

**THE BILL OTTERSON BIOTECH LETTER**  
**APRIL 26, 1993**  
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**WARD VALLEY Low-Level Radioactive Waste (LLRW)**

1. *Biomedical Industry Council (BIC) President David Hale; Prizm Pharmaceuticals, Chief Operating Officer Tina Berger; BIC and Biocommerce Association (BIOCOM) Environmental Committee Chair Mary Walker; and BIC Executive Director Bernie Rhinerson* carried the *BIC/BioCom* Ward Valley Compromise to Sacramento Monday. "Class A" waste represents 95% or more of the volume but only 10% of the radiation (curies) in the California LLRW waste stream, and decays to safe levels in 100 years or less. Since the compromise suggests licensing the Ward Valley site now for Class A waste, and then letting the previously pledged adjudicatory hearings commence to determine the fate of the more active "Class B and C" waste. *Sentence does not end*
  
2. "The *Science Advisory Board*, constituted by the *San Diego Board of Supervisors*, strongly recommends the Governor's support for immediately licensing of the Ward Valley low-level radioactive waste disposal site for 'Class A' wastes," said **Dr. Harold M. Agnew, Chair**, in a letter to the Governor, adding, "this Advisory Board has been involved in the study of the issue of the disposition of low-level radioactive wastes from biological and medical research, patient treatment, and other industrial uses. Our findings lead us to fully support the proposal that the State of California immediately license the Ward Valley site for the right of 'Class A' wastes, and that adjudicatory hearings be held only on the more hazardous 'Class B and C' wastes." The Board recently presented its finding on this issue to the County Board of Supervisors. Copies of the March 9, 1993 presentation by **Dr. Helen Ranney**, former Chief of Medicine at UCSD, are available from **Steve Brennan, Manager, Economic Policy, Administration and Coordination**, at 531-5292. *where?*

**CLEAN AIR ACT - TRIP REDUCTION PLANS**

3. "The tide is starting to turn on the Trip Reduction Programs," according to **CONNECT Champion Terry Bibbens**. He and **Linda Ivor, Manager of Government Relations, Hybritech**, were part of an industry and government task force that met last week with the **APCD Director, Richard Sommerville**, to review APCD's latest plans on TRP. At that meeting, the task force unanimously recommended that APCD pursue a strategy that reduces the TRP requirements to the minimum needed to meet EPA mandates. The recommended plan would delay implementation for industry another year (until 1995), and would reduce the AVR requirements from APCD's current level of 1.9 to 1.5 for all sections except downtown San Diego. APCD has agreed to pursue this plan, and is asking for industry support to convince the *California Air Resources Board*.

**Bibbens** also presented his ideas to **Jack McRosky's San Diego County Economic Development Sub-Committee** on Thursday, emphasizing that smog reduction and traffic congestion were two different causes, sometimes parading in shared garb.

**THE ECONOMY**

4. **U.S. Representative Lynn Schenk (D-La Jolla)**, is making arrangements for **David Hale**,

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**President, Gensia Pharmaceuticals, and Bernie Rhinerson, Executive Director, Biomedical Industry Council (BIC),** to meet with House healthcare leaders: **Chairman Donald Dingle, Henry Waxman, and Pete Stark** in Washington, to describe the devastating effect that their hearings and pronouncements are having on the ability of the fledgling biomedical industry to attract much needed funding.

#### ANIMAL RIGHTS MOVEMENT

5. *National Association of Cancer Patients (NACP)* **President Keith Boesky** and *NACP Board Member Bill Otterson* were interviewed on Channel 51, Saturday, as an alternative viewpoint to the animal rights activists' "funeral procession through 'Gory Crimes Road.'" Staged as part of **World Laboratory Animal Liberation Week**, by *PETA* and local activists, a small group started with a rally on the lawn of UCSD and then marched to *Scripps Clinic and Research Foundation*. Speakers at the rally heard **Sally Mackler**, a local activist, excoriate medical researchers. Also, **Donald Barnes, Director of Education, National Anti-vivisection League**, a former medical researcher, abrade the government for permitting cruel and inhumane treatment of animals. Activists circulated literature describing animal research on drugs and alcohol at Scripps, complaining that animals do not use drugs or alcohol.

"We support responsible animal research for medical cures, because it is the only alternative available," said **Keith Boesky**. **Bill Otterson** echoed his comment, saying, "I have had cancer for thirteen years and take recombinant alpha-interferon, which could not have been developed without the use of animal models."

