

SPECIAL REPORT: SOUTH COUNTY

South County Jobs Fueled by Blue Economy and Logistics

San Diego's Southern Region Builds Momentum Off of Coastal Location and Proximity to U.S.-Mexico Border

■ By NATALLIE ROCHA

Location is everything when it comes to understanding what is fueling jobs and long-term growth for the South County. The region is comprised of San Diego County's most southern cities such as Imperial Beach, National City, Chula Vista, San Ysidro and Otay Mesa.

Its coastal proximity to the San Diego Bay lends itself to the growing blue economy — which capitalizes on ocean resources and technology — while its terrestrial ports of entry along the U.S.-Mexico border provide crucial access for local businesses and their workers.

James O'Callaghan, president and CEO of the **South County Economic Development Council** — an organization that promotes the education and economic prosperity in the South San Diego County Region —

said that next to real estate development booming, the manufacturing and logistics sectors are poised to generate jobs in South County.

“With our proximity to trade routes and other ports not being able to keep up

with demand, there has been a steady rise in business including with boat repairs and service,” O'Callaghan said. “Many in supporting industries continue to look for people in the trades including welders and craftsmen.”



James O'Callaghan
President & CEO
South County EDC

Logistics and Supply Chains

Over the past decade, jobs in the manufacturing and logistics sectors were on a steady incline prior to the pandemic. While they are inching back to pre-pandemic employment levels, according to the **U.S. Bureau of Labor Statistics**, the manufacturing as well as transportation and warehousing sectors each gained approximately 23,000 jobs in May.

Local logistics companies like **Pasha Automotive Services** which has served San Diego since 1990, experienced the impacts of the coronavirus pandemic on its business as automakers initially halted production at factories in the U.S. and overseas, and most U.S. auto dealerships were temporarily closed.

However, as the logistics sector in South County is positioned for future growth, the company's strategic location in the South Bay enables them to partner with auto manufacturers south

of the border, said **Ryan Molinaro**, vice president of operations for Pasha Automotive Services at the National City Marine Terminal.

“The consumer market is high, and South County has a great labor pool for the logistics industry which offers family supporting wages,” Molinaro said. “Our customers rely on the transportation industry — maritime, railroad and trucking.”



Ryan Molinaro
Vice President of
Operations
Pasha Automotive
Services

Pasha Automotive Services has more than 300 employees who provide a broad range of automobile processing services to many automobile manufacturers supplying vehicles to the U.S. market.

Alejandra Mier y Teran, executive director of the **Otay Mesa Chamber of Commerce** said that for Otay Mesa in particular, there is opportunity for businesses to take advantage of the industrial accommodating land and its proximity to the border.

Supply chain disruptions have happened throughout the pandemic, from the manufacturing of automobiles to Personal Protective Equipment. Mier y Teran said that when companies shift their supply chains from Asia to Tijuana, it in turn creates a significant number of jobs in Otay Mesa for logistics support services for these manufacturers.

“Let's just say for a biomedical company in San Diego, instead of looking to set up their manufacturing facilities in China, they may want a facility in Tijuana that way they can go back and forth to the manufacturing center the same day and that will create service jobs in Otay Mesa for example, rather than if they go to Asia,” Mier y Teran said.

Border Location

The sector for warehousing and logistics facilities is booming and as they say in real estate, location is everything. The news that **Amazon** invested in a new

facility in Otay Mesa means complementary businesses will come to the area as well, said Mier y Teran.

Additionally, infrastructure investments in the southern region show promising growth for future business opportunities.

“Recent infrastructure investments in the existing Otay Mesa port of entry, the development of a new state of the art port of entry in East Otay Mesa, the construction of additional highway ramps and upgrades to the major southbound truck route is also promising as it will bring more efficiency to area businesses and make the region more competitive,” Mier y Teran said.

Throughout the pandemic long wait times crossing the border have been a challenge for workers and while some improvements have been made recently, the border still is not functioning at pre-pandemic levels. For some companies approximately 80% of their workforce or more reside in Tijuana, Mier y Teran said.

“Moving employees across the border is still a struggle for those that aren't necessarily residents,” O'Callaghan said. “So, we're trying as a region — it's kind of hamstrung bringing some of those jobs back because it takes them longer to get across the border right now.”

The **San Ysidro Port of Entry** is the largest land border crossing between San Diego and Tijuana, and the fourth-busiest land border crossing in the world. **Jason Wells**, executive director of the **San Ysidro Chamber of Commerce** said since March 2020, the region has lost 1,900 of about 6,000 jobs.

He said the border restrictions for non-essential travelers have impacted his area's businesses a majority of which are retail and the decline in business during the pandemic caused many to shrink their staff.

