

THE BILL OTTERSON BIOTECH LETTER
DECEMBER 14, 1992
NUMBER 36

WARD VALLEY

1. January 1, 1993 is now upon us, and the "unthinkable" is about to happen. From that date on, California will have no viable solution for Universities, research institutions, hospitals and biomedical companies to dispose of their Low-level Radioactive Waste. **Consultants Carolyn McGraw** and **Bill Beckman** have spoken with the Chancellor of UCSD to alert him and to request his intervention with elected officials. At the request of Carolyn McGraw, **Congressmen Ron Packard** and **Duncan Hunter** have each contacted **Secretary Lujan** urging the immediate transfer of the Ward Valley land to the *State Department of Health Services*.
2. No word yet on the lawsuit. No action yet on the land transfer.
3. The *Union-Tribune Editorial* on Sunday, by **Nancy Schoeffler**, entitled "Radioactive delay," closed with "The failure to meet the deadline on a disposal site threatens to expose California business and health concerns to higher costs and liability, and to curtail important medical research and treatment."

MOST INNOVATIVE NEW PRODUCTS AWARDS LUNCHEON

4. In what may have been the year's largest grouping of "high-techies" and their service providers in San Diego, 650 people turned out to see the Most Innovative New Product Awards ceremony and hear guest speaker *San Diego Gas & Electric* **Chairman Tom Page**. Winner in the biotechnology/biomedical category was **Kim Blickenstaff**, **President and CEO, BioSite Diagnostics**, with its Triage Panel for detection of up to 7 illegal drugs within 10 minutes.

A special award, called the "Techno-Genesis Award," went to *General Atomics* for "creating a fertile environment for science, its application of science to the betterment of mankind, and contribution to San Diego's economy." Accepting for the company was *CONNECT Steering Committee Member*, and *General Atomics Vice Chairman Linden Blue*.

A letter of congratulations for the event was received from **Governor Pete Wilson**, a strong supporter of *CONNECT*, stating, "As a Proud San Diegan, I am delighted to continue to support and praise UCSD's *CONNECT* Program and its cooperation with San Diego's thriving business and industry communities."

Mayor Susan Golding in her first week of her new term, dropped in to remind us of her pledge to make San Diego "the first great city of the 21st Century." "I hope this government will be known for the kind of innovation present here today," she added. Other elected officials included, **Chula Vista Mayor Tim Nader**, **San Diego Deputy Mayor Tom Behr**, **City Councilmember Ron Roberts**, **Cynthia Vicknair** from **Councilmember Judy McCarthy's Office**, **City Councilmember George Stevens**, and **Biotech Ombudsman Kurt Chilcott**.

MANUFACTURING IN SAN DIEGO

5. The recently released *California Business Roundtable Survey* reported that both businessmen and voters found that chief concerns continue to be Health Care Costs, the

Workers' Compensation System, Liability Laws, State Business Taxes, and the Business Permitting Process.

6. CONNECT Volunteer and former CFO of a Fortune 500 company, **Joel Sollender**, has recently compiled an updated valuation of San Diego's publicly-traded companies. He hopes to be able to use this to validate industry claims that employment by this industry in San Diego could reach 50,000 by the end of the century (if San Diego can keep manufacturing here.)
7. Based upon a recommendation by **Don Grimm**, Chairman of *Hybritech*, a study of what high-tech industries need in infrastructure development and training to support manufacturing in San Diego is under consideration by CONNECT.

CALIFORNIA CLEAN AIR ACT

8. *The San Diego Air Pollution Control District* has scheduled a workshop to discuss the San Diego proposed Rule 1302 trip reduction plan. *The Greater San Diego Chamber of Commerce* has issued an **ALERT!** requesting companies to attend the Workshop and comment on the Plan, which affects all companies in San Diego with 60 or more employees.

Wednesday, Dec. 16, 9:00 am to 1:00 pm
Scottish Rite Masonic Center
1865 Camino del Rio South

APCD Director **Ralph Sommerville** is operating under strict rules under the *California Clean Air Act*. **Raytheon's** Manager of Environmental Health & Safety, **Ollis Hill**, suggested that if companies find the rules too onerous, it may be necessary for local California Assembly and State Senate members to take the issue to Sacramento to urge delay of the rules until after a California economic recovery.

