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Retail hubs at real economic risk
By Partija B. Kavilanz

As the recession leaves more retail casualties in its wake, rising store bankruptcies and mall closures could have devastating economic consequences. As more stores exit malls, vacancies in regional malls could rise past 7%, a level not hit since the first quarter of 2001, according to real estate research firm Reis.

Major cities will be affected, said David Bimbrey, chairman and co-CEO of Atlanta-based The Shopping Center Group, a retail real estate services firm. Both Bimbrey and Susan

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Murrieta Safest City
Murrieta is the safest city in Riverside County and one of only 19 in the nation, according to a report released by Congressionally Quarterly Press (CQ). Present a well-researched and award-winning commercial publisher.

The report also ranks Murrieta as the 10th safest city in the state and 42nd in the nation. The rankings were calculated by determining the amount of murder, rape, robbery, aggravated assault, burglary and motor vehicle theft that occurred in cities with populations of 75,000 and more.

"We work very hard at keeping this city safe," said Captain Michael Payne of the Murrieta Police Department. "We attribute this success to Murrieta having its own police force and employing top-notch officers."

Murrieta has a population of about 100,000 and employs 92 police officers.

Murrieta Police Chief Mark Wright believes that the city's low crime rate is directly related to a strong sense of social inter-vision.

"Most of our officers live here and feel that it is their personal responsibility to keep this community safe," Wright said. "Our officers have developed strong partnerships with this

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Five Insiders Give Dire Warnings
About China
By Tony Sagami

Because of its rapid economic growth over the last 30 years, it's easy to forget that China is a communist country. The Chinese, like everybody else, love money. But the Communist Party is clearly in control.

One of the areas controlled with an iron communist fist is China's media. The main TV station, China Central Television or CCTV, is owned, operated, and controlled by the government. And under the U.S., Chinese government officials can't spout off their own opinion.

Instead, they must speak the "company line" of the ruling Communist Party and carefully choose their words. Chinese officials must speak the voice of the Communist Party.

And last week, they had a lot to say.

Frankly, I don't pay too much

continued on page 6

‘Taxes’ Are Raised for the General Revenue ‘Fees’ Are OK for Regulatory Purposes
By Tom Martin

SMAC Executive Director and Legislative Chairman

"The (Appellate) court noted that, if revenue is the primary purpose, and regulation is merely incidential, the imposition of a fee is a tax, but if regulation is the primary purpose, the mere fact that revenue is also obtained does not make the imposition a tax. Moreover, according to United Business, if a fee is exacted for revenue purposes, and its payment gives the right to carry on business without any further conditions, it is a tax." California Supreme Court on "Fees", June 26, 1997.

"Taxes are raised for the general revenue of the governmental entity to pay for a variety of public services." Most taxes are compulsory rather than imposed in response to a voluntary decision to develop or to seek other government benefits or privileges.

As the Appellate court observed in SDGE’s "Proposition 13’s goal of providing effective property tax relief is not subverted by the increase in fees or the emissions-based apportionment formula."

CREATIVE FUND RAISING
California Senate Assembly Speaker Karen Bass and Senate President Pro Tem Darrell Steinberg in mid-December decided that with the budget standoff continuing and the Republicans (needed to get the two-thirds legislative approval required under the Article XIIIA3 of the state Constitution) refusing to consider tax increases, the Democrats could raise revenue by claiming their actions were tax neutral.

Speaker Bass said, "In order to address the state’s looming budget deficit, resolve its immediate cash crisis, avoid derailing transportation projects and protect the jobs that go with them, the California State Assembly voted (Dec. 18) on a package of $18 billion in new revenues and measures to forestall the state’s growing fiscal emergency. Following repeated efforts by Republicans to block budget solutions requiring a 2/3 vote, the $18 billion solutions package put forward by Assembly and Senate Democrats and pasado with out Republican votes was constructed to require only a majority vote."

TAXES THE DEMOCRATS WOULD RAISE
Sacramento Bee reporter Shaine Goldstucker wrote:

To call the Democrats’ latest tax package complex would be an understatement. "California law requires a two-thirds vote to increase taxes," according to Republican support is necessary," said Wright.

The made an end-run around the GOP with their package, which the Democrats passed.

HERE'S THE BOTTOM LINE:
The state sales tax will rise three-quarters of a percent. Total in new taxes: $4.8 billion through the 2009-10 fiscal year.

All residents will pay an additional 2.5 percent on their income tax bills. So if you owed the state $1,000, you would owe now $25 more.

Total in new taxes: $1.75 billion through the 2009-10 fiscal year.

California would implement an oil severance tax—levied at 9.9 percent—on all oil extracted from the ground in the state. Total in new taxes: $645 million through the 2010-11 fiscal year.

The current gas sales and excise taxes will be eliminated and replaced with higher "gas fees." The new gas fee would be 13.5 cents per gallon higher than users at the pump currently pay. The new funds would be earmarked for transportation.

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by Jeff Cnej
Senior Economist UCLA Anderson Forecast

In the September California Report, we strived to express optimism about the now-current quarter. What we did not expect was the spectacular Panic of 2008.

California consumers reacted in a predictable way: they stopped shopping and began to conserve their resources. Our optimism remains only in tampering with the moral behavior of the consumer. The consumer will not become immune as a U.S. downturn means that imports flowing through California's ports will continue to decline, and recessions in Europe and Japan mean that export demand for California manufacturing will be muted. In short, the forecast for the next three quarters is one of contraction in economic activity followed by the beginning of a slow recovery.