#### SPEEDING FEDERAL DRUG ADMINISTRATION (FDA) APPROVAL

6. At the urging of several members, CONNECT is beginning to look into the FDA's treatment of local San Diego companies. Several elected officials have shown a willingness to sponsor CONNECT involvement, and the *California Trade and Commerce Agency Secretary Julie Meier Wright* is in the process of writing to **FDA Commissioner Dr. David Kessler** complaining of the slowdown in processing of "Pre Market Approvals" for medical devices. Medical device companies wishing to have their stories heard should contact **Deborah Abblitt** at **534-4750**. CONNECT will keep company names confidential, to avoid possible vindictive reaction from the agency.

Since the cost of obtaining approval by the FDA represents the largest single cost of bringing a new drug to market, several members have suggested that CONNECT investigate ways of speeding up approval for drugs also.

#### UCSD

7. **UCSD Chancellor Richard Atkinson** took his appeal for help to the press in the form of an Op-Ed piece in the *San Diego Union-Tribune*. Entitled, "A Precious State Asset is Being Destroyed" an excerpt is printed below. "Considering the severity of this problem and its expected impact on high-tech and biotech companies who depend on the University for new product ideas and highly educated engineers and scientists, this piece might more properly be titled, "They are Killing the Great Universities of the World," said one local pundit.
8. **UC President J.W. Peltason** joined the State University System, independent colleges and universities, and the Community College System in authoring, "The Golden State at Risk" which decries the continuing state budget cuts in the face of expected increasing student enrollments.

9. UCSD neuroscientist **Fred Gage** and his team, reported success, in the *Proceedings of the National Academy of Sciences*, in keeping brain cells alive outside the brain indefinitely.

#### DEFENSE CONVERSION FUNDS

10. In 1992 manufacturing employment decreased by 10,700 jobs in San Diego. Estimates for additional layoffs in 1993 run as high as 10,000 to 20,000 from aerospace, subcontractors, etc. With this grim picture in mind, **U.S. Representative Lynn Schenk** (D-La Jolla), brought **Representative Ron Dellums**, Chairman of the *House Armed Services Committee*, to San Diego on Saturday to discuss plans and hear recommendations regarding defense conversion. The discussion was attended by city planners, university administrators, and major company CEO's, including **Gene Ray**, President, *Titan Corporation*; **Walter Zakle**, President, *Cubic Corporation*; **Linden Blue**, Vice-Chairman, *General Atomics*; **Ed Furtek**, UCSD Federal Relations Coordinator; **Kurt Chilcott**, Ombudsman, *City of San Diego, Economic Development Division*; **Tom Dillon**, Senior Vice President, Defense Division, *SAIC*; and others.

Dellums (D-Berkeley), indicated an interest in retraining defense contractor employees for jobs that exist now or will exist when this training is completed. UCSD's biotech manufacturing program is a small step in this direction, and biotech companies interested in participating can call **Dr. John Peak**, Director, *Engineering & Science, UCSD*, for more information at **534-6948**.

#### CALIFORNIA TAXES

11. **State Assemblywoman Dede Alpert**, author of **AB 1824**, is seeking comments on how her corporate tax bill would help high-tech and biotech businesses, while trying to keep the bill approximately revenue neutral. With this opportunity, it would seem appropriate to put together a consortium including *BIC, BioCom, AEA, Western Association of Venture Capitalists, Bay Area BioScience, etc.* Assistance from *Cooley Godward, Baker McKenzie, Luce Forward, etc.* will be sought.

#### WORKERS' COMPENSATION REFORM

12. Some movement, however glacial, was detected in the volatile Workers' Compensation Reform arena. **George Howard**, Partner, *Luce, Forward, Hamilton & Scripps*, reports there are some 100 bills pending in Sacramento on the subject. One he likes is **SB 31**, sponsored by **Senator Patrick Johnson** (D-Stockton). According to Howard, this bill would make it easier for judges to reject bogus, fraudulent, or insufficient medical-legal reports.

#### LOCAL POLITICS

13. **Evonne Schulze**, a *San Diego Community College Trustee* and a community activist, has thrown her hat in the ring for **John Hartley's** soon to-be-vacated 3rd District seat, joining North Park resident **Dave Thompson**, and **Chris Kehoe**, a former aide to Hartley.
14. **April Boling** announced her entrance into the race for the *San Diego City Council's* 7th District, opposing incumbent **Judy McCarthy**. Because of her unflinching support for the use of animals in medical research, McCarthy is expected to receive the endorsement of *CFAAR (Coalition for Animals and Animal Research)*.



