

Washington Manufacturing Alert

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Newsire: Georgia-Pacific to cut hundreds of jobs at Camas mill; Boeing holds hiring fairs around state; Redmond company plans launch of hydrogen-fuel systems for vehicles; nLight wins military laser development contract; Key Technology reports sales gains; plus other news items. **Page 4**

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Pacific Marine Expo 2017: A Good Market For Fishing Boats, Passenger Ferries

BY BILL VIRGIN
Editor/Publisher

No one's calling it a boom, but Washington's boatbuilding and marine equipment manufacturing sector appears to be healthy enough that investment is going into the industry itself as well as the products it produces, to judge from interviews at Pacific Marine Expo in Seattle.

Ole Oksvold, a former Bristol Bay fisherman and vessel owner himself, purchased Bellingham's Strongback Metal Boats Inc. from owner and founder Pat Pitsch, who is retiring. He's also moving it to South Seattle.

Oksvold said Strongback, which specializes in vessels for West Coast fisheries, has one more boatbuilding slot to fill for 2018 delivery and is booking orders for 2019. The company has just four employees now, but is looking to add more as orders come in.

"The last couple of years have been pretty strong in Bristol Bay as far as price and fish harvest, and now you're seeing an uptick in boat sales," he said. The Alaskan fishery is "a cycle, up and down, up and down. I wouldn't say it's an up cycle. It's a sustained cycle. But all it takes is one bad season to watch it go down again. I think it's pretty strong right now."

Another recent entrant to the business is Arlington-based FabTek Industries, which makes doors, windows, hatches and marine hardware. It was founded by Leon Colinas, a 23-year veteran of an Everett company that made similar products. When the owner of Pacific Coast Marine closed that location, Colinas decided to

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CAMPS At 10: Learning How To Get Manufacturers To Talk To Each Other

The Center for Advanced Manufacturing was launched in 2007, hardly an auspicious time for an organization dedicated to American manufacturing, which had a legacy of decline behind it and a recession looming ahead of it.

Nor were prospects promising for an organization focusing on an industry with little history of its participants talking to one another across sector boundaries.

"There were a lot of people who thought this wouldn't last more than a couple of years and that we'd just fade away," says Tom McLaughlin, who has been CAMPS' executive director since its start.

But much like the manufacturers that made it through the downturn, CAMPS survived to mark its 10th anniversary last week through a combination of persistence, innovation and a willingness to shift direction and correct course when needed.

CAMPS today has just over 200 members, 125 or so of those being manufacturing companies (the balance are service providers or governmental and educational organizations). It's enjoying a growth spurt with several dozen

companies joining this year, brought on with a manufacturers-only health-care-coverage buying trust that aims to save participants money on an increasingly expensive item. Retention, McLaughlin says, runs at 80 to 85 percent annually.

It hasn't been completely smooth sailing to get to that 10th anniversary. A big challenge was focus. Organizations often make the mistake of being everything to everybody. "We went through that too," McLaughlin says. CAMPS took on everything from business development to ISO certification to finding skilled or even trainable workers to financing. "We tried to become too diverse without a lot of specialties. We were all over the map. Once we said 'we're going to just work on several things,' we've become really good."

Workforce training was one of the topics that made the cut. Its Military-to-Manufacturing program helps make departing military personnel aware of opportunities in the industry, and links them with jobs. "We are very strong" in

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Pacific Marine Expo 2017: Low Oil Prices Affect Northwest Boatbuilders

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recruit fellow alumni of the company and go into business themselves.

FabTek specializes in heavy-duty customized fittings for boats 60 feet and longer; the company has its own machine shop and designs to produce extrusions and hardware like hinges and handwheels.

Colinas said he's now making products for customers like Delta Marine, Christensen, Westport, Dakota Creek and Nichols Brothers. "A lot of people in those places knew me from before as the guy who would come solve all the problems in their yard," he said. Those local connections are a plus, but he's hoping to expand FabTek's geographic reach. "I'd like to get the Staten Island Ferry job," one that would mean an order for about 900 windows.

The company is also diversifying its base of business to include not just fishing vessels and yachts but military work; FabTek has a project to make replacement windows with bulletproof glass for the Navy.

Arne Arnesen, senior vice president and commercial maritime lending manager for Peoples Bank's Ballard office, said the strength of order for fishing vessels is "a barometer of health in fisheries. What does it take to get a new-boat loan? You have to have money in the bank, and you have to have industry be optimistic about future prospects for that fishery."

Peoples Bank has financed half a dozen new boats this year, a pace ahead of 2016.

All American Marine moved into a new, larger facility at the Port of Bellingham, and it's already close to full, said Joe Hudspeth, vice president of business development. "The passenger ferry market is on fire," he said. All American, having completed a boat for Argosy Cruises in Seattle, is now working on a 600-passenger vessel for the Red & White fleet in San Francisco and two more low-wake ferries for Kitsap Transit.