However, one will become less of a drag on economic growth, but remains an important part of the current California economic scene. Price declines in the housing sector continue to accelerate. According to the OPHF HOI Home Index, (the most conservatively of the measures of housing prices), home prices in California dropped 25% from their peak at the beginning of the 3rd quarter of 2008. There have been that this accelerating one of decline will be cut off the early 2009 and that prediction remains true.

The Case/Shiller Index shows only an 11%-15% price appreciation in housing in major California cities over the past five years. That being the case, only the excess appreciation of 2001-2003 remains to be burned off. But, the more general downturn in economic activity and consumer confidence will soften the California housing market even further. So foreclosures will continue and residential construction and manufacturing of home furnishings and appliances will contract through the 2nd quarter of 2009 and begin to turn around closer to the end of 2009.

Though the California economy was already weakened by the nearly three-year-old downturn in housing and finance, it took a fall in consumption to push it over the edge. Beginning last summer, California consumers struggling with high gasoline and food prices began restructuring their consumption purchases. The spate of bad news from Wall Street and Pennsylvania Avenue starting the first week of September when the collapse of Fannie Mae and Freddie Mac created sufficient increased uncertainty for consumers to pull back and the malls to empty out. The retail American shopper is usually a very pessimistic person. If the piles of Black Friday purchases sit in my living room any indication, the pullback may be very transient. But, uncertainty about future economic prospects is as well as the incumbent job loss and recession seem to be the early part of this recession will negatively impact the California economy for the next few quarters.

Thus far, the economic aid packages from Washington are directed towards the financial markets in continued on page 13
Higher Tax’s Mean Fewer Jobs

With California’s unemployment rate rising above 7%, the national economy shrinking, and the state’s budget deficit widening, voters are looking for answers to ease their financial fears and fix the state’s budgetary mess. The temptation among some in Sacramento is to raise taxes in order to fund government programs. But increasing taxes would only worsen the situation by hindering economic recovery, which in the long run, means fewer jobs.

California already ranks among the top 10 in hostile business environments in the nation. According to the Tax Foundation, only New York and New Jersey beat California in harsh business climates.

A hostile business climate does not invite entrepreneurs to expand business or start the businesses necessary to create jobs. This means less investment in the state, which means fewer employment opportunities for California residents.

Nearby states like Nevada, Arizona, and Texas—all of which have lower income and sales tax rates—are creating jobs, often by enticing California entrepreneurs to open shop. Were it not for high taxes and burdensome regulations, many of these jobs would otherwise stay in California.

Furthermore, increased taxes will not lead to balanced budgets, especially if state spending is not cut. California has faced this situation before, and should learn from its mistakes when it comes to raising taxes during an economic downturn.

Five Insiders...

continued from page 3

I do, however, pay very careful attention when they start talking about trouble. You see, glowing words can be true or a complete lie. But when economic trouble arises, you can take those warnings to the bank. And the ‘talks’ coming out of China has turned very, very negative. Just over the last few weeks, five very knowledgeable insiders had some not-so-pretty things to say about the Chinese economy.

Negative Talk #1: Li Yanzhong, head of the Ministry of Information and Technology, said this:

“The international financial crisis is having a severe domestic impact. We don’t think we’ve bottomed yet. Just above every industry has overcapacity.”

Negative Talk #2: China’s economic and social goals are based upon a series of Five Year Plans. The head of that planning body, Zhang Ping, described the economic outlook from his office’s perspective:

“The global crisis has not bottomed out yet. The impact is spreading globally and deepening in China.”

Some domestic economic indicators point to an accelerated slowdown this month.

“Excessive bankruptcies and production cuts will bring massive unemployment, straining social unrest. Owing to dramatic changes in the international economic and financial environment, the Chinese economy faces growing downside pressure.”

Negative Talk #3: The Minister of Human Resources and Social Security, Yin Weiming, echoed the same warning:

“Excessive unemployment is the situation is grim, and the impact is still unfolding.”

China’s Premier Wen Jiabao did not offer an optimistic outlook.

Lawmakers call for austerity while raising their aides’ pay

More than 200 get raises the past year. Tacky

The latest evidence that California’s Legislature is out of touch with constituents in the widespread, ill-conceived pay raises granted during the past year to 214 lawmakers’ aides, including pay hikes for 57 staffers already paid $80,000 or more a year. All but 29 of the raises were 5 percent or more. Another 105 legislative employees got raises with promotions.

All of this occurred even as Californians reeled from a yearlong recession that some economists say may be with us for several years. The raises also were granted while legislators sought to cut government spending because of an $11 billion deficit in the current budget, which is expected to grow to a $28 billion deficit in the next year and a half unless drastic measures are taken.

These raises occurred while the Legislature accomplished next to nothing on the fiscal front, other than haggle nearly three months beyond the constitutional deadline, and to approve the current $103 billion budget that’s already 10 percent in the red and expected to run out of money in February.

Nevertheless, 179 Assembly and 35 Senate aides “quietly received raises, a comparison of first-and-fourth-quarter reports,” shows the Sacramento Bee reports. This occurred at the same time Gov. Arnold Schwarzenegger proposed cuts for the budget by imposing unpaid furloughs and

Lawmakers call...
SALES and INCREASED PROFITS

Increase Your Company's Profits by Becoming a Real-Time Organization
By Daniel Burrus

Thanks to modern technology, today's computers and networks are ready for real-time data communications, and the advantages are nothing short of revolutionary. Some industries, including telecommunications, finance, and manufacturing, are already using real-time data in parts of their operations. But having real-time data is not enough. To successfully compete and increase your company's bottom line, you need to become a real-time organization.

