

Recovery's Story Varies By Whose Books You Look At



SDBJ INSIDER
Nels Jensen

National University System Institute for Policy Research projects that San Diego County's GDP will increase by 4.3 percent in 2014 to an all-time high of \$206.4 billion.

The region's growth rate falls right in the middle of the nation's 381 metro areas. **Kelly Cunningham**, the economist who wrote the report, said the San Diego economy could be labeled a "Goldilocks recovery": not too hot and not too cold.

We know a lot of local business owners who might call it an "Alice in Wonderland" recovery: the rules keep changing, it's not what it appears to be, not everyone gets what she wants and be very careful how you proceed.

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Joseph Henchman, a **Carlsbad High School** alum, is a D.C.-based policy analyst who supervises the **Tax Foundation's** state tax trends, which gives him some credibility in rating the "business friendliness" of each state. He recently completed a study for the **San Diego Regional Chamber of Commerce** analyzing the city's tax structure.

The findings were no surprise — San Diego is handicapped by being part of California and how the poorly structured, high taxes lead to some of the worst business tax climates in the country. Only New Jersey and New York fare worse.

So how would Henchman make San Diego more business friendly?

1. Address the individual income tax, which is the worst in the nation.
2. Address the corporate tax rate, which is 31st worse in the nation. (Business owners get hit hard a second time.)
3. Adjust the sales tax structure — apply it to more things at a lower rate. This would reduce distortions and pass the burden more widely among the population.

The most telling statistic of the report was that 50 years ago, of all of the taxes collected in San Diego County, the state took less than half and local agencies got slightly more than half. Now? The state takes two-thirds of all taxes collected in San Diego County.

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The **National Venture Capital Association's** quarterly update tells a good story: Funding in San Diego in 2014 will surpass the 2013 total of \$758 million. There's a long way to go to reach the peak of \$2.32 billion in 2000 or \$1.87 billion in 2007; not that we want to go down either of those roads again.

One interesting tidbit: **Qualcomm Ventures** was No. 10 top investor in the third quarter.

Editor-in-Chief Nels Jensen can be reached via njensen@sdbj.com or 858-277-6897.

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Firm Has Nature's Back as Projects Proceed

DEVELOPMENT: Environmental Concerns Keep Sector Growing

■ By LOU HIRSH

The founder and president of **Great Ecology** says this past spring's property-destroying wildfires in North County, like others in the San Diego region, served as a reminder of how nature and development are increasingly crossing paths, with potentially bad side effects.

"There's only so much natural land left, and the development is going right out to the edge of nature," said **Mark Laska**, whose growing La Jolla-based firm is part of



Mark Laska

an industry experiencing nationwide demand for environmental consulting services related to construction projects.

Concerns have arisen nationally about natural and man-made disasters, like the 2010 BP oil spill in the Gulf of Mexico, and there are ongoing worries about the environmental impact of the burgeoning practice of "fracking" to extract oil from shale deposits.

Much of the business coming before Laska's staff of 40 — most at the firm's La Jolla headquarters, with others at five regional U.S. offices — involves much lower-profile projects at the intersection of business and science, as developers and builders seek out environmental expertise that goes beyond engineering issues.

For instance, the company is advising land owners around Lake San Marcos on the impact of soil and sediment changes on water quality in an effort to inform future development decisions, though no



Photo courtesy of Great Ecology
Great Ecology staff look over potential mitigation sites in the Tijuana River Estuary area, in the border region near Imperial Beach.

specific construction project is currently in the works there.

Laska said Great Ecology also is among several national firms vying to

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Qualcomm Posts Record \$26.49 Billion in Revenue

TECH: Wireless Giant Faces Regulatory Scrutiny Here and Abroad

■ By BRAD GRAVES

Qualcomm Inc., San Diego's biggest public company, sailed to record revenue of \$26.49 billion during the fiscal year that ended in September.

Tides are shifting, however, as the company's quarterly business update

revealed more work ahead for its legal and executive teams.

An analyst also sees changing market preferences.

Qualcomm (Nasdaq: QCOM) disclosed that both the **Federal Trade Commission** and the **European Commission** launched investigations of the company earlier this fall. This comes as a Chinese investigation heads into its second year.

Earnings per share in fiscal 2015 will be even with 2014 at best, and might decline up to 7 percent, Qualcomm said.