#### OTHER

15. "Tommy", called by the *New York Times*, "the stunning new stage adaptation of the 1969 rock opera by the group *The Who*" earned the 1993 Tony Award for an outstanding American regional theater for the *La Jolla Playhouse* and its **Artistic Director, Des McAnuff**. Premiered at the *Playhouse* last summer, the play opened on Broadway last week.
16. Attendees at the *Ninth Annual California Biotechnology Conference Program* Thursday heard **Dr. William Comer, President, SIBIA**, discuss his company's strategy of using partnering to develop a biotech product. **Forum Coordinator, Bob Bohrer** was joined by **Alfred Ferris** of *Ferris & Britton* and **Ned Israelsen** of *Knobbe, Martens* in organizing this year's conference.
17. *CalBiochem's* parent, *Balit CBC Corporation*, requested *The City Council* to approve a permit to construct an additional 170,000 square feet of space adjacent to its building on North Torrey Pines Road. It is expected to be approved this week with the condition that a fine of \$10 per trip, per day, will be assessed for trips in excess of the allowed number.
18. In a major reversal of U.S. environmental policy, the Clinton Administration is preparing to sign a biological diversity treaty, reports the *Los Angeles Times*. Former President George Bush had opposed the treaty because it did not protect the intellectual property rights of biotech companies, and the Clinton administration is expected to address that concern before signing the pact. **Richard C. Godown, VP** of the *Industrial Biotechnology Association*, said, "... we are very, very pleased at what the prospects are."

#### PAST WEEK

19. **Dr. Bob Erickson, President, Telios Pharmaceutical**, presented a discussion of "How To Do Corporate Partnering With the Japanese" at the *CONNECT SIGBIO* Thursday.

#### SOCIAL NEWS

20. Arriving in shiny aluminum costumes with "Hershey Strings" mimicking the party invitations, **Mary Walker** and **Ann Randolph** were the "hit" of the *Biotech Chocolate Binge* Saturday night at the Rancho Santa Fe home of **Peter Preuss, BioCom Board Member**, and his wife, **Lucy**. The party was co-hosted with *IDEC Pharmaceuticals* **President Bill Rastetter**, and his wife, **Lucy**, and **Bill and Anne Otterson**. Fifty guests from the industry enjoyed eating chocolate desserts and sipping wine under a new moon and stars imported for the event. "Other groups may have their fancy dinners, but the chocolate party is becoming a biotech tradition," said Rastetter.

#### UPCOMING

21. A *California Biotechnology Industry Summit* meeting is scheduled to be held at *Calgene, Inc.*, in Davis on Tuesday. Hosted by **Roger H. Salquist, President, Calgene**, the meeting is expected to attract biotech CEO's from Northern California. **Bernie Rhinerson, Executive Director, BIC**, and **Bill Otterson** will attend from San Diego. The luncheon speaker is **Wes Ervin, Project Coordinator, Biotechnology, California Trade & Commerce Agency**. **Peter Jensen, Executive Director, California Industrial Biology Association (CIBA)** will discuss issues of importance to the industry, including Ward Valley, Education, State Taxes, Workers' Compensation, etc.

#### NEWS FROM SPONSORS AND MEMBERS

22. *Nielsen Capital Group, Inc.* presented a proposed "Design Standard for Single-Tenant R&D

Biopharmaceutical Facilities" to the *Association of Biotechnology Companies (ABC) International Meeting* in Raleigh, Durham, N.C. The primary reason for the development of the design standard is to increase the attractiveness of such facilities to institutional investors.

According to **Bruce Carlin, President**, "Without such institutional investment, needed facilities will never be built."

23. *Dura Pharmaceuticals* announced first quarter revenues of \$3.6 million (an annualized rate in excess of \$10 million), an 80% increase from last year's \$2.0 million.
24. With the recent acquisition of *Agrigenetics*, *Mycogen Corporation* announced first quarter sales of \$59.2 million (an annualized rate in excess of \$200 million). Earnings were \$2.5 million. Mycogen now has 1,200 employees, including 300 in San Diego. "You can grow pretty fast through the acquisition route," quipped **President Jerry Caulder**.
25. Leading the pack of new biomedical companies reporting earnings, *Pyxis Corporation* announced earnings of \$4.7 million on a 158% increase of revenues to \$19.6 million for the quarter (an annualized rate of almost \$80 million). "Pyxis is one of San Diego's fastest growing companies," said **Tim Wollaeger, co-founder and Chairman of the Board**.