Now, even as the San Diego region moves toward re-opening, he said the young people who would typically work these retail jobs have moved on to other, often higher wage jobs such as driving for Amazon or working in hospitality outside of San Ysidro.

“I know some that have college degrees

in psychology that are driving Amazon trucks right now,” Wells said.

While the local workforce is positioned to benefit from the growth in manufacturing facilities in the short term, Wells added that he is working to bolster San Ysidro's small businesses through e-commerce, which can lead to long-term growth.

Blue Economy

In addition to the region's border economy, South County's contributions to the blue economy — water-dependent business ventures — are a significant part of its future job growth. Both O'Callaghan and Mier y Teran said that the ports never slowed operations during the pandemic.

This trend rings true for **Marine Group Boat Works**, a family-owned, full-service boat construction and superyacht refit facility occupying over 15 acres of land and water in Chula Vista and National City.

The company has approximately 185 employees and are in the process of hiring about 15 more ranging from skilled trades including mechanics, HVAC, shipfitters and pipefitters to administrative positions including QA specialists, accounting personnel and project managers.

Todd Roberts, president of Marine Group Boat Works, said the maritime industry is not easily impacted by pandemic factors. In fact, he said his company averages \$65 million a year in revenue with the highest year being 2020 when revenues came in at \$72.9 million.

“Boatyards and shipyards are what's called “critical infrastructure” or commonly known as essential businesses,” Roberts said. “At any point in time, shipyards and their supply chains need to be able to respond to the needs of the Department of Defense and Homeland Security at a moment's notice.”

His company is among the six long-standing shipyards on the San Diego waterfront that works with suppliers, builds, repairs and maintains commercial vessels and U.S. Navy vessels.

“Meanwhile, the maintenance and repair of vessels such as war ships, patrol



Alejandra Mier y Teran
Executive Director
Otay Mesa Chamber
of Commerce



Jason Wells
Executive Director
San Ysidro Chamber
of Commerce



Todd Roberts
President
Marine Group Boat
Works

boats, fire boats, police boats, etc., are not things you can put off, especially for safety purposes should the vessels be called for service,” Roberts said.

Economic Impact

According to the **Port of San Diego’s** “Working Waterfront Stats,” the shipyards generate approximately \$1.25 billion in shipbuilding and repair payroll and are made up of about 14,000 shipbuilding and repair workers.

San Diego-based **General Dynamics NASSCO** has approximately 3,535 local employees and recently started construction of the future USNS Robert F. Kennedy (T-AO 208), the fourth of six vessels for the U.S. Navy’s John Lewis-class fleet oiler program.

At **BAE Systems** San Diego Ship Repair, they have approximately 1,100 full-time employees and since the mid-1970s have been a leading shipyard in modernizing both U.S. Navy surface warfare ships and commercial vessels.

Spending in the defense sector accounts for about 20% of San Diego’s gross regional product (GRP), according to research by the **San Diego Regional Economic Development Corporation**.

The world’s ocean economy has an estimated value of \$1.5 trillion per year, according to **The Commonwealth Blue Charter**. The emerging “blue economy” is built on the idea that the economic opportunities of the ocean come with stewardship that protect these natural resources.

“Over the long term you should see a lot more growth around the port and blue tech jobs as well,” O’Callaghan said. “And the blue tech industry is growing in all kinds of ways from unmanned [vessels] and people having to build and control those, to actual things being done on the water itself whether that be boat manufacturing or renovations.”

Right alongside these port businesses who need skilled trade workers, Pasha Automotive Services plans to tap into the community’s workforce.

“There is a large demand for truck drivers and trade work,” Molinaro said. “We plan to reach out to local community colleges and high schools to ensure South County residents are aware of job opportunities in our industry.”

While the job trends in these industries ebb and flow with seasonal projects, O’Callaghan said there will be a continued need for skilled workers going forward. ■



Photo Courtesy of General Dynamics NASSCO

In January, General Dynamics NASSCO launched the future USNS John Lewis (T-AO 205), the first of six vessels in the John Lewis-class fleet oiler program designed to support the U.S. Navy.



Photo Courtesy of Marine Group Boat Works

Marine Group Boat Works plans on hiring about 15 more skilled trade workers in positions such as mechanics and shipfitters.



Photo Courtesy of Pasha Automotive Services

Pasha Automotive Services’ strategic location in the South Bay enables the company to partner with auto manufacturers south of the border in Mexico.