In other words, you need to use your real-time data to change how you work, how you manage, and how you sell. Imagine for a moment how much more productive and profitable your company could be if you could track products from warehouse to store shelves in real-time, provide targeted offers the moment a customer walks in your door, intelligently and automatically respond to change in business processes, and build out from there. For example, consider how a real-time real-estate company could help you identify new customers, contact them, and close deals in real-time. This is the power of the real-time real-estate company.

Create a Real-Time Enterprise Today

If you want your company to experience similar benefits, then you need to become a real-time organization. You must be able to recognize shifts in customer demand as they happen and respond accordingly with customer-focused solutions. This enables you to use their higher level of business agility as a competitive advantage. The basic concept of real-time is that when something happens, you want to react to it the moment it happens, not an hour, day, week, or month later. As the speed at which a company can intelligently and automatically respond to change increases, the cost of all their business processes decreases. This means that you, as a business owner, can immediately see changes in the market and react to them.

• Know Your Goals

The basic concept of real-time is that when something happens, you want to react to it the moment it happens, not an hour, day, week, or month later. As the speed at which a company can intelligently and automatically respond to change increases, the cost of all their business processes decreases. This means that you, as a business owner, can immediately see changes in the market and react to them.

• You can conduct event-based marketing.

The best time to market to people is when they demonstrate a need. As such, good salespeople do event-based marketing all the time. If you show an interest in something, they grab the opportunity to show you something else they feel you might also be interested in. With real-time data you can do event-based marketing with human intervention. For example, consider how Amazon.com makes additional sales. If you click on a book about the Lewis and Clark expedition, you will get a list of other top-selling Lewis and Clark books on the same page. Does such an approach work? It's one of the reasons that Amazon's stock has been one of the best performing NASDAQ stocks for many years.

The basic concept of real-time organization is an evolutionary process. An ancient Chinese proverb states that a journey of a thousand miles begins with a single step. Therefore, select a place to start and build out from there. For example, Whirlpool Homes, a residential homebuilder, cut three weeks from the five months it takes to build an average 1,300-square-foot, single-story home by sharing information with plumbing, roofing, masonry, and electrical contractors. This enabled them to use their higher level of business agility as a competitive advantage. The basic concept of real-time is that when something happens, you want to react to it the moment it happens, not an hour, day, week, or month later.

DUMF & PHELPS/INLAND EMPIRE BUSINESS JOURNAL

Top five, by percentage

Company

Current

Close

Change

Point

% Change

PFF Bancorp Inc

0.00

0.01

-0.01

-55.6%

Channell Commercial Corp

0.19

0.01

0.18

-54.5%

Temecula Valley Bancorp Inc

0.72

0.03

0.69

-47.8%

Amberwood Homes Inc

0.44

0.02

0.42

-40.0%

Modtech Holdings Inc

0.00

0.00

0.00

-40.0%

American States Water Co

32.76

35.01

-2.25

-7.0%

Basin Water Inc

0.48

0.43

-0.05

-11.1%

Channell Commercial Corp (L)

0.15

0.33

-0.18

-54.5%

CVB Financial Corp

10.39

11.23

-0.84

-7.5%

Emprise Corp

1.46

2.35

-0.89

-58.4%

Fleetwood Enterprises Inc (L)

0.00

0.15

-0.15

-100.0%

Hansen Natural Corp

32.93

29.75

-3.18

10.7%

Hanscinnol (H)

21.23

22.36

1.13

5.2%

Hansicinnol (L)

21.23

22.36

1.13

5.2%

Hansicinnol Corp

1.07

0.08

-0.99

93.5%

HANS

1.10

1.10

0.00

0.0%

Medtech Holdings Inc

7.15

7.35

0.20

2.8%

MODT

0.00

0.00

0.00

0.0%

National RV Holdings Inc

0.05

0.05

0.00

0.0%

NRVH

0.05

0.05

0.00

0.0%

Outdoor Channel Holdings Inc

7.18

6.07

-1.11

-15.5%

PFF Bancorp Inc (L)

0.00

0.00

0.00

0.0%

PFFB

0.00

0.00

0.00

0.0%

 Physicians Formula Holdings Inc (L) FACE

2.84

2.96

-0.12

-4.1%

PROV

2.75

3.75

1.00

36.6%

Provident Financial Holdings Inc (L)

4.75

5.14

-0.39

-7.6%

Temecula Valley Bancorp Inc (L) TMCV

0.72

0.83

0.11

14.0%

Vanguard National Bancorp Inc (L)

0.06

0.09

0.03

50.0%

VNB

0.35

0.39

0.05

14.0%

Watson Pharmaceuticals Inc

24.39

23.75

-0.64

-2.7%

WPI

23.75

22.67

1.08

4.7%

Notes: (H) - Stock hit fifty two week high during the month. (L) - Stock hit fifty two week low during the month. NM - Not Meaningful
Growing in a “Down” Economy
By Ron Burgess

In the marketing industry, there is a never-ending debate about what strategy to use in tough economic times. This answer to this boils down to two basic strategies:

1. When things are tough, cut advertising to turn the red ink black.
2. Increase marketing to get as much business as possible, regardless of the hope that business will not decrease, much, if at all. As it turns out, the answer requires you to have a clear understanding of all your expenses.

Eliminate Spending
Very conservative business people (and those who are too thin on cash) tend to clamp down and stop all “unnecessary” spending. Since advertising and marketing can be stopped within a short time frame, these are some of the first cuts that are actually made.

Advertising, entertainment, marketing, turning down the thermostat, and firing everyone who is “expendable” expenses, making them easy prey to the axe. This strategy, along with other careful spending, may allow for a short-term profit in a lower-revenue environment.

