

THE BILL OTTERSON BIOTECH LETTER  
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WARD VALLEY

1. The need for California's own Low Level Radioactive Waste disposal site for use by university and biotech scientists was discussed with university officials. *National Association of Cancer Patients'* consultant, **Carolyn McGraw**, pointed out that the State and the University of California, together, were the largest users of the now-closed disposal site at Beatty, Nevada. The current options of storing on-site, or trucking the waste across the country to Barnwell, South Carolina, are both expensive options. As to the wisdom of holding adjudicatory hearings, many at UCLA remember the interminable and inconclusive adjudicatory hearings on the relicensing of a small experimental nuclear reactor on that campus.
2. Anti-nuclear power activists appear to expect **Vice President Al Gore** and newly-installed *EPA Administrator Carol Browner* to intervene in the Ward Valley controversy, but many were surprised when Browner failed to intercede in a *Greenpeace* request in federal district court for an injunction against the state-of-the-art East Liverpool, Ohio, hazardous waste incinerator.

In San Diego, *Greenpeace* is handbilling neighborhoods, requesting telephone calls to Democratic officials opposing Ward Valley, citing the endangered Desert Tortoise and the need to hold adjudicatory hearings.

Nationally, *CNN* aired a piece on Ward Valley which basically repeated the *Greenpeace* claims; conversely, *The Wall Street Journal* editorialized in favor of Ward Valley.

CLEAN AIR ACT

3. **CONNECT** champion **Terry Bibbens**, former Loral CEO, speaking for **CONNECT**, addressed both the *San Diego County Board of Supervisors* and the *San Diego Association of Governments (SANDAG)* on the proposed Trip Reduction Plan portion of the California Clean Air Act, in association with *The Greater San Diego Chamber of Commerce's* Transportation Control Measures Committee, and **John Woodward**, Chief of Staff for County Supervisor, **Brian Bilbray**. Most elected officials who understand the relationship between excessive regulation and employment, including **Bilbray** and State Assemblypersons **Deirdre Alpert** and **Mike Gotch**, agree with the necessity of shifting the burden for financing smog reduction off the backs of companies. **Bibbens** and **Andrea Korogi**, Vice President, **Local Government Affairs Division**, are gathering results of companies and organizations who have tried to implement such programs in the past, whether successful or not. Terry has been invited to meet with the SANDAG off-site meeting Thursday to advise them of industries' position. Terry senses a real desire of these officials to "be friendly" to business. FAX letters and experiences to **Deborah Abblitt** at **CONNECT**, 552-0649, for Terry to use Thursday.

The *Biomedical Research Council* objected to the proposed Trip Reduction Plan. In a letter to Air Pollution Control Officer, **Richard Sommerville**, **Bernie Rhinerson**, **BIC Executive Director**, called the regulations "...a bureaucratic nightmare... a job killer, accomplishing little.."

HAZARDOUS MATERIAL BUFFER ZONE

4. The Hazardous Material Buffer Zone Ordinance proposed by the *Environmental Health Coalition* will be reviewed by the *City of San Diego Transportation and Land Use Committee* when the full committee

is named, probably in March. At issue is whether distance is a valid measure of risk, how to regulate existing establishments as opposed to new buildings, and whether an ordinance can be crafted which permanently exempts biomedical facilities.

#### MANUFACTURING IN SAN DIEGO

5. **Economist Marney Cox**, *San Diego Association of Governments*, continued to emphasize the importance to latinos, african-americans, and other minorities, of keeping and increasing manufacturing sector jobs in San Diego. Speaking at the annual planning conference of the *San Diego Consortium and Private Industry Council*, Marney pointed to statistics showing that latinos are expected to comprise 45 percent of the county's 1.1 million population growth through the year 2015; manufacturing jobs may provide the best opportunity for higher paying jobs.

#### HUMAN RELATIONS: K-12 education

6. *Panasonic Foundation* is contributing to the *San Diego City School District* to train teachers, administrators, and board members in restructuring - decentralizing power and giving individual schools greater autonomy over classes, staffs, and budgets, according to an article in the *Union-Tribune*.

In his recent CONNECT address, **Atari Founder, Nolan Bushnell**, suggested that interactive computer technology could play a defining role in keeping students interested in their subjects.

#### GENETICALLY ENGINEERED FOODS

7. A seminar series entitled, "The New Agriculture", a Special Series of Workshops for *Bay Area Food and Farm Professionals* began Sunday at UC Berkeley. The program is Co-sponsored by *The University of California Biotechnology Research and Education Program*, in response to a threatened boycott of restaurants using genetically engineered foods by **Jeremy Rifkin** and the **Pure Food Campaign**. Organized by **Susanne Huttner, Ph.D.**, Director, and **Laura De Francesco, Ph.D.**, Associate Director, (both of UCLA), the workshops will attempt to present a balanced view of biotechnology, its promises and dangers. Speakers will include faculty from UC Davis, UC Berkeley, and UC San Diego. Future sessions are scheduled for Feb. 28 and Mar. 14 at UC Berkeley.

#### NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA)

8. A discussion of *NAFTA* with State officials was held at the *UCSD Graduate School of International Relations and Pacific Rim Studies* Friday. **Professor Larry Krause**, an outspoken supporter of the pact, participated.

#### OTHER

9. **Larry Epp, President, Laresis**, **Michelle Nash-hoff**, and others are forming a *BIC-like* group for the high-technology industries. In its early stages of formation, the group may call itself the *High-Tech Council*. It is planned to be an umbrella organization including all high-tech trade associations and has the objective of promoting San Diego's high-tech industry.

#### PAST WEEK

10. Fifty CONNECT service providers had a unique marketing opportunity Thursday evening when a panel comprised of high-tech CEO's **Mel Gafner, Vice-Chairman, ComStream**; **David Hale, Chairman, CEO, Gensia Pharmaceuticals**; **Scott McClendon, President, Overland Data**; and **Peter Savage, President, Applied Digital Access**, discussed "Standards of Excellence", or what San Diego high-tech companies want from their service providers. Foremost of these needs were knowledge of the client's business; global perspective; teaching the client as opposed to using the client as the teacher; and an

acknowledgement that the client may be "a very large company in its early stages of maturation", to quote the moderator.

11. **CONNECT's annual Equity Financing Seminar**, on Jan. 19, was timed just right. All investment banker speakers said they expected the window to be wide open the first quarter of 1993 for Initial Public Offerings (IPO's). Speakers included **Harry Casari, Partner, Ernst & Young; James Shapiro, Principal, Alex, Brown & Sons; ; Peter Wallace, Managing Director, Hambrecht & Quist, Inc.; Michael Wishart, Managing Director, Lehman Brothers; David Courtney, Vice President, Goldman Sachs & Company.** Attendees heard real-live stories of how their companies approached financings from industry leaders, **Ron Taylor, President, Pyxis Corporation, Harvey White, President, QUALCOMM, and David Robinson, President and CEO, Ligand Pharmaceuticals, and Gloria Ma, Ph.D., Executive VicePresident, XXsys Technologies, Inc..** Speaking on legal issues were **Stephen Swinton, Partner, Luce, Forward, Hamilton & Scripps; Michael Rhodes, Partner, Cooley Godward; and Shirili Fabbri Weiss, Partner, Gray Cary Ames & Frye.**
12. **BIOCOM**, San Diego's Bio-Commerce Association of service providers to the biomedical industry, at its strategic planning meeting last Monday heard **IDEC Pharmaceuticals President Bill Rastetter**, comment on BIOCOM's list of issues of greatest importance to him and other biomedical CEO's. BIOCOM Board members reiterated their commitment to work in close propinquity with BIC. BIOCOM's present focus includes Ward Valley, animal research, trip reduction plans, HMBZ, financing alternatives, rapid permitting, etc.
13. Echoing his support for the biomedical industry, **City Councilman Ron Roberts** told the annual meeting of the **Biomedical Industry Council (BIC)** that economic development will be the number one issue this year. "We must reduce over-regulation, eliminate overlapping state and local regulations, complete the update of the City's building codes, get the Buffer Zone issue decided once and for all, and put a moratorium on new regulations negatively impacting job creation. **Bernie Rhinerson, Executive Director of BIC** praised Ron for being the guiding light behind the Bio-tech Summit held at City Hall in March.. The Bio-tech Summit is widely recognized as having opened the eyes of elected officials throughout the area to the potential of this industry.
14. **Lyle Turner, President, Invitrogen**, hosted a plant tour for us and indicated an interest in closer academic ties with the UCSD Medical School and the Center for Molecular Genetics.

