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Mr. Don Able Draft 4

FYI, Re:
Economic
Development.

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San Diego Economic Development Corporation

September 24, 1991

Mr. Steve Brennen
County of San Diego
1600 Pacific Highway
San Diego, CA 92101

Dear Steve:

Recently I sent you an article from the San Francisco Chronicle outlining some of the difficulties they are having there. Attached is an additional copy of that article along with the subsequent articles covering the same subject matter. Obviously, San Francisco is having great difficulties not too unlike our own. However, it would appear that their problems are even more significant than ours. Perhaps we can learn from them.

Clearly we don't want to sound like alarmists, but it is the responsibility of the Economic Development Corporation to keep the leadership of San Diego posted on what we are seeing within the business community and the effects it might have on the regional economy. With that in mind, I would like to point out that we have never seen the level of frustration in the business community quite so high. Keep in mind San Diego's a predominately a small business community, over 90 percent of the companies have 50 or fewer employees. The CEOs of companies that small don't have time to be particularly vocal in the political process and as a result, their voices often go unheard until we see their footprints in the sand following their departure.

I was recently at a dinner where two CEOs who represent the future of San Diego's economy--that is they are running young technology driven companies which together employ probably 400 people, and both companies will undoubtedly be among San Diego's most significant players in the future. That is if they stay. Both these individuals were discussing the excessive taxes and the fact that they could decrease their personal tax burdens by 11 percent and their corporate tax burdens significantly as well. That in concert with the difficulty of doing business in California and San Diego has caused them to very seriously consider leaving San Diego in the not too distant future. Needless to say, it's not the kind of dinner discussion I like to hear.

I think it's extremely important that you be aware of this since it's not an isolated situation by any means. It is extremely important that we all work together to assure the future of our business community. We must recognize that the business community is not going to be as vocal as one might find in a region where there was a concentration of larger corporations. As a result, we are going to have to spend more time anticipating their needs and managing San Diego in a fashion that provides a balance in which smaller companies can grow healthy--a community in which CEOs are proud to speak out on behalf of the community to others who might be considering us as a new location.

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partially funded by the City, Port and County of San Diego

In closing, let me point out that in addition to what I've just described, we are also seeing a great deal more targeting of California and San Diego by other regions of the country who sense our vulnerability and have started circling like sharks. While we continue to fend off the sharks and work with you to help companies stay here in San Diego, we are deeply concerned that we need to be much more aggressive with regard to these activities. To that end, we look forward to working with you to create an environment that will not only provide the environmental quality of life that everyone strives for, but also a business environment which allows everyone to have a good job and a strong tax base to provide the services we all agree are necessary.

Sincerely,

Dan

Daniel O. Pegg
President

DP:pc

Attachments

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