However, the “cut-spending” strategy may only be a short-term solution. Since the real issues with costs have to do with how controllable the costs actually are. Most expenses—such as rent, utilities, minimal staff levels, telephone, and payments on leasing computer equipment—are not immediately controllable; they are indirect or fixed expenses. One way to look at these expenses is to ask the question:

“How does it cost every day to open the door?”

Most everyone will agree that the door to every enterprise must be open every day, in order to conduct any business at all! The issue is not so much a decision on what to cut, but instead:

“How do you maintain proper revenue to cover the expenses that you cannot control?”

When revenue declines, fixed expenses stay the same, so you can quickly start losing money—a loss not due to the cost of sales (the direct cost of providing the product, service, or the advertising budget), but due to the fact that the proportion of each dollar of sales to cover fixed-expense increases, as revenue declines.

Money can be lost more quickly in this scenario than when you battle to keep revenue consistent—even if you spend more to create greater income.

Increase Marketing
While this second strategy is not without risk, it has the potential to pave the way to higher profits. Here is why—When you spend your fixed-cost-expense across more revenue dollars, you actually create more revenue to pay for increased marketing costs.

Of course, wasting advertising dollars is stupid in any economy! However, if additional marketing costs fix up your revenue, you can maintain expenses and get closer to break even or maintain your profit margin.

In fact, some management studies support the notion that companies that do a better marketing job during a recession emerge with greater momentum, possess a larger market-share, and are more profitable following the recession than those who hunker down. Simply put, the future growth and profits gained by increasing marketing out- weigh the sacrifices of increasing a company’s marketing budget.

Of course, marketing, promotion, and advertising dollars should always be measured and carefully monitored to determine their effectiveness. However, most small- to medium-sized businesses do not usually make these calculations in any economy, putting them at a great disadvantage when a recession comes along, because they do not understand where to increase spending.

Managing the Risk
The founder of East Coast Wastewater’s Department store once said, “I know half of my advertising does not work, I just don’t know which half.”

Confused about how to manage your marketing budget? It is often difficult to assess what part of your marketing dollars to eliminate and which ones to increase. Following are some general suggestions for reviewing your marketing budget to squeeze the poor spending—continued on page 18
Economic Force... New York, California and other continued from page 5

2008/2009 and 2009/2010 fiscal years and are unable to counteract this with an economic stimulus of their own. So the most important questions for California are: what are the connections between the financial markets in New York and the Main Street economic activity in California? And how will the Wall Street crises impact the duration of the recession and the speed of the recovery?

In California Report we first try to make sense out of what is happening in financial markets as it applies to California government, businesses and consumers. Then we breakdown the components of the Wall Street connection by sector to ascertain what the bottom line ought to be when consumers come back into the market, and should be coincident with the bottom in the national economy. There is no suggestion in the data that we are near that bottom. A good holiday season will speed this along. A decent Black Friday was a good start, but there are many shopping days to go and we are not optimistic about the prospects. The report finishes with the latest California forecast and highlights the course of the recession as it impacts the state economy.

Financial Crisis in New York and Economic Growth in California: The turmoil in the New York financial markets from Sept. 8 to Nov. 24 has been nothing short of incredible. Obviously California is not insulated from the contagion of the Wall Street crisis's most venerable institutions. But most of the action in the meltdown of financial markets and the intervention of the Feds is unfolding far away from the Golden State. Sorting through the data to ascertain that scope and magnitude of the impact might be turns out to be something of a walk through a jungle. The soft analytics provided to Congress in support of the TARP plan is just one indication of this.

So, to keep all of this in perspective we want to carefully distinguish between financial instruments which already exist—previously issued loans, bonds, and securities—and newly-issued financial instruments. This is true for interest rates and yield spreads as well. Packages of existing loans, securities, and bonds which carry a variety of ratings from AAA on down are sold in financial markets from around the world. Credit-worthy borrowers seem to have credit markets open to them, and credit worthiness. Those whose credit is not stellar, the supply of loans has shrunk more rapidly than demand for loans. The credit crisis pinch is felt here in this, the largest segment of financial markets.

It will surprise no one that bank lending conditions have tightened. As is typical in a downturn, banks ration their scarce loan availability with more stringent quality-
continued on page 17
The Arrival of D-day
By J. Allen Leinberger

D-day arrives on Feb. 17, 2009. That is the day that, after many decades, broadcast television switches from analog to digital broadcasts. Now, if you don't understand the difference, don't worry. It would take a full freshman semester of broadcast technology classes to explain. Suffice it to say, you'll get a better picture.

Or, perhaps, no picture at all.

You see, old style analog TVs, like the one you watched as a kid, won't receive the new signals. Of course, if you have cable TV or a dish, you're OK. If you get a new flat screen TV for Christmas, you're OK. But, if you've been watching the same tabletop set with rabbit ears for the last decade or two, you are going to be disappointed.

Many people who think they are OK may not be. Sure, they have a 50-inch HD set in the entertainment room, but what do they have out in the garage? What do they watch in the garage or their home office? What do their kids have in their room or their college dorm?

And let's not forget those handheld sets by Sony Watchman and Casio. None of them are going to work any more.

You can fix all of that with a converter box. In fact, there is a government discount program to save you money. Check the Website at www.dtv.gov for more information. What it won't tell you is who will wire the new box up for you. The answer is simple. Ask your kids. Or ask your grandkids. Ask the kid down the block. You may not understand it all, but there is an entire new digital generation out there that gets it.

You might want a new antenna as well, since the new digital picture will be better than you used to get, but remember this—there is no such thing as an HD antenna. Any antenna that gets you VHF and UHF channels works just as well for HD pictures.