GENETICALLY ENGINEERED FOODS

9. UCSD biologists **Julian Schroder** and **Daniel Schachtman** published in *Science* their discovery of the gene in plants which controls the intake of potassium. This could eventually lead to the development of salt-tolerant grains, fruits and vegetables capable of growing in salty soils, like San Diego County and Baja California.
10. CONNECT Volunteer and former Nissan Design CFO **Lou Shoemaker** is "point man" on the Genetically Engineered Food issue. He will be working with CONNECT Sponsor **Burson Marsteller**, a national public relations firm, to block **Jeremy Rifkin's** threatened boycott of restaurants serving genetically engineered foods. Rifkin's opponents call him "a sixties- style activist in the nineties world."

PAST WEEK

11. **Mayor Susan Golding** took office this week. In her acceptance speech she promised to help build San Diego into a "showcase...for the nation." She vowed to make San Diego "the most business-friendly city" in the nation. "For too long, we've viewed business development and environmental protection as mortal enemies," she said.

In an interview with the *Union-Tribune* Editorial Board, published Sunday, she said, "If you create a change of attitude toward business in San Diego and send a clear message...things will be different." Golding will "move immediately on the development of a contract on water for manufacturing entities that use water in processing; I want these companies to know that they will have water--guaranteed. For example, the biomedical industry...would shut down...(without guaranteed water). With 70 percent of our water

being used for outdoor irrigation,...we let manufacturers know they are not going to have to worry about water availability." (Previously the Mayor sat on the regional Water Board.)

12. 1993 San Diego Technology Financial Forum President **Jim Forester** of *Silicon Valley Bank*; **Tom Darcy** of *Price Waterhouse*; **Jed Harris** of *Imperial Bank*; **Bob Weaver** of *Deloitte and Touche*; **Doug Obenshain** of *Ernst & Young*; **Craig Andrews** of *Brobeck, Phleger and Harrison*; and **Wain Fishburn** and **Fred Muto** of *Cooley, Godward, Castro, Huddleson and Tatum*, travelled to Menlo Park to help host a SDTFF reception at the Sundeck Restaurant with **Bryna Kranzler**, Forum Director **Charleen Boyl** and me.

On the following day we called on *Mayfield Fund*, *Matrix Partners*, *Institutional Venture Partners*, *Sequoia Capital*, *Asset Management Associates*, and *Merrill, Pickard, Anderson and Eyre* to give them special invitations to the Forum on February 10 and 11. We learned that as much money flowed into venture capital up to mid-1992 as in all of 1991. The larger, successful funds have had little trouble raising funds and are still planning investments in start-ups. Favored industries include biomedical, devices, communications, software (not start-ups) and electronics.

13. The *Meet the Researcher* seminar Friday was more than a technical discussion of the work done by **Dr. Thomas Edgington** in his *Scripps Research Institute* lab and the commercialization of that research at *Corvas International*. It was an entire lesson in how you start a research-based biomedical company, from idea genesis to IPO, told by the people who did it!
14. **Julie Meyer Wright** was appointed **Secretary, Trade and Commerce Agency**, a newly created position by **Governor Pete Wilson**. Julie has been a **CONNECT** admirer for some time.

OTHER

15. **CONNECT** Steering Committee member and co-founder, **Dr. Lea Rudee**, has stepped down from the position of Dean of the School of Engineering after serving twelve years, to pursue his interests in teaching and research. His research is in materials and conductivity.
16. The *Biomedical Industry Council (BIC)*, the only lobbying group in the State for this industry, is seeking membership renewals and new memberships now. Membership for biomedical companies ranges from \$500 to \$5000, depending on number of employees. Associate Memberships are \$1000.
17. *EDC*, *BIC*, and *CONNECT* are investigating the feasibility of establishing a biomedical incubator facility on City land in Eastgate. Nicknamed *BioNest*, the facility would provide lab and office space on a short-term lease to biomedical start-ups with little credit.
18. *The Salk Institute* and *UCSD* announced a collaboration in which Salk researchers may teach classes at UCSD, and some UCSD graduate students may study in previously unavailable Salk labs.

UPCOMING

19. The *NIH Office for Protection from Research Risks (OPRR)*, *Division of Animal Welfare*, is continuing to sponsor a series of workshops on implementing the Public Health Service Policy on Humane Care and Use of Laboratory Animals. *Scripps Research Institute* and *The Salk Institute* will co-sponsor an event, *Science and Animals: Addressing Contemporary Issues* at the Sheraton Grande Torrey Pines, Jan. 21 and 22, 1993.
20. The World Trade Association, in conjunction with the U.S. District Export Council, is

forming an "International Biotech Roundtable" breakfast group. The group has two focal points: to have biotech industry members discuss obstacles in promoting their products globally, and to give feed-back to the World Trade Council regarding the industry's needs. The first meeting will be held on Friday, December 18, from 7:30-9:00 a.m. at SamSon's in La Jolla. Please send a representative if possible.