#### UPCOMING

15. **Bruce Carlin, President, Nielsen Capital Group, Inc; Aron Stern, Vice President, CFO, Protein Polymer Technologies; David Winkler, CEO, Del Mar Partnership, Inc.; and Mark Sullivan, Bond Specialist, City of San Diego Economic Development Department**, will discuss "Financing Growth" at the **Association For Corporate Growth** seminar January 26 at the **Embassy Suites 5:30 - 7:30p.m. Call 270-0629.**
16. **CONNECT'S ninth annual San Diego Technology Financial Forum** is scheduled February 10th and 11th at the Hyatt Regency La Jolla. **CONNECT** service providers have received invitations to the Reception, Wednesday, Feb. 10, from 5:30p.m.-7:30p.m. This is an excellent opportunity to network with venture capitalists, many of whom look forward to meeting the San Diego infrastructure. Call **Forum Administrator Charleen Boyl at 534-6114** for details.
17. **The U.S. Department of Commerce** has scheduled a one day "Medical Industry Export Conference" Tuesday, February 10th, at the **Del Mar Hilton**. This conference will discuss global marketing issues in the medical industry. Call **Kathryn Bishop, District Director, U.S. & Foreign Commercial Service, U.S. Department of Commerce at 557-5395**

## MEMBER AND SPONSOR NEWS

18. **John Serbin, Ph.D., Director, Business Development, Viagene, Inc.,** and former CONNECT, champion announced that Viagene had entered into a collaborative research program valued at \$6 million with *Miles Inc.*, for the development of a gene therapy product to treat Hemophilia A. "This agreement initiates Viagene's development activities in the area of genetic diseases," said **Dr. Robert T. Abbott, President.**
19. *Isis Pharmaceuticals Inc.* completed the sale of 2.5 million shares at \$7.75 per share, bringing to total 15.5 million shares outstanding.

## SOCIAL NEWS

20. The San Diego Opera season opened with a hilarious performance of *The Barber of Seville* Saturday evening. Biotechers seen in the audience were **Mr. and Mrs. Martin Nash, Jay and Bryna Kranzler, Dr. Ivor Royston and Collette Carson-Royston, Baker & McKenzie's Abby Silverman and Andre Saltoun, Dr. Bill and Robin Comer, UCSD's Dr. Stuart Brody, Professor of Biology, Dr. Harold Ticho,** former Vice-Chancellor Academic Affairs, and others. The opera continues with four upcoming performances.

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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.

. Bill's Editorial  
January 25, 1993

One is tempted to say that everything that needs to be written about the California Clean Air Act and Trip Reduction Plans has been written, but then one has additional input and additional ideas, and then feels a need to prioritize and re-summarize the arguments.

As an example of new information, we have just learned that the Air Pollution Control Board is a self-funded organization, existing on the largess provided by the fees and penalties it imposes. So, if you're having budgetary problems, just go out and increase your fines. Sounds a bit like letting the Police Department keep the cash received from traffic violations. It's called "user fees" in government.

Then we learn that the APCD is planning to build a new building to house their growing staff. Where does the money come from? You guessed it. From increased fees. Suffering from budgetary shortfalls, New York Governor Cuomo has come up with a new idea to slow this a bit. He suggests putting all the penalties in the General Fund to help finance schools and welfare. Instead of more bureaucracy. Not a bad idea.

Now for the litany of verities.

Continual progress in smog reduction is being made. The number of days the state standards were exceeded in 1992 was 10% less than in 1991, which was 10% less than 1990, etc. The question to be asked is, considering the progress in catalytic converters, engines and motor fuels on the one hand and the expected increase in vehicles on the other, where might we be in the year 2001, WITHOUT the Trip Reduction Plan?

A staffer from the state Air Resources Board argued with me as to the percent of unburned hydrocarbons emitted by the vehicles that are exempted from smog controls because of the excessive cost of retrofitting with catalytic converters. The minimum percentage he used was 40%. That percentage is ten times the expected annual reduction from ride sharing.

In 1991, "transport smog" was the cause of exceeding the smog standards more than fifty percent of the days. **If you don't solve the smog**

problem in the Los Angeles Basin, you'll never solve the problem here. Conversely, if you do, San Diego is the contingent winner.

Although some forty percent of the trip miles are involved in people driving to work, the cars that employed people drive may not be proportionally smoggy. This assumes that more modern cars, properly and frequently maintained vehicles produce less tailpipe emissions than older cars.

Many businesses are "portable"; that is, if the sum total of all regulations becomes too expensive, the company can move some or all of its operations out-of-state. If this happens, California loses much needed jobs. This is not a good time to try to force businesses to spend money on foolish, unworkable schemes.

The trip reduction plan has antecedents. Selected employers were asked to survey their employees and then to install extensive efforts to increase ride sharing. Monetary inducements were tried by some. Bicycle racks were installed by others. No manufacturing companies reported any significant gains, despite having spent considerable money. In other words, even though the "beta test" didn't work, the County is going ahead with the program .

By and large high-tech companies do not work regular nine-to-five hours. Workers may work late one day or come in early the next. Forcing employees to standardize their work hours could be a major setback to efficiency.

There are alternatives. Better rapid transit systems would help. Buying up "clunkers" with APCD funds looks imperative. Perhaps it's time to put "Smog Stickers" on vehicles at time of sale, and then charge more for vehicles which pollute more.