Your antenna, along with your converter box will now give you a better picture, free from lightning interference and other "snow" conditions. The sound will be better as well. What I live is called EyeTV. This is a simple little device that looks for all the world like a flash stick. It plugs into a USB socket and, with its programming added to your computer, turns the desktop into a TV.

In fact, the EyeTV hybrid allows you to not only watch and record, it helps you edit as well. It will set up on-screen menus and program guides.

But wait! There's more. Although the version that I have been playing with, EyeTV 3.0, is designed for the Mac, it does some wondrous things. You can share your recordings with other Macs on your network. It can capture recordings for video iPods. And it provides even better editing and Wi-Fi access. You can even take a snapshot of one particular frame from a video.

Why, you might ask, do you want to convert your computer to a TV set? One answer is that college student I mentioned earlier. In a dorm you may have room for a computer or a TV, but not both. The same may be true of the home office. The same may be true where you work, if the boss doesn't come around that often. Besides, you used to wonder why you needed Internet access on your computer—or MapQuest.

Video editing equipment has been expensive, but it's getting less so all the time, just like the flat screens and the DVD players. The EyeTV device is less complicated than a larger editor or the editing program. Truly, what used to take up a block of floor space in Hollywood can now exist on your computer desk.

EyeTV may not be the answer you need for the digital change on Feb. 17, but now is as good a time as any to consider it.

For more info go to www.eyetv.com.

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January 2009

Public Buy-In Equal's Higher Insured Rates, Lower Costs

A detailed report issued by the Congressional Budget Office comparing health care reform options found that a plan to allow Americans to buy into Medicare before turning 65 would lead to more people with health coverage and lower costs than private insurance coverage.

Download the CBO report: http://www.cbo.gov/doc/?ind ex=9295

The CBO studied a limited Medicare buy-in option for those between 62 and 64 years old. The CBO estimates that the annual premium for single coverage in 2011 would be about $7,600 including drug coverage.

In comparison, a private insurance policy premium for a 64-year-old can easily cost $12,000-$16,000 a year not including co-pays and deductibles and after excluding coverage for those with even minor health problems. In 2006, Medicare spent $10,200 on average per beneficiary, which currently includes an older and sicker population than envisioned by the buy-in program.

"The report emphasizes an important point for policymakers to keep in mind as they grapple with fixing our nation's health care: Medicare provides more affordable coverage because it eliminates the waste and profiteering of the private market," said Jerry Flanagan of Consumer Watchdog. "Polls show that seniors are also happy with their coverage than those of us with private insurance policies because they have better access to health care."

The CBO report did find that the Medicare buy-in program would lead to higher than expected Social Security payments because, due to the program, more Americans over 62 would retire earlier than without the program. Consumer Watchdog said those expenditures, which the CBO found would be "minimal" over the long term, could be erased if the program were expanded to allow anyone to buy into Medicare regardless of age.

If Medicare also covered the young, the estimated cost per person would plummet. Children in federally subsidized plans cost about $2,300 a year (including dental), and younger adults fall in the middle.

It is estimated that 34.7% of Americans (89 million people) under the age of 65 did not have insurance for some part of the year during 2006. Ten to 14 million people currently purchase individual insurance policies. These 100 million Americans would benefit from a low-cost, continued on page 39
Build Team Performance Through Individual Meetings

By Joe Takash

While having dinner with my parents at a cozy Italian restaurant, my Dad excused himself to say hello to a former work colleague. As I watched this exchange, I asked my Mom, “What’s the one thing you can tell me about Dad that I don’t know?” Her response was “I learn something new about your father every single day.”

This was the evening of their 40th anniversary.

People are complex, and if you don’t have a personal assessment test, you know we all have different propensities, values, drivers, and motivations.

As managers and leaders, how can we get the most out of our people? What are ways you create cohesive teamwork? How can you get the most out of individual meetings?

We all have different propensities. There are complex. If you are poor at framing, you may be capturing, confirming, and clarifying what was discussed, you can erode trust and team dynamics.

Unfortunately, many leaders do not intend to hurt or offend team members. They simply don’t capture. confirm and clarify what was exchanged. This is not to say team members are not responsible, but this is about what you can do to be in the eye of the beholder. But clearly there exists an open credit market in California.

The same is true for non-residential real estate. The December Anderson Forecast/ UCLA Anderson Forecast Office Market Survey clearly reflects this. Panels from the major markets in California reported that higher thresholds of return and higher equity participation levels are being required for funds. So, there are cases, particularly in some of the tighter markets, where the perception of the risk of a project on the part of the investors is lower than that of the potential lenders, and thus the credit markets are not open to them. However, diminishing prospects for residential properties held by banks in the 12th Federal Reserve District which includes California, Arizona and Nevada, is a reality.

Some, or perhaps much of this increase represents homewoners drawing on previously approved home equity lines of credit, but some is undoubtedly supporting the new, albeit diminished, number of pre-approved credit lines. This also represents an increase in the stock and supply of loans. Managing the flow of credit is critical for managing the credit markets and will not open them.

In terms of the stock of loans however, financial institutions hold large portfolios of Performing and Non-performing residential loans, and in spite of the rash of defaults, the outstanding amount of credit is not diminished much. Simple family residential mortgages held by banks in the 12th Federal Reserve District which includes California, Arizona and Nevada, amounted to $234 billion as of September. The stock of mortgages held by banks was $2.3 trillion.

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Give The Gift Of A Smile.

Today, millions of children in developing countries are suffering with cleft lip and palate. Condemned to a lifetime of malnutrition, shame and isolation.

