

ADA.

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Lisa:

Please see the following for Pcte Savage's comments. I hope you can use this.

Amber

the section on ada is fine with the following exceptions...

we've signed up to 20,000 square feet in richardson, texas, that we expect will accomodate about 60 people... so the ratio is about 330 square feet per person, in a software location where there is a minimal need for lab space, and no electronics manufacturing required.

in san diego, we presently have 44,000 square feet on scranton road in the san diego tech center, where we have about 110 people, have electronics manufacturing, limited to "final assembly and test" (we do not assemble the circuit board modules at our facility, but have those modules assembled by contract manufacturers), and have lab facilities for electronic design engineers. our san diego facility was the basis for the 400 sq ft per employee. NOT the new richardson location.

other comments:

1. we don't want our people commuting between san diego and richardson... it's sub optimal from a team work perspective. but we can do this and minimize the risk with high speed telecom lines between the locations, desk top video conferencing for managers and in conference rooms, and with the omnipresent email and internet and fax.

2. i think the radius in richardson is a FIVE mile radius...

3. we've had 5 texas candidates turn us down and say they'd come if the job was in richardson. we've hired a software manager and 4 engineers in the last 2 weeks in richardson.

4. the difficulties:

a. high cost of living in san diego vs. texas, north carolina, atlanta..

high state taxes, high cost of housing (recent sddt front page section 2 article noted san diego among 8 highest in nation), lousy schools - need to send children to private schools, which then leads to high salaries since candidates expect to maintain disposable income... higher expenses have to be "grossed up" to take into consideration the state tax rate.

we pay whatever it takes to get people to san diego... there's an emotional hurdle in every relocation however, and that's the impact on the family. we can make the economics equal or better through higher salaries, and we can offer paid relocation packages, BUT we can't offset the problems of poorer k-12 education and deficient educational programs with no music, art, physical education, etc.

when san diego companies pay "what it takes" to get candidates to accept jobs and relocate to san diego (taking all of the above into consideration) we are paying MORE THAN NECESSARY to staff our companies, and are not exercising our fiduciary duties to our stockholders to get the most accomplished for the lowest cost. if i can staff the company at a lower cost in richardson than in san diego, then i should staff in richardson.

THE SOLUTION ISN'T TO HAVE SAN DIEGO COMPANIES PAY HIGHER SALARIES AND INCREASE THEIR RELOCATION PACKAGES!

i concur however, that MANY smaller san diego companies have unreasonable ideas about what salaries and relocation packages should be... i've discussed this with ceo's and find they have little or no info on which to base their beliefs. several ceos for example, believe that qualcomm buys people with higher salaries... whereas, in

reality, qualcomm knows the competitive structures, and offers them, and these smaller companies offer salaries that are significantly lower since they don't have correct data on which to base the offers.

b. the "good" school districts are way overcrowded... and they're cutting back on "nice to have things" like art and music etc. carlsbad schools are overcrowded, and my vp customer support who moved to aviara to get good schools is now facing overcrowding and a decline of the schools...

SUMMARY:

PETE'S PERSPECTIVE:

WE CANNOT CHANGE WHAT WE CANNOT CHANGE....

- TAXES WILL REMAIN HIGH
- COST OF HOUSING WILL REMAIN HIGH

WE CANNOT, IN FULFILLMENT OF OUR FIDUCIARY DUTY TO OUR STOCKHOLDERS, PAY "WHATEVER IT TAKES" TO BRING PEOPLE TO SAN DIEGO...

BUT WE MUST CHANGE WHAT WE CAN CHANGE...

WE HAVE TO CREATE A STRONG DESIRE TO COME TO SAN DIEGO ON THE PART OF CANDIDATES IF WE ARE TO STAFF OUR COMPANIES AT REASONABLE COSTS...

THAT MEANS THAT CANDIDATES HAVE TO ACCEPT HIGHER TAXES AND HIGHER COSTS OF HOUSING (OR SMALLER HOUSES AND PROPERTIES)

THEY WILL DO THAT IF THERE ARE OVERRIDING POSITIVE FORCES THAT DRAW THEM TO SAN DIEGO.

TODAY, THE ONLY POSITIVE FORCE WE HAVE IS OUR LOCATION ON THE OCEAN AND THE WEATHER.

SO WE MUST:

1. ELIMINATE THE INCORRECT NEGATIVE FORCES THROUGH OUTSTANDING PUBLIC RELATIONS AND ADVERTISING ETC.

SAN DIEGO IS NOT (AS NIGHTLY NATIONAL NEWS PORTRAYS US...):

- A DRUG CENTER
- RIFE WITH IMMIGRATION PROBLEMS
- FILLED WITH HEAVEN'S GATE CULTS
- A HAVEN FOR "ANDREW CUNANAN" LOOKALIKES
- A HIGH TECH WASTELAND

SAN DIEGO IS:

- STARTING TO CREATE A HIGH TECH CENTER (WE'RE NO WHERE NEAR ATLANTA, RICHARDSON AND NORTH CAROLINA IN TELECOM...)
- A WONDERFUL PLACE FOR FAMILY RECREATION
- A GREAT PLACE TO GET A GRADUATE DEGREE
- A LOUSY PLACE TO SEND YOUR KIDS TO PUBLIC SCHOOLS

2. CREATE A UNIQUE POSITIVE FORCE THAT IS COMPELLING FOR CANDIDATES.

I SUBMIT THAT COMPELLING FORCE IS OUTSTANDING K-12 EDUCATION FOR THE CHILDREN OF THE CANDIDATES WE ARE TRYING TO RECRUIT.

WHAT FAMILY WOULDN'T ACCEPT A SMALLER HOME IN SAN DIEGO COUNTY, FOR OTHERWISE EQUAL COMPENSATION, IF THE SCHOOLS WERE UNIFORMLY AMONG THE BEST IN THE COUNTRY?

THIS IS WHAT WE MUST DO!

everything else is merely doing our best to respond to obvious issues...

(higher salaries, higher relocation packages, college programs to "grow our own", job fairs, lack of land, spousal employment)

it's NOT creating an imperative to "COME TO SAN DIEGO!"

now i'll get off my soap box...

// pete