MEMBER NEWS

21. *The La Jolla Institute For Allergy and Immunology* announced the promotion of **Charles A. Carpowich, Jr.**, to Vice President and Chief Financial Officer.
22. *The Chamber of Commerce "Spotlight on Business"* featured **Don Grimm**, Chairman of *Hybritech*, speaking on his company's new cancer diagnostics.

NOTE: Sponsors and Members please send **CONNECT** your press releases if you would like them included here.

written by Bill Otterson/edited by Cathie Hilker/censored by Bryna Kranzler
Bill's Editorial

December 14, 1992

the 1992 High Technology Directory:

Three-in-a-row

Readers of this piece will recognize that this is the third week in a row that we have discussed the California Clean Air Act here. And well it should be, for as **Don Grimm**, Chairman of *Hybritech*, San Diego's first and biggest biotech company, said: "**Trip Reduction Plans** are just the tip of the iceberg as to what California does to discourage manufacturing here. If we can't beat this one, we might as well throw in the towel."

As readers will recall; "Trying to teach employees to car pool is a bit like trying to teach a pig to sing. It only annoys the pig, and frustrates the instructor." This is the **Penultimate Porcine Primadonna Predicament**.

This is clearly a jobs issue. It may be "the straw that broke the camel's back" for some companies, causing them to expand outside the state. With unemployment in San Diego at 7.8%, why don't we postpone unnecessary regulation until business recovers?

Counting Noses (Snouts)

In my December 7 Editorial, I emphasized that the present plan affects every San Diego County company now employing or expecting to employ **60 or more workers in one location**. Here's the partial roll call from

| Company | Employees |
|-------------------------------------|-----------|
| Biomedical: | |
| IVAC | 1200 |
| Imed | 660 |
| Hybritech | 800 |
| Kelco | 650 |
| Stratagene | 240 |
| Gensia | 230 |
| GenProbe | 210 |
| QUIDEL | 300 |
| Biomag Tech | 125 |
| Alliance Phar | 115 |
| Agouron | 109 |
| Cytel Corp | 98 |
| Software: | |
| ChipSoft | 236 |
| Biosym Tech | 180 |
| Software Prod | 150 |
| Forte | 75 |
| State of the Art | 70 |
| AGE Software | 50 |
| Communications: | |
| QUALCOMM | 680 |
| ComStream | 220 |
| Computers & Electronics: | |
| Brooktree | 540 |

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| Stratagene | 240 |
| Gensia | 230 |
| GenProbe | 210 |
| QUIDEL | 300 |
| Biomag Tech | 125 |
| Alliance Phar | 115 |

| | |
|------------|-----|
| Agouron | 109 |
| Cytel Corp | 98 |

Software:

| | |
|------------------|-----|
| ChipSoft | 236 |
| Biosym Tech | 180 |
| Software Prod | 150 |
| Forte | 75 |
| State of the Art | 70 |
| AGE Software | 50 |

Communications:

| | |
|-----------|-----|
| QUALCOMM | 680 |
| ComStream | 220 |

Computers & Electronics:

| | |
|---------------|-----|
| Brooktree | 540 |
| Applied Micro | 250 |
| GammaMetrics | 150 |
| Raytheon | |
| Dataware | 70 |
| Digital Equip | 70 |
| Overland Data | 60 |

Service Providers:

| |
|-------------------|
| Gray, Cary |
| Luce, Forward |
| Brobeck, Phleger |
| Deloitte & Touche |
| Ernst & Young |
| Price Waterhouse |
| Imperial Bank |
| John Burnham |
| Barney & Barney |

Well, you get the point. High-tech companies, and their service providers, the very ones that could lead us out of recession, are the ones targeted by the California Clean Air Act! This would appear to be the classical jobs vs. the environment conflict, but it's not. No one has shown that car pooling will help the smog problem! But, all it would take would be one or two high-tech companies jumping to Colorado for the heat to hit elected officials!



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Sequoia Capital
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Spensley Horn Jubas & Lubitz
Sullivan Consulting Group
Technology Funding, Inc.
Union Bank
U.S. Venture Partners
Ventana Growth Fund
West, Kuhn, Turnquist & Schmitt
Westview Securities Inc.

December 17, 1992

Carole McWilson
Alliance Pharmaceuticals
PO Box 290
La Jolla, CA 92037

Dear Carole:

Thank you for taking the time to come down and testify at the Air Resource Board District yesterday. Your testimony was excellent and as you can see by the attached article we have gotten our message across. Thanks again.

Sincerely,

William W. Otterson
Director
FAX (619) 552-0649

Your FAX 558-5306