal