

LAEDC Assist Keeps Chile Sauce Maker in Irwindale

A retention project in Irwindale helps LAEDC reach its milestone of 200,000 jobs retained or created.

Business: Huy Fong Foods

Industry cluster: Food processing

Location: L.A. County, City of Irwindale

LAEDC's assistance:

Advocated on behalf of Huy Fong Foods and helped to build a relationship between Huy Fong and the city to reach a mutual and successful solution that retained approximately 80 full time and 100 seasonal jobs.



Outcome: The business remains open and growing in L.A. County.

In August of 2013, CEO David Tran was frustrated. A year and a half earlier he had moved Huy Fong Foods, his food processing company, into a new \$40-million facility in Irwindale. That's where, among various kinds of chili sauces, his workforce, which during the busiest part of the year amounts to 180 employees, makes the well-known Sriracha Hot Chile Sauce.

However, during the busy chili-processing season, some nearby residents complained about the spicy odors emanating from Huy Fong Foods.

That didn't make much sense to Felipe Martinez, a Huy Fong employee who works in the chili handling operation.

"I'm in there all day long and I've never had a problem," Martinez said.

The Irwindale City Council responded to complaints from its residents, officially declared the company a public nuisance and filed a lawsuit against Huy Fong for what it called "breach of contract." Tran was particularly frustrated because he couldn't convince city officials to visit his state-of-the-

art facility to see the real situation and, in fact, he felt like he could barely get them to talk to him.

Texas economic development officials did visit Tran though, and he began to consider moving his company to the State of Texas.

That's when LAEDC's business assistance program got involved. LAEDC regional manager Bob Machuca realized the threat that the company might leave Los Angeles County was serious. Machuca listened to the concerns Huy Fong executives expressed and he assembled the first of many meetings in which he would get all the players involved together over the next nine months.

Besides the city of Irwindale, LAEDC was able to garner the assistance of Southern California Edison, the South Coast Air Quality Management District (AQMD), a U.S. congressman, state legislators, county supervisor representation, and L.A. County leadership. LAEDC encouraged Southern California Edison to prepare an economic impact study on the company that Machuca presented to the city council during one of the many of its meetings that he attended.

"We were very surprised by what LAEDC and Bob (Machuca) were willing to do to help us," said Donna Lam, vice president of operations for Huy Fong.



Eventually, LAEDC, working with the State of California negotiated a compromise between the city and Huy Fong: The company would install a new filtration system and work with AQMD to eliminate the perceived odors. In exchange, the city would drop its lawsuit and its declaration of a public nuisance.

The outcome is that Huy Fong and the jobs it generates remain in Irwindale and Los Angeles County. This also had a very positive effect on the 300 to 400 indirect jobs that would have been affected in nearby Kern County where the chilies are harvested.

Several months later, Martinez said, “Knock on wood, but it looks like we’re all going to be able to continue to work. And that’s good because, if they were to close our company down, I wouldn’t be able to support my family.”

Lam said, “We consider Bob a friend. He was there for us when we needed him.”