Hudspeth believes the strength of that sector is sustain-

able. "There's been so much pent-up demand. People want to get to the water. Traffic is bad."

All American also builds survey and research boats, and that market too is strong. The company is working with an East Coast university on a contract to be announced soon.

The one segment of the industry that hasn't been doing well of late is the Gulf Coast oil-service market. While the Northwest doesn't have an oil production market to speak of, the Gulf Coast's problems do have ramifications for boatbuilders in this region, said Matt Nichols of Nichols Brothers Boat Builders in Whidbey Island.

"The boys down south ran out of work because of the low price of oil, so they come up here and they're about 40 percent less than us," he said. "They're going to lose money and they're going to get in trouble doing that, but it's called survival. They've taken about 18 nice jobs out of the Northwest so far. That's going to hurt us. Most everyone loves going to the pump and getting a better price, but there are consequences for that."

But even that market is producing some work for builders in this region. Dirk Rozema of Rozema Boat Works in Mount Vernon said his company has been working on aluminum oil-spill response boats that will be going to Canadian customers. "You've got to have your fingers in a number of pies," he said.

And Nichols said he has prospects for fishing boats, tugs, ferries and research vessels; his yard currently has 400 employees working on projects like cruise vessels. "There's still a lot of stuff we're bidding on," he said. "We've just got to keep being competitive and doing high-quality work, and we should be able to keep going."

The maritime sector's health means business for manufacturers of boats and gear. Grays Harbor Unders was at the show with a line of moisture-repellant base clothing originally designed for long-distance motorcycle riding. The company makes its garments in Hoquiam.

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CAMPS' 10th Anniversary: Next Up Is An Emphasis On Innovation

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workforce development, McLaughlin says. CAMPS has also been working with other organizations to move people in immigrant or low-income communities into better-paying manufacturing jobs.

The initial challenge, though, was to build a community in an industry whose members often don't talk to others outside their specific sector.

"They don't talk to each other because they don't know each other," McLaughlin says. But they often share the same skills — precision machining figures into both medical devices and aerospace, for example — and they're certainly dealing with many of the same problems like workforce development and health care costs.

An early project to get local manufacturers into the maintenance and repair supply chain for renewable-energy projects like wind farms was instrumental in building connections between companies and their owners, McLaughlin believes. The grant-funded program didn't generate a lot of direct business for member companies, but "the thing it did for CAMPS is we developed a process where these companies have learned to work together and be collaborative. They're really getting to know each other. And these are the owners. They're not some staff buyer .

"When they're going through their product development or new product launch or new process, all of a sudden they're on a one-on-one basis" and can compare notes on decisions such as purchasing a piece of production equipment. "That's been very powerful."

The next big issue CAMPS wants to tackle is innovation. Manufacturers of all sizes are taking on new technologies like the Internet of Things, new materials like carbon-fiber composites and new production processes like 3D printing. But small and even medium-sized manufacturers don't have the R&D budgets to integrate what's new into products and processes.

"Our sweet spot in CAMPS is companies with 10 to 100 employees," McLaughlin says. He's hoping that the educational programs CAMPS provides combined with the collaborative, information-swapping nature of the organization will make member companies "the most highly efficient and innovative companies in the whole state."

Geographic expansion is a possibility for CAMPS. It began with a focus on the Kent Valley, expanded to south King and north Pierce counties, then later added a north pod with breakfast issue-roundtable meetings in Everett. The membership base now extends into Skagit and Whatcom counties, with the health trust playing a significant role in bringing companies from that area in; to the south, CAMPS' member base reaches as far as Chehalis.

CAMPS will make a concerted push into Eastern Wash-

ington, McLaughlin says. There's been interest in CAMPS in Spokane he adds, because of its features like the health trust and the M2M program, due to the presence of Fairchild Air Force Base.

CAMPS has a few other projects under way, including an enhancement of the website (camps-us.com) giving more information about the products, services and capabilities of member companies. It's also completing a cloud-based database of 240 medical-device manufacturers in the state that will link original-equipment manufacturers to CAMPS members who can provide such services as injection molding and micro machining.

In five years CAMPS is likely to be larger, but not too large. "I'm not looking to have an organization with 1,500 members," he says. "I'm not looking for numbers. I'd like to see us at around 400 to 500 members max. The health trust is going to grow. I see us with a more structured, clearly defined focus."

How long will McLaughlin continue with the organization he helped found and nurture? "I could see myself being here in this capacity for at least the next two years."



McLAUGHLIN

Manufacturing Calendar

Dec. 5 "Keep an Eye on Cybersecurity" course, at Lower Columbia College in Longview, Clark College, Vancouver; impactwashington.org.

Jan. 8-10 Northwest Food & Beverage World, Oregon Convention Center, Portland; nwfp.org.