The good news is that virtually all of these children can be helped. This is the mission of The Smile Train. We engineer solutions to provide life changing free cleft surgery which takes as little as 45 minutes and costs as little as $250. It gives desperate children just not a new smile—but a new life.

Your donation goes toward programs—90% goes toward overhead.

If you have a one-time sale, the cost should be about 10% of an average sale. In all cases, be sure to push them to your Website, as well. Try a Web only offer (where a discount is issued) to lure them to the Website. You should get more Web visitors that you receive calls, because people do not usually call for more Web development. Select a marketing-experienced Web company, because building pages that lead to a goal (sale of inquiry) is not typical for most Websites, which frequently operate more like a billboard than a sales tool.

3. Understand your response ratio. If you execute direct mail correctly, you already know how many calls you receive from direct mail campaigns. The rule of thumb is from 5% to 1% response. Calculate your costs for direct mail and compare against the average sale. The cost for the entire mailing should be covered by one sale (due to the hope of new customers and additional purchases).

The California Chamber of Commerce is urging employees to contact Governor Arnold Schwarzenegger and state legislators to keep high-paying jobs in the state, as well as clarify meal and rest period rules to save businesses litigation costs.

The CalChamber believes more flexible work schedules will not only help employers deal with family matters and save on commute costs, but also reduce traffic and greenhouse gas emissions.

Under current labor Code Section 511, and following the Industrial Welfare Commission wage orders, employers may institute alternative work schedules only if a super majority of affected employees agrees to the arrangement by secret ballot. Then, all employees in the work unit are subject to alternative scheduling.

Therefore, more than one schedule is prohibited without repeating the voting process, and an employee does not have the option to return to a traditional work week schedule without the secret ballot and taking place again.

"Any deviation from the rigidly controlled process voids the election and subjects the employer to potential lawsuits that can seek up to three years of back over-time pay for affected workers," CalChamber policy advisor Steve Fisher explained. "This effectively eliminates most continued on page 34
Retail hubs...

Jones, director of the architecture program at Georgia Institute of Technology.

continued from page 12

"We're just cannibalizing our existing stores by building more stores even when sales aren't increasing," she said. "We were long due for a retail correction and we're going through it now.

Dunham-Jones said big-box enclosed malls have become a dying breed as more shoppers prefer going to shop at strip malls or "lifestyle" open-air malls. "The good news is that this isn't the first time we'll see dead malls," she said. In an upcoming book, "Refiortititing Suburbia," co-authored by Dunham-Jones, she's included case studies of more than 100 places across North America that have turned dead malls or big-box stores into thriving community centers.

What's needed, she said, is for the public and private sector to be opportunistic and develop the 100 acres of prime mall space for mixed community use like schools, libraries and new housing.

John Norquist, a former mayor of Milwaukee who now lectures on urban planning, agreed with Dunham-Jones. "There's no disgrace in a dead mall," Norquist said. "In Milwaukee, we had one depart­ment store, Boston Store, in the downtown area. When that went away and the rest of retailing went into the suburbs, we focused in developing the empty space into housing and I gave that permission." Norquist rationalized that more housing would eventually attract more retailing. "Milwaukee opened up for [retail business] in 2001 and it's continued," he said.

But Wharton's Wachter remained unconvinced. She said any talk of redevelopment in this environment is "unrealistic."

"Everything that has been suggested needs funding. There's no money for these adaptive reuse [of retail space] for communities," she said Binbrey's criticism was somewhat harsher. "It's human nature to put a positive light on a bad situation," he said. "It's just a case of hope springs eternal."

Next month the Inland Empire Business Journal will take an in-depth look at Don Lago in Corona, Montclair Plaza in Montclair, Carousel Mall in San Bernardino as well as Ontario Mills and Victoria Gardens in Rancho Cucamonga.

"SPOTLIGHT ON MEMBERS"

NETWORKING BREAKFAST

January 15 - 7:30 a.m.

- Connect with lots of potential customers who support fellow Chamber members
- Monthly updates from City of Montclair Department Heads
- Updates on what's happening at Montclair Plaza from the General Manager
- Networking Bonanza Events
- Headline Spotlight Speakers
- Promotional table for your business literature (please take with you when you leave)
- Everyone will get a chance to introduce themselves and their business.

Spotlight

Volatility in the Stock Market

Jeff Fuller, Ameriprise Financial Services

City Spotlight

Montclair's Risk Management & Liability Claim Practices

Gary Charleston

Home/ Town Buffet

5257 Arby Road

Buffet Breakfast - $10 Members, $15 Non Members

Labor Market Update: It's No Longer All About Housing

The continued soft employment picture in housing related employment—residential construc-

continued on page 29

January 2009

2009 HEALTHGRADES RECOGNITIONS:

RANKED AMONG THE TOP 5% OF HOSPITALS NATIONWIDE

Top Hospitals for Women's Services

Women's Health Specialty Excellence Award — Ranked among top 5% of hospitals nationwide in Women's Health Maternity Care Service Excellence Award — Ranked among top 10% of hospitals nationwide in Maternity Care Women's Cardiac Services — Ranked among top 5% of hospitals nationwide in Women's Cardiac Services

Highest possible Star Ratings for treatment of Sepsis

Five-Star Rating — Heart Failure
Five-Star Rating — Sepsis
Five-Star Rating — Appendectomy
Five-Star Rating — Maternity Care
Five-Star Rating — Women's Health
Five-Star Rating — Community Acquired Pneumonia

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Our people are always working to provide the best in health care and treatment for the community. And we're pleased that an independent source shows our results are among the best. Because, after all, modesty forbids saying so ourselves.

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Economic Forces...

Nevertheless, while credit has been allocated by financial institutions much more carefully, the credit crisis is up and including early September did not seem to result in California companies with decent credit being unable to obtain new loans.

