

Medical Micro Makes Its Move, to Rural Washington

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More than just miles separate the southeastern corner of Washington State from Simi Valley.

That's just fine with Rob Whitmore.

The city of Colfax, where Whitmore relocated his manufacturing business Medical Micro Machining, can be found at the intersection of two state highways. A native to the area, Whitmore has known the mayor all his life; the Whitman County assessor is a former schoolmate.

While Simi Valley was a great place to live and have his shop for a dozen years, the cost of doing business was much more expensive in California.

Consider that Whitmore paid \$3,300 a month for the 3,000 square feet he leased in Simi Valley.

In Colfax, he bought three-quarters of an acre within the city limits and built a new 4,500-square-foot metal building for less than \$300,000.

"Financially it made a lot of sense to move here," Whitmore said. "The cost of energy is far less here as well."

As a manufacturer in a rural area – Colfax is about 60 miles south of Spokane and 24 miles from the border with Idaho – he pays no sales or use taxes; there is also no state income tax.

The new building will be tax-deferred as long as it continues to operate for eight years, when it becomes tax-exempt.

Whitmore does pay a business and operations tax of just less than five-one hundredths of annual gross sales.

After completion of the new building in July, Medical Micro Machining was functioning within weeks of the move and up to full production by September with its three employees making tiny, intricate parts, some the size of a hair.

Parts from Medical Micro Machining have found their way into electronics and medical procedures, such as neurological bone screws. The company is a sub-contractor to another firm doing work for the Defense Department.

In February two machines ran around the clock to produce rental car key ring clasps

"That's something I would never have thought about doing," Whitmore said. "We've run several million of those since we got started on it."

Win Some, Lose Some

Manufacturing has long been a pillar of the Southern California economy and more so in the San Fernando Valley. The region continues to be the manufacturing center of the nation, with the Valley having the third largest concentration of manufacturing jobs in the county, according to a study last year from the Los Angeles County Economic Development Corp.

Upscale and primarily residential, the city of Simi Valley does have an active manufacturing base of clean tech companies. Most employ less than 100 workers.

"It is small business with good jobs and provides for a nice diverse workforce," said Brian Gabler, assistant city manager and economic development director.

Medical Micro leaving last summer, and the relocation of plush novelty manufacturer It's All Greek to Me to Florida due to bankruptcy reorganization is not indicative of any trend, Gabler said.

On the plus side, in January the city welcomed back artist Ron Lee and his manufacturing business of collectible figurines. Lee had relocated to Henderson, Nev. in 1994 until returning to Simi to be closer to family.

"You get one and you lose one," Gabler said.

For Whitmore, there never had been a discussion with Simi officials about staying. He had been thinking about the move north for nearly four years and began in earnest in February 2007, working with the Palouse Economic Development Council to make it happen.

Tammy Lewis, the council's Whitman County manager, hooked Whitmore up with real estate agents to show him available buildings and land, helped to find his family temporary housing and explained the available financial incentives.

Colfax itself does not have a large manufacturing base so to want to come out to a rural area takes the right kind of person, Lewis said.

Moving a manufacturing business is not an easy operation to undertake, especially when it is small and the burden falls to the principals.

Relocating to a rural area presents its own set of challenges.

For one, the raw material that gets machined comes in through Portland, Ore., so transportation can be difficult.

Then there is getting the product out, which requires more planning on Whitmore's part to meet deadlines for overnight shipping than when living in the Los Angeles metro area.

At least Medical Micro has the advantage of packing the small parts machined in his shop into small boxes.

"You don't need big truckloads coming through," Whitmore said.

Going North

The Pacific Northwest has proved a popular destination for Valley businesses looking to lower costs.

Since moving to Hayden, Idaho from North Hollywood last fall, Titan Spring and Wire Products Inc. owner Jim Glenn realized a one-third savings in electricity bills and workers compensation insurance costs.

Receiving approvals to construct a new Titan plant was far easier than if Glenn had wanted to stay in

Los Angeles.

Whitmore agrees. And by moving to a small community where everyone knows each other, it made his life easier in many cases.

While he likes the four-season climate found in Washington, it was hard for Whitmore to leave the lifestyle in Southern California that he became attached to.

“It is a whole different feel to life and that is a strong motivator for people to move in this direction,” Whitmore said.