Jan. 18 Supply Chain Opportunities Conference, Pacific Northwest Defense Coalition, held at Center of Excellence for Global Trade & Supply Chain Management, Des Moines; pndc.us.

Feb. 6-8 Spokane Ag Expo and Pacific Northwest Farm Forum, Spokane Expo Center; agshow.org.

Feb. 12-15 Pacific Northwest Aerospace Alliance annual conference, Lynnwood Convention Center; pnaa.net.

Feb. 19-20 Amcon contract manufacturers show, Meydenbauer Center, Bellevue; amconshows.com.

March 26-28 Aerospace & Defense Suppliers Summit, Washington State Convention Center, Seattle; seattle.bciaerospace.com.

Newsire: The Latest In Washington Manufacturing

CAMAS: Georgia-Pacific plans to end production of printing and copy paper, along with pulp manufacturing, and lay off 280 employees at its Camas mill in the second quarter of 2018. Paper-towel manufacturing will continue at Camas, with 120 to 140 employees retained. The company said it will continue to produce what it calls communication papers at a mill in Louisiana.

KALAMA: Bridger Steel Inc., a Montana manufacturer of panel systems for roofing, siding and interior applications, has signed a lease with the Port of Kalama for 30,000 square feet of office and warehouse space and another 10,000-square-foot covered area for loading trucks. Bridger expects to break ground in December and occupy the building in summer 2018.

WENATCHEE: The Washington State Community Economic Revitalization Board has approved an \$859,409 loan and a \$113,776 grant to the city of Wenatchee for the McKittrick Street extension project, including purchase of a right-of-way and partial demolition of a damaged warehouse. The remainder of the warehouse will be used by Diamond Foundry LLC, which plans to invest \$2.4 million in a plant making diamonds for jewelry. The company expects to employ 96.

VANCOUVER: Industrial laser manufacturer nLight Inc. has been awarded a \$1.93 million contract by the Defense Advanced Research Projects Agency for a development project to reduce the size, weight and power consumption of lasers for military applications.

BELLEVUE: Expectations for the regional economy were largely unchanged in the monthly purchasing managers' survey conducted by the Western Washington chapter of the Institute for Supply Management. The October current-conditions index was 52.9, a drop of 1.8 from September, while the 90-day outlook dropped less than a full point, to 59.4, a dip of 0.8 from September. A score of 50 is the dividing line between economic expansion and contraction. The score for current production was lower than the previous month, but the forecast was higher. Current and forecast orders and prices were both up, but current and forecast employment and inventories were down. Supplier lead times are expected to lengthen. Items reported to be higher in price include circuit card assemblies, bare printed circuit boards, utility costs, alloying metals, electrodes, electronic components and mild (low-carbon) steel.

OLYMPIA: The year-to-year gap in manufacturing employment in Washington has narrowed, according to prelimi-

nary numbers (not seasonally adjusted) from the Employment Security Department. The statewide total in manufacturing was 286,300 in October, down 1,600 from the same month a year ago. The aerospace product and parts category is still down by 7,500 jobs from 2016, but gains in such categories as food processing, fabricated metals and machinery made up some of the difference.

REDMOND: HyTech Power, which is developing hydrogen-fuel systems for motor vehicles, has named Jerry Allyne its president. Allyne is former vice president of strategic planning and analysis at Boeing Commercial Airplanes. HyTech plans to release its first commercial product next year, a patented hydrogen injection system designed to reduce fuel consumption, emissions and maintenance costs.

WALLA WALLA: Key Technology, which makes automated food processing equipment, said sales for the fiscal year ending Sept. 30, at \$139.9 million, were up 17 percent from a year ago, while fourth-quarter revenue of \$40.5 million was up 32.8 percent from the same quarter last year. The company said it received an order in the fourth quarter from "a new plant expansion by a major global potato processor," and Key expects additional orders for the project in the first quarter of 2018. Key has also received a major order for multiple plants operated by a major North American vegetable processor.

OLYMPIA: Manufacturing retail sales in Washington in the first quarter of 2017 were \$765.5 million, up 6.6 percent from the same period a year ago, according to the Department of Revenue; 6,350 manufacturing firms reported revenue in the period.

RENTON: Boeing is holding a series of job fairs, with one as far afield as Yakima, in an effort to recruit workers. The company said in a notice it is looking for applicants for "open positions in non-management manufacturing fields with skills in construction, automotive mechanic/collision, electrical, precision machining, welding, aircraft mechanic, and other similar manufacturing programs." Hiring fairs have already been held in Renton and Yakima. One was scheduled for Tacoma for Nov. 20, with sessions to follow Nov. 27 in Everett and Nov. 29 in Bremerton.

PERSONNEL FILE

Wenatchee based **Keyes Packaging Group** has named Jeff Burroughs as vice president of business development. He will be based at Keyes' Monterey, Calif., office and focus on the avocado, wine and egg industries.