The same availability of credit appears in the data for state, municipal and governmental district bonds from California and for short term commercial paper. California's governments are active issuers of bonds to cover infrastructure, revenue shortfalls, and the timing of tax collections. Although yields rose, there is no evidence in the volume of bond sales by California's governments of credit markets being closed.

A similar story appears for California businesses issuing commercial paper as bridge loans. Companies with AA ratings were able to obtain short term loans and loan rates for the short term loans fell with the falling Fed Funds rate. Financial institutions and non-financial companies with lesser credits did see a credit crunch in September. For these borrowers, the amount of short term commercial paper loan volume processed dropped and short term interest rates increased dramatically.

Critically important to California's growth future are the small firms which developed in California's entrepreneurial culture. These are "no-credits" in the sense that they do not have an extensive track record and are selling the prospect that their innovations are going to be generating superior returns. Their financial market is the Venture Capital market, which draws its resources from some of the same wells as the melted down Wall Street firms. Fully half of the venture capital invested in the U.S. goes to innovative new California firms.

As with commercial and industrial loans, there is no dramatic evidence of a credit crisis for these firms. The amount of venture capital invested in the 3rd quarter was down, but not by much. This contraction has been explained in large part to the inability of venture capital firms to exit previous investments through IPOs rather than an unwillingness to lend or a slack demand for these funds. As a consequence of the problem of exiting previous investments, VCs are conserving cash through fewer deals and larger reserves. Thus the credit crisis has had an indirect moderate impact on VC investments in California, but the VC market has remained open.

What does all of this mean for the future? First, the road from Wall Street to El Camino Real is long. Events affecting national financial markets have affected California's non-real estate, non-financial lending markets, but today's credit market is as much a reflection of a demand for finance as it are about a lack of supply. As the housing market stabilizes and real estate assets on the books of lenders have a bit more certainty with respect to their values, lenders' reluctance to provide other kinds of loans will abate.

At the same time, critical borrowing such as governmental bonds (the city of Vallejo and perhaps some Central Valley cities excepted) and start-up company borrowing will not be an impediment to renewed growth when the housing and consumer led slowdown is behind us. So for all the fits and starts of economic policy out of Washington and the collateral damage that goes along with uncer­tain economic policy, it appears that there has been success in keep­ing critical financial markets open. However there is a fly in the oint­ment. If financial markets continue to implode, and money ceases to be available for commercial loans, commercial paper bridge loans, state and local finance and venture capital then all bets are off.
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Exit strategies urged for entrepreneurs

By Ryan Carter

Royce Stutzman knew several years ago that as baby boomers began retiring, they would need advice on how to unload their businesses. As an accountant, his clients kept asking about it. Stutzman is president and founder of Exit Transition Strategies LLC in Glendora.
The problem was, his clients were asking others, too, and getting different answers from accountants, lawyers and bankers. "They would end up sitting there and doing nothing," he said.
But the stakes of doing nothing are high, said Stutzman, an accountant who ultimately made business exiting strategy—the logistics of turning over a business—his business.
Business owners who don't plan well for exiting their business could find themselves losing it and getting nothing for it.

Or, having a chance to save it, they lose the attraction from buyers because bad planning led the firm to near bankruptcy.
As the economy slogs through a deep recession, planning is vital, Stutzman said.
"It's a tough market out there—buyers are more demanding than ever before," he said. He offered a few tips for business owners looking to exit their companies with something to show for years of hard work. His advice is designed to enable exiting owners "to build the story" of the business and ensure they can get maximum value for it.

Plan. Research shows that 25 percent of business owners have planned or researched how to unload their business—or whether the business is even viable in a new market.

Use this time. In the current economic climate, many business owners, uncertain about their futures, decide to wait before they unload the enterprise. Stutzman said you may have to work a little longer, he added. "But that's the time when I think those owners who haven't done anything have an excellent opportunity to get their shop in shape," he said.

Ask questions of yourself, to look good for a potential buyer. "Owners almost carry marginal employees too long," Stutzman said. "Do I really need to have this cadre of people? What's the culture of the business?" Plan for afterward.

"What are you going to do when you don't have the business anymore?" Stutzman said. That's the most difficult issue for entrepreneurs, he said. What to do with the business was something Bill Hughes, 80, and his wife, Lynda, grappled with before high rent forced them to either move their Morrissey's Catholic Gifts business from Uptown Whitner or close.
Faced with the prospect of continued on page 28
Taxes are...

continued from page 3

The first part of the plan is a quarter-cent sales tax hike that will bring in the state an estimated $1.8 billion in the next fiscal year. At first blush, that would seem to require a two-thirds vote. But Democrats insist that technically they won’t be voting to raise the tax. Instead, they will be voting simply to stop paying that to local governments. 

Community colleges: $200 million over two years. University of California and California State University: $264 million over two years.

Personnel: $657 million over two years. How this cut would be distributed - layoffs, furloughs, salary freezes - would be determined by various agencies and bargaining units. Cuts of $240 million in the current fiscal year and $417 million in 2009-10.

SS/SUP grants: $600 million over two years. This would take back scheduled federal increases for cost-of-living for low-income aged, blind and disabled scheduled for 2009.

Local governments: $384 million over two years. This is a different piece of legislation to replace the old gas and excise taxes (which only went to transportation needs) with a gasoline "fee," to be set at 29 cents per gallon.

Because they are raising a "fee" and not a "tax," Democrats believe (and they say their lawyers have approved) they can do this with a majority vote. (ED NOTE: Would anyone who wants to pay an additional 39¢ per gallon of gas rather than the current 29¢ per gallon tax please raise your hand. If this had been in place in June or July 2008, we could have paid an average $4.74 a gallon rather than the $4.61 we did pay.)