For a warm and friendly account of the founding of *Pyxis*, see **Neil Morgan's** column in the January 17, 1993 edition of the *San Diego Union-Tribune*.

26. *QUALCOMM Inc.* announced a second quarter revenue increase of 40% to \$36.8 million (an annualized rate of almost \$160 million) and was marginally profitable for the first time.

If you would like to receive YOUR OWN copy of the weekly *Bill Otterson Biotech Letter*, please contact Deborah Abblitt at 534-4750; we will bill you \$50 for a six month subscription.

The following comments are the opinions of the author and do not necessarily reflect the opinions of the University, of CONNECT or of CONNECT Sponsors and Members.

Guest Editorial:

Richard C. Atkinson, Chancellor, UCSD

"A Precious State Asset is Being Destroyed"

I have on my desk over 200 letters protesting the possibility that UCSD will have to close its fledgling School of Architecture.

These letters speak of the vision and creativity that characterize the plans for our school and of its importance to the San Diego community.

I find this situation ironic: Why are we considering closing a school we have spent five years and a great deal of effort getting started? The answer is blunt: We do not have the necessary funds to meet the future obligations we would have to students and faculty. The cuts in state support for UCSD are so drastic that it would be irresponsible to attempt to develop the program.

The state of California risks waking up one day to find that it has inadvertently destroyed one of its most precious resources - the University of California.

The amount cut by the Legislature from the UC state-funded budget during the last two years is approximately 20 percent. If funding for the UC system had followed past state standards and increased in proportion to undergraduate enrollments, its budget would be \$1 billion dollars greater than it is today.

I first came to California during the Korean War as a member of the U. S. Army. At that time, the citizens of California and the state government were totally committed to the idea that the University of California was a major factor in their economic development of the state. Agriculture, electronics, aircraft: All these industries and others profited from a symbiotic relationship with the research and teaching that went on at UC. The university was good for the state and the state for the university. This was the promise and the achievement of California.

The budget cuts of the last several years make it clear that current policy makers no longer have the same regard for the role of UC in the economic well-being of the state. I know that California is in trouble financially. But these cuts will have catastrophic effects far beyond any savings they may generate.

Let me look at UCSD as an example, although similar examples can be given for the other UC campuses. Each month UCSD expends about \$43 million in salaries and over \$55 million in purchases of goods and services - dollars funneled into the San Diego economy. UCSD receives approximately 23 percent of its operating budget from the state. This amounts to \$20 million dollars a month. The money we receive from the state is used primarily to pay the salaries of faculty and staff.

Where does the rest of our budget come from? It comes via grants, research projects, services, patent licenses and so forth. Much of that money is awarded competitively to faculty members who have demonstrated their excellence and innovation in particular fields of research.

Consistently, UCSD ranks in the top six universities nationally in terms of federal support of research.

The output of our research programs benefits the state as a

whole. The central role of UCSD in developing the biotechnology, telecommunications and computer software industries is well-known.

The work done at our Powell Structures Laboratory has produced a cheap and effective way of retrofitting concrete structures like bridges and freeways that will save the state of California millions of dollars per year for the foreseeable future.

Work done at our Scripps Institution of Oceanography may save the city of San Diego an estimated \$3 billion in sewage treatment costs over the next decade.

These research programs would not exist at UCSD without a world-class faculty. Because of previous state support we were able to attract the quality of faculty that made this work possible.

What will happen if support from the state is neither certain nor adequate? Raids by other universities are already under way. There is nothing like a local drought to make the grass greener elsewhere.

Picture a UCSD molecular biologist who is offered a professorship at, say, MIT. How does the choice present itself? Teaching loads are heavier at UCSD, salaries are lower, but most important, what is not clear is the state's commitment to the University of California. If I were that biologist, even leaving aside financial questions, I would be very receptive to an offer that permitted me to continue my work elsewhere without facing the multiple uncertainties that budget cuts bring every year in California.

So I might very well go to MIT and take with me the \$2 million in research grants I annually receive from federal agencies and private foundations. Those grants pay for my research expenses, for my staff salaries, and fund the graduate students whom I am training. The advances I make in medical science will benefit firms in Massachusetts, not those in Sorrento Valley.