

REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: December 3, 2013

TO: Honorable Members of the Rules, Elections & Intergovernmental Relations Committee

FROM: Gerry F. Miller 
Chief Legislative Analyst C.F. 13-0002-S138
Assignment No. 13-11-1011

SUBJECT: Resolution (LaBonge-Buscaino) to SUPPORT Legislative and/or Administrative Actions to Encourage the Boeing Company to Build the 777X Jetliner at Its Long Beach Assembly Plant

CLA RECOMMENDATION: ADOPT Resolution (LaBonge-Buscaino) to include in the City's 2013- 2014 State Legislative Program SUPPORT for legislation and/or administrative actions that would lead to the creation of an environment wherein the City of Long Beach and the greater Los Angeles region would become the most desirable location for the building of the Boeing Company's 777X jetliner.

SUMMARY:

Resolution (LaBonge-Buscaino), introduced on November 22, 2013, reports that the Boeing Company is planning to build a new 777X jetliner that will be able to fly longer distances while burning less fuel and at a lower operating cost than its existing 777 jetliner. Boeing is confident that the 777X jetliner will be well received by the commercial airlines and their passengers, as evidenced already by a large number of orders for the plane (including orders for 259 of the jetliners during the recent Dubai Air Show).

Yet, Boeing machinists in Seattle, Washington recently rejected a contract that would have nearly ensured a decision by Boeing to build its new jetliner at its Seattle-based manufacturing facility. With the machinists' negative vote, Boeing now is considering alternative sites across the country, including its aircraft assembly plant in Long Beach, for construction of the 777X; and its CEO has stated that he expects a decision to be made within the next three months.

Clearly, Boeing's decision to build its new jetliner in the Los Angeles region would enable it to benefit from the large reserve of experienced aerospace workers and aerospace support services that flourished here at the height of the aerospace industry; while the greater Los Angeles region would welcome the growth in employment, services and regional income that would occur in support of the 777X.

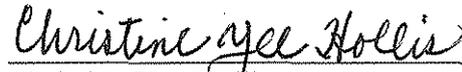
The Resolution therefore proposes that the City of Los Angeles include in its 2013-2014 State Legislative Program SUPPORT for legislation and/or administrative actions that would lead to the creation of an environment wherein the City of Long Beach and the greater Los Angeles region would become the most desirable location for the building of the Boeing Company's 777X jetliner.

BACKGROUND:

Media reports indicate that officials in half a dozen states (e.g., Alabama, California, Kansas, South Carolina, Utah and Washington) are actively communicating with the Boeing Company to encourage it to consider manufacturing the 777X jetliner in their respective states. Given this highly competitive environment and the Boeing Company's relatively short time frame within which it wishes to make a decision, the CLA recommends that Council adopt Resolution (LaBonge-Buscaino) so that our City may support and undertake any possible efforts to encourage the Boeing Company to build its next new jetliner in Long Beach and thereby to contribute to the growth of our regional economy.

DEPARTMENT(S) NOTIFIED: Economic Workforce Development, Airports

BILL STATUS: No bills have been introduced yet on this matter.



Christine Yee Hollis
Analyst

Attachment: Resolution (LaBonge-Buscaino), introduced on November 22, 2013

RESOLUTIONS, ELECTIONS & INTERGOVERNMENTAL RELATIONS

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, State or Federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, the Boeing Aircraft Company already has a large number of orders for a new 777X (or variant version) jetliner which is to be a larger version of the company's 777 jet (now the world's largest twin-engine jet), but, according to one article, will have the largest engine and widest wingspan ever put on a plane, will be able to fly up to 8,000 nautical miles with more than 400 passengers while burning 20 percent less fuel than the Boeing 777, and will have total operating costs that will be 15 percent lower than those of the current 777; and

WHEREAS, Boeing has learned from some of the mistakes it made in the development and production of its 787 Dreamliner, which led to many delays in delivery of the final product to airline clients and expects to produce the 777X more efficiently to meet a high demand; and

WHEREAS, Boeing's machinists in Seattle, Washington recently rejected a contract that would have allowed Boeing to build the 777X aircraft in Washington state; and Boeing now is in discussions with at least a half-dozen other states to determine where it will find the best home for the manufacturing of its new 777X jetliner; and

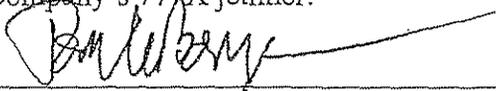
WHEREAS, Boeing's CEO has said that he expects the company to make a site decision within the next three months; and the competition is fierce among all of the locales across the country that want to welcome Boeing to set up shop with them; and

WHEREAS, the Boeing Company is considering the possibility of building the 777X at its aircraft assembly plant in Long Beach, where it currently is building its C-17 cargo jet but intends to close the plant in 2015; and

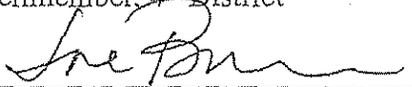
WHEREAS, the Governor and State Legislators are in contact with the Boeing Company, the City of Los Angeles, along with the City of Long Beach, should do all we can to persuade Boeing to bring the manufacturing of the 777X jetliner to its Long Beach facility, where the surrounding region has a large reserve of experienced aerospace workers and aerospace support services and where a reasonable labor agreement surely could be agreed upon;

NOW, THEREFORE, BE IT RESOLVED, with the concurrence of the Mayor, that by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2013-2014 State Legislative Program SUPPORT for legislation and/or administrative actions which would lead to the creation of an environment wherein the City of Long Beach and the greater Los Angeles region would become the most desirable location for the building of the Boeing Company's 777X jetliner.

PRESENTED BY


Tom LaBonge
Councilmember, 4th District

SECONDED BY



NOV 22 2013