In 1997 the California Supreme Court was asked to define the difference between "taxes" and "fees". As usual, it did not face the issue before but said that it was a distinction without a practical purpose, and the mere fact that revenue is also obtained does not make the imposition a tax. In addition to all that, Democrats also plan to implement a new 3 percent income tax withholding on business income. This does not contract. This is not a new tax; the state is simply collecting the money that is due in the old tax or second order term of revenue.

Add: Democrats say the package will raise $9.3 billion in revenue.

CUTS

The Democratic leaders said the package will contain the same cuts the Legislature rejected on Nov. 25.

K-12 Education: roughly $4 billion, including the current year and the 2009-10. The state’s biggest expenditure would take the biggest hit in the budget outlined by Assembly Democrats.

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**New Economic Relief Act benefit for Seniors and Employers**

The economic downturn and mounting stock market losses are shrinking retirement accounts and impeding employers’ ability to meet pension funding requirements. The Worker, Retiree, and Employer Recovery Act of 2008 (WRERA) is designed to help employers recover some of the money in their retirement accounts that has lost their value during the worst economic downturn in recent memory. It also specifically-funded tax credits that could have forced businesses to make large pension fund contributions at a time when cash is in short supply. In addition, the act "complements" several technical provisions of the Pension Protection Act of 2006 (PPA).

**Excise tax affecting seniors suspended**

Due to the steep drop in the stock market during the past several months, you likely have found that the value of your retirement plan has plummeted. Many seniors have been particularly hard hit because of rules stipulating that those age 70½ or over generally must take required minimum distributions (RMDs) at the rate of 4% of their retirement account value each year. Failure to withdraw the RMD in any year could result in a 50% excise tax on the shortfall. The RMD for the year is based on 31½ of the prior year divided by a factor based on age. 3%.

In 2008, seniors could hold their RMDs in one year and defer them to the next. But for 2009 and 2010, this is not an option. If you are over 70½, you must keep your RMDs in their plans for another year without incurring a tax penalty — providing time for their investments to perhaps recoup recent losses. This provision applies to any individual who is not 70½ or older, regardless of their retirement plan’s plan asset allocation or whether the plan has already incurred any losses.

**Simplification of required minimum distributions**

Simplifies the method currently utilized to determine minimum distributions for qualified retirement plans. The IRS often requires plan administrators to utilize the actuarially determined amount. By deferring the percentage of this calculation, the simple method is used resulting in a simplified calculation.

**Waiver of alternate minimum tax (AMT)**

The American Jobs Creation Act of 2004 included a provision that allowed individuals to elect to use the standard deduction instead of the AMT in 2005. The provision does not expire in 2006 and allows taxpayers to remain in the AMT until 2009.

**Employer pension funding requirements changed**

The economic downturn has also greatly affected employers’ ability to fund pension plans. WRERA eases the pension funding requirements under PPA. Here are the key changes for:

- Single-employer plans. Under PPA, employers were required to increase funding for single-employer pension plans by 100%, from 90%, over a seven-year period. The target funding level is 92% in 2008 and 96% in 2009. If employers didn’t reach those benchmarks, they would have had to immediately fund the plan 100%. Under WRERA, employers who can’t meet these requirements must make subsequent contributions only up to the limit of the "hard" plan.

- Multiemployer pension plans. WRERA offers relief for multiemployer pension plans that are "endangered" or "critical and endangered." These public pension plans are already in trouble, and the act allows plan sponsors to elect to temporarily freeze the status of multiemployer pension plans at the funding status held during the previous plan year. This provision limits plan year beginning on or after Oct. 1, 2008, and before Oct. 1, 2010, this plan year began. If the plan is "endangered" or "critical and endangered" by the beginning of the plan year, it isn’t required to revise their funding improvement plan or schedules under the following plan year.

**Non-nonsurplus pension plans relieved**

WRERA makes it mandatory that, beginning after 2008, qualified retirement plans, 401(k) plans or 457 plans allow non-nonsurplus beneficiaries of a deceased participant to roll over their balance directly to an "inherited IRA." PPA had made this a permissible option, but not a requirement.

Know how WRERA affects you

Even though WRERA’s main provisions are relatively simple, knowing exactly how they affect you and what to do about it is a more complicated matter. To find out, please contact your tax advisor.
Customers have stopped buying, companies are closing, layoffs are common, banks have stopped lending, consumer confidence is falling, and the list goes on. Many business owners hope things get better before it’s too late and are struggling to stay afloat during these tough times.

As a business owner, manager or leader of your choice, do what you know you need to do and do it fast, or die a slow death. Most people are afraid to make tough decisions, try new ideas, or do business differently. So they continue to hop on bandwagons, outdated business strategies will keep working as they tread water or sink slowly and wait for something good to happen. Even if survival is your goal, past methods won’t work. Running your company the same way you always have will only result in failure. The successful will make tough decisions. Who knows? Eliminate what you need right now to grow your business and make a profit?

You must do these 10 things right now:

1. Set goals to grow and make a profit now! Stop lowering your prices and cutting costs. Start focusing on sales, customers, and making money. Write down your annual targets for revenue, direct costs, overhead expenses, and net profit for the next three years. This will take time and is a strategic and personalized process. Keep the C’S, and eliminate the B’s, and replace the C’s with potential A’s.

2. Go visit your top customers now! Most service businesses have a handful of loyal customers who provide 80 percent of their revenue. Make a list of your top 20 or 20 top customers. Go see them and ask