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Haas Automation is looking to expand manufacturing capacity beyond its 1 million-square-foot factory in Oxnard.
By [Marissa Nall](#) / Friday, February 15th, 2019 / [No Comments](#)

A legacy of advanced manufacturing in the Tri-Counties is hitting a wall when it comes to capacity for expansion in the region.

For growing companies in the high-tech manufacturing space like Simpliphi Power, MWS Wire and Experior Labs, Ventura County and Oxnard in particular have provided opportunities for expansion in recent months. But the Central Coast is missing out on larger projects from some of

its biggest employers on the scale of millions of square feet going to states like Nevada and Rhode Island.

The decision doesn't just come down to developable lots, manufacturing industry leaders said. Factors like housing, regulation and employee technical training play huge roles in decisions to site new facilities within or outside the region.

As international sales have fueled rapid growth for a top Ventura County employer, Haas Automation, the company doubled down on longstanding search efforts for a site to build additional manufacturing capacity. It eventually landed on a 279-acre parcel of undeveloped land in Henderson, Nev. and won approval to build a 2 million-plus square foot facility from the city on Feb. 5.

The company's 1 million square foot Oxnard factory generated \$1.2 billion in revenue for the company in 2018, said Haas Managing Director Peter Zierhut, but sales are expected to top \$2 billion per year over the next five years, he said.

"We've really grown quite a bit, but it's not enough," Zierhut said. "We've just decided that we really need to expand our presence outside of California at this point."

The decision goes beyond finding a site big enough to house the incremental capacity it needs, he said.

Employers cited housing as their top concern when it comes to expansion, pointing to limited inventory for employees who have aspirations of homeownership and prices that drive low- to medium-skilled workers out of the region, even for an industry with relatively high wages like advanced manufacturing.

Data from the Center for Economic Research and Forecasting at California Lutheran University show that Ventura County durable goods manufacturing jobs declined nearly 19.9 percent since the 2008 recession, and non-durable manufacturing jobs— dominated largely by biotech companies, Amgen in particular— are down 13.8 percent. Meanwhile, median home prices have risen every year since 2012 and, at \$580,000, have nearly returned to their pre-recession peak.

The median income for the manufacturing industry in the county topped \$118,000 annually, according to data from the Economic Development Collaborative. Starting wages are well above the minimum at \$15-\$17 per hour. But that's still not enough to attract workers without the housing component, said CERF Director Matthew Fienup.

"(Ventura County) is not a vibrant economy that creates an environment for young people to want to stay," said Chris Meissner, CEO of Camarillo high-tech manufacturer Meissner Filtration. "Costs are going up, so if you're young and just getting started, unless you happen to be in a particularly well-paying field, this isn't an environment where you want to stay. It's a stepping stone."

Biotech giant Amgen invested around \$200 million in its headquarters in 2018, but simultaneously poured \$1.5 billion into Rhode Island for a next-generation bio-manufacturing plant. And the move comes after several rounds of downsizing among its Thousand Oaks workforce, including the transition of some 500 mid-level jobs to other locations within the organization, including Cambridge, Mass. and Tampa, Fla.

"Providence, Rhode Island is not a low-cost region," Fienup said. "Those employees (going to Florida) are going to immediately see a higher standard of living than in Ventura County. What you'll see is a hollowing out of the middle."

Larger firms also have to weigh factors like risk mitigation, Meissner said, particularly in the event of natural disasters like the region witnessed in late 2017 and early 2018.

"A firm like Haas or ourselves, our customer base is global, so we're not relying on the local economy for growth," Meissner said. "Our motivation for wanting expansion beyond just Ventura County, it's a lot more than economics, and I think that's true of a lot of larger companies."

There are signs of hope as you move north through the Tri-Counties, Fienup said, including a 6.7 percent uptick in durable goods manufacturing

in 2017-18. Lower-cost areas with more available industrial capacity, such as Goleta, Santa Maria and San Luis Obispo County, could offer an opportunity to expand without leaving the 805 region.

“San Luis Obispo is showing real openness to growth and development” and catching overflow from the Bay Area as well, he said. “The trick is, think like an incumbent manufacturer in Ventura County. At the point you decide to move and manufacture somewhere else, you’re not just comparing SLO and Santa Barbara, you’re comparing SLO and Nevada.”

Challenges range from labor laws that are extending break times and paid leave, the cost and reliability of energy and attracting qualified workers to replace retiring baby boomers, said Nancy Lindholm, CEO of the Oxnard Chamber of Commerce.

State, local and even federal governments have made efforts to encourage investment from high-tech industries, sources said. Such programs include the federal Opportunity Zone legislation that encourages capital and projects in historically under-invested neighborhoods, the state Strong Workforce program, investing \$248 million annually into technical training, or the Advanced Manufacturing Partnership of Southern California.

Cities should also partner with education, business and other policymakers on training programs to spur economic development, Lindholm said.

New policies being drafted could provide \$1.2 billion in annual federal funding for career and technical education through 2024, said Congresswoman Julia Brownley, D-Westlake Village, as well as legislation that would reward manufacturing companies that “insource” jobs back to the U.S. and encourage consumers to “buy America.”

“Ventura County’s capacity to expand manufacturing is significant due to significant goods movement and transportation infrastructure, a diverse pool of labor from low to high skilled, and a quality of life for employees and management that is second to none,” Brownley said in an email to the Business Times.

But local rules like the Save Open Space and Agricultural Resources initiative in Ventura County put sharp limitations on potential expansion, sources agreed.

That may simply be a tradeoff the region is willing to make, Meissner said.

“That’s the balance that everybody’s trying to reach – what is the optimum quality of life? And SOAR is a part of that,” for people raising families and living here long-term, he said. “It’s a community that’s really trying to do it right, and they get one shot to do it, once something is built.”

There’s a natural tendency to court businesses directly and provide incentives, Fienup said, but “the No. 1 thing you can do is build more housing.”

He highlighted policy changes within the city of Thousand Oaks that prioritize housing development near transportation corridors, but said leading indicators like residential building permits remain well below normal levels.

While there are still lots left for smaller expansion projects, industrial space in Oxnard is quickly reaching its capacity, Lindholm said, and the speed of new entitlements and permits has also slowed to a crawl.

Zierhut stressed that the new facility did not indicate any plans to move or downsize its Oxnard operations. But while companies make efforts to be good citizens, Fienup said, it is still a bad sign for the county when they have to expand elsewhere.

“Make no mistake, it is Ventura County’s loss that that expansion is happening somewhere else, and it’s a powerful statement that ‘in order to make it work here, we’re going to have to grow somewhere else.’”

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