THE LIST SOUTH COUNTY'S LARGEST EMPLOYERS

► Ranked by number of local employees as of May 1, 2021

Rank (last year)	Organization Address Website Phone	# of South County employees: 2021	Percent of local employees working in South County: 2021	Number of local employees Full-time Part-time: 2021	Organization description	Parent org. Headquarters Year est. locally	Top local executive	
1	General Dynamics NASSCO 2798 E. Harbor Drive, San Diego 92113 www.nassco.com 619-544-3400	 3,110	88%	3,525 10	Serves as the only major shipyard on the West Coast, designing, constructing and repairing ships for the U.S. Navy and commercial customers	General Dynamics Corp. Reston, VA 1944	Dave Carver	
2	Sharp HealthCare 8695 Spectrum Center Blvd., San Diego 92123 www.sharp.com 858-499-4000	 2,668	14%	12,972 6,500	Health care, hospitals, medical groups, health services, health plan	Sharp HealthCare San Diego 1955	Christopher Howard	
3	Southwestern Community College 900 Otay Lakes Road, Chula Vista 91910 www.swccd.edu 619-421-6700	 1,333	100%	660 673	Community College	Chula Vista 1961	Mark Sanchez	
4	City of Chula Vista 276 Fourth Ave., Chula Vista 91910 www.chulavistaca.gov 619-691-5296	 1,256	100%	1,049 207	Police, fire, recreation, library, streets, sewer	City of Chula Vista Chula Vista 1911	Mary Casillas Salas	
5	BAE Systems 2205 East Belt, Foot of Sampson Street, San Diego 92113 www.baesystems.com 619-238-1000	 1,150	100%	1,150 0	Ship repair company	Falls Church, VA 1999	David Thomas, Jr.	
6	Paradise Valley Hospital 2400 E. Fourth St., National City 91950 www.paradisevalleyhospital.net 619-470-4321	 851	100%	733 118	291-bed acute care hospital with emergency room	Prime Healthcare Services Ontario 1904	Neerav Jadeja	
7	Kaiser Permanente San Diego 9455 Clairemont Mesa Blvd., ⁽¹⁾ San Diego 92123 www.kp.org/sandiego 858-266-5000	 625	7%	4,884 4,040	Nonprofit health maintenance hospital, outpatient medical, urgent care, medical offices	Kaiser Foundation Health Plan & Hospitals Oakland 1967	Jane Finley	
8	NMS Management, Inc. 155 W. 35th Street, Suite A, National City 91950 www.nms-management.com 619-425-0440	 380	100%	120 260	Provides high-quality janitorial services for various Federal, State, and municipal agencies, also accommodates a complete spectrum of commercial properties	National City 1985	David Guaderrama	
9	Dixieline Lumber 2740 Tidelands Ave., National City 91950 www.dixieline.com 619-224-4120	 285	100%	285 ⁽²⁾ 0	Hardware and building products, retailer and supplier of lumber	Redmond, Wash. 1913	John Mayhew	
10	City of National City 1243 National City Boulevard, National City 91950 www.nationalcityca.gov 619-336-4411	 275	100%	275 ⁽²⁾ 0	Police, fire, finance, library, community services, engineering/public works, human resources	National City 1868	Brad Raulston	
11	Ball Automotive Group 1935 National City Blvd., National City 91950 www.ballauto.com 619-477-1517	 250	100%	250 ⁽²⁾ 0	Offers new and used Acura, Honda and Kia cars, trucks, and SUVs to our customers near San Diego	National City 1969	Jennifer Ball	
12	Motivational Systems 2200 Cleveland Ave., National City 91950 619-474-8246	 245	100%	245 ⁽²⁾ 0	Dedicated to being the foremost full-service supplier of interior and exterior environmental graphics in its marketplace	National City 1975	Robert Young	
13	SeaWorld San Diego and Aquatica Waterparks 500 SeaWorld Drive, San Diego 92109 www.seaworldsandiego.com 619-226-3901	 205	9%	290 1,990	Marine park & aquatic park	SeaWorld Parks & Entertainment Orlando, Fla. 1964	John Dunlap	

Source: The South County EDC & the companies Because industries use different standards for what is considered an employee, employee totals may include contract, per diem and other classifications. To the best of our knowledge, this information is accurate as of press time. While every effort is made to ensure the accuracy and thoroughness of the list, omissions and typographical errors sometimes occur. Please send corrections or additions to the Research Department at the San Diego Business Journal. Eric Alderete, aldere@sdj.com. This list may not be reprinted in whole or in part without prior written permission from the

editor. Some companies have declined to participate or did not return a survey by press time. It is not the intent of this list to endorse the participants or to imply a company's size or numerical rank indicates its quality.
⁽¹⁾ Main office address not located within South County zone, however numbers only reflect employees working within South County.
⁽²⁾ San Diego Business Journal estimate based off South County EDC numbers.