

COMMENTARY

Editorials, letters, columns and other opinions

Reverse Big Government Trend in Time of Crisis



COMMENTARY

Gary London

Crises can be the “midwives” of serious thinking, suggested The Economist newspaper in a Jan. 21 Leader. This period in our history certainly qualifies, what with high unemployment and the fiscal implosion.

This concept provoked me into musing about what provoked them: rising government spending, growing state power and the spread of regulation. While the Economist was talking about the nation and the globe (small topics like banking regulations, health care, anti-terrorism policies, etc.), I thought it would be beneficial to bring the argument to the local and regional level.

I hope that this column doesn't sound sophomoric, moralistic or right wing. I try not to be any of those things.

But just as the slogan of last year was to “reset,” now is the time to re-evaluate many of our institutions and ways of doing business.

Evaluating Government's Role

While it is misleading to equate “smaller” with “better” (how much government spends often matters less than how it spends), this is an opportunity to reconsider the role of government, and the efficiency of government.

Here are some examples of candidate targets:

- **Merge and Consolidate:** San Diego is a one-county region with only 18 municipalities and a myriad of special districts. While it is duly noted that downsizing is taking place in public agencies, why are there no serious discussions about consolidation? I trust that there are some internal discussions, I just haven't seen a public de-

bate about merging urban fire and police departments, much less land use planning functions, park and recreation, water, real estate assets or library services.

I haven't heard a serious discussion of even considering merging the ceremonial offices of the city and county of San Diego at the county's showcase 1600 Pacific Highway and moving “backroom” functions to cheaper locations, extracting the city from 202 C St. and potentially putting it to better use.

I haven't seen action. Why not? Now is the time to take action while budgets are stretched, policy makers are stressed and voters are angry.

Call For Substantial Reform

The San Diego Association of Governments is our regional agency and it could serve as the perfect forum. To be fair to SANDAG, it does a great job of administering to regional transportation needs and in economic and demographic forecasting. But during its many years of existence it has been mostly a sideshow, rather than a forum to put real clout in government reform.

- **Create Workable Business and Neighborhood Districts:** Little Italy is a neighborhood that taxes itself to patrol, clean up and promote its businesses. This is a workable model that can be cloned in any neighborhood that wants to put power in its own hands.

- **Tighten and Update the Rules:** My favorite example is that the zoning and land use books are too fat. They need to be simplified. The problem is that our planners are mostly working on old sets of rules that apply mainly to horizontal land use patterns on green fields. They don't do an efficient job with mixed-use and vertical land use patterns on brown fields. The rules are now a conglomerate of overlays and exceptions stacked on

top of old, obsolete rules that applied to the 20th century.

- **Permanent Downsizing of Employees:** No matter how the pension crisis plays out, the city of San Diego will emerge as a much smaller bureaucracy. That is inevitable. The challenge will be to resist re-expansion by making sure that the combination of technology, appropriately skilled people and higher expectations make up the composition of the new public workplace.

- **Volunteerism:** This activity needs to be part of the discussion. There are a few promising trends, such as the community effort involved in preserving and maintaining Balboa Park. But I have not heard policy makers declare a new era of volunteerism. People are needed to maintain neighborhood parks, beaches, patrol communities, clean up, man the help desks, and steward the programs for the elderly, disabled and young.

A Job For Elected Leaders

“Reinventing government” is not easy. In 1978, California voters passed Proposition 13, a dramatic property tax-cutting initiative. The concept that voters could come in and change laws or replace elected officials whenever they didn't like a law or a person has been cloned in California virtually every year since.

But direct democracy has ended up making government far worse. It is much better for our elected policy makers to consider the hard issues now when the “window” of opportunity is open, rather than face whatever form of direct voter backlash they will inevitably see in the future.

Gary H. London is president of The London Group Realty Advisors, which provides real estate consulting and economic analysis. Check him out on the Web at londongroup.com.

Maintain, Expand California's Enterprise Zone Program

Here we go again.

California is strapped with more than \$20 billion of deficit, a 12.3 percent unemployment rate and a staggering decline in home values. Faced with these daunting economic indicators, the outlook of the California Legislative Analyst's Office for the 2010-2011 budget suggested that one way to repair our state's unfortunate economic plight is to eliminate or reduce the California Enterprise Zone, or EZ, Program. Unfortunately, the Legislative Analyst's Office's recommendation will almost certainly hurt, not help, California's struggling economy.

Through hiring tax credit incentives and manufacturing accelerated depreciation schedules, the California EZ Program encourages businesses to locate in historically economically challenged areas and hire employees who often face high barriers to employment.

Several areas of the country have experienced “corporate flight,” whereby companies relocate from an inner city neighborhood to a suburban community. Detroit and Buffalo, N.Y., are prime examples of how “corporate flight” ultimately results in increased unemployment, chronic homelessness, and elevated crime rates. The California EZ Program

was designed to help prevent this type of devastating business exodus and the numbers demonstrate that the program continues to be a great success.

Stimulus For Change

By providing corporate tax incentives and expanding employment opportunities, the California EZ Program continues to transform economically challenged areas into thriving business hubs. National City and Otay Mesa, both of which are located within a California Enterprise Zone, are two local examples of this positive trend. Companies from throughout the San Diego region are now looking to National City and Otay Mesa as viable locations for the expansion of a lasting corporate footprint.

For example, **Epsilon Systems Solutions Inc.**, a government contractor based in San Diego, has two locations in the San Diego Regional Enterprise Zone — one in National City and the other in Otay Mesa. Epsilon Systems' work is focused on offering technical support for government agencies such as the Department of Defense and Department of Energy. Whether it is pipe fitting, welding or manufacturing, Epsilon Systems' National City and Otay Mesa facilities draw from the local populous to fill its

expanding hiring needs. Epsilon Systems reinvests the tax savings it realizes from participating in the California EZ Program to provide new hires with an abundance of training opportunities.

Tools To Be Competitive

The California EZ Program has also contributed to Epsilon Systems' ability to offer its employees access to an employer-subsidized medical, dental, life and disability plan, a Stock Ownership Plan, Profit Sharing Plan, and matched 401(k) retirement plan. While other companies are closing their doors, Epsilon Systems has remained competitive.

As lawmakers tackle one of the toughest budget years, they should not be shortsighted and cut back a proven job creation tool. California needs the Enterprise Zone Program now more than ever — by creating good-paying jobs we will take pressure off of government assistance programs and generate more individual and corporate tax revenue to fill the state's coffers. Enterprise zones help businesses survive and flourish and that is one of the best ways to ensure economic recovery.

Dan Dufresne is director of government relations for Epsilon Systems Solutions Inc.

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4909 Murphy Canyon Road, Suite 200
San Diego, CA 92123
858-277-6359 • Fax 858-277-2149
E-mail: sdbj@sdbj.com • Web site: www.sdbj.com

PRESIDENT & PUBLISHER

Armon Mills amills@sdbj.com • ext. 3153

EDITOR-IN-CHIEF

Reo Carr rcarr@sdbj.com • ext. 3104

EDITORIAL

Managing Editor

Brad Sondak bsondak@sdbj.com • ext. 3139

Asst. Managing Editor

Julie Gallant jgallant@sdbj.com • ext. 3108

Contributing Editor

Tom York tyork@sdbj.com

Supplements Editor

Tara Sharp tsharp@sdbj.com • ext. 3117

Senior Reporter

Mike Allen mallen@sdbj.com • ext. 3149

Reporters

Heather Chambers hchambers@sdbj.com • ext. 3125

Brad Graves bradg@sdbj.com • ext. 3115

Kudos/Giving Columnist

Joyce Glazer jglazer@sdbj.com

Photographers

Melissa Jacobs • mj@sandiegophoto.com

Stephen Whalen • peak15@roadrunner.com

RESEARCH

Research Director

Kevin Black kblack@sdbj.com • ext. 3114

Research Assistant

Andrew Schweizer aschweizer@sdbj.com • ext. 3112

Editorial Assistant

Katie Pirillo kpirillo@sdbj.com • ext. 3120

ADVERTISING

ASSOCIATE PUBLISHER

Scott Whitley swhitley@sdbj.com • ext. 3132

Sales Manager

Dale Ganzow dgananzow@sdbj.com • ext. 3135

Account Executives

Lisa Elrod lelrod@sdbj.com • ext. 3131

Jim LaMarca jlamarca@sdbj.com • ext. 3150

Erin Mullooly emullooly@sdbj.com • ext. 3152

Lauren Rubinstein lrubinstein@sdbj.com • ext. 3133

Online/Marketplace Account Manager

Trina Mills tmills@sdbj.com • ext. 3130

Sales Administrator

Kathi McArthur kmcarthur@sdbj.com • ext. 3129

Events Administrator

April Edelston aedelston@sdbj.com • ext. 3151

Production Artist/Photographer

Michael S. Domine mdomine@sdbj.com • ext. 3119

ART DEPARTMENT

Director of Production

Darlene Alilain dalilain@sdbj.com • ext. 3102

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Director of Circulation & Marketing

Linda Olander lolander@sdbj.com • ext. 3141

Director of Circulation Sales

Lawanda Ashworth lashworth@sdbj.com • ext. 3118

Circulation Assistant

Casimira Lavala-Martinez clavala@sdbj.com • ext. 3142

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Mark J. Misiano mmisiano@sdbj.com • ext. 3122

Executive Assistant

Cindi Tyburski ctyburski@sdbj.com • ext. 3121/3124

Receptionist

Dorothy Blanchard dblanchard@sdbj.com • ext. 3101