The news disappointed Wall Street. Qualcomm shares lost more than 10 percent of their value by midday Nov. 6 — the day after Qualcomm issued earnings and the day this issue went to press.

Analyst **Chris Caso** of **Susquehanna Financial Group** wrote that a resolution may be in sight for Qualcomm's China troubles. Chinese regulators allege Qualcomm might have broken the country's anti-monopoly law in two areas: in technology licensing and in what Qual-

► *Qualcomm page 21*

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provide consulting to local government officials as work proceeds on long-term development of the Chula Vista Bay-front, and more work will likely come from growth on tap in North County.

“People need to know the answer to questions like, if you add six lanes to Interstate 5, what’s that going to do to the surrounding marshland? These are the things that come up when you have development,” Laska said.

The research firm **IBISWorld Inc.** recently reported that the U.S. environmental consulting industry saw average annual revenue growth of 4.5 percent during the past five years, and is expected to reach \$17.6 billion by the end of 2014. Revenue is projected to rise 5.5 percent annually over the next five years, reaching \$23.1 billion by 2019.

Researchers said demand for environmental consulting services — including site remediation, waste management and natural resource planning — will soar as public and private companies adopt greener practices related to issues such as air and water quality.

Following an industrywide decline in 2009 caused by a recession-related weakness in project construction levels, improving economic conditions and boosts in private investment and corporate profits are raising national demand for environment-related project services.

IBISWorld said increased environmental regulations are likely ahead, particularly in regard to oil drilling and energy dependence. “Customers will increasingly demand the industry’s services for advice about drilling offshore and for aid in becoming more energy efficient and adopting renewable energy,” researchers noted.

Laska holds a doctorate in ecology and evolution from **Rutgers University**, and his staff is filled with specialists including biologists, biochemists, environmental scientists and landscape architects. Demonstrating the firm’s dedication to the environmental consulting niche, he said there are no full-time staffers trained specifically in engineering.

The company started in 2001, and the environmental specialty has attracted enough business to the point where the firm, since moving its headquarters to La Jolla from New York City in 2010, has established regional offices in Denver, Sacramento, Salt Lake City and Lexington, Ky., while maintaining the New York presence.

Great Ecology recently placed 79th on **San Diego Business Journal’s** list of the fastest-growing local private companies, based on revenue growth from 2011 to 2013. The company had revenue of \$3.8 million in 2013 and is on track to reach \$5 million this year, Laska said.

GREAT ECOLOGY

President: Mark Laska

Revenue: \$3.8 million in 2013; projected \$5 million in 2014.

Employees: 40 (15 in San Diego).

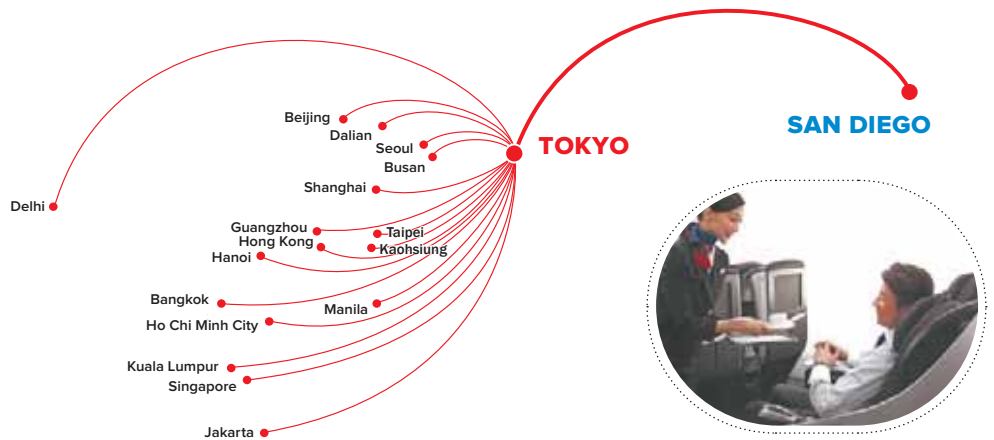
Headquarters: La Jolla

Year founded: 2001

Company description: Environmental consulting firm specializing in natural resource management and sustainability, with five regional offices outside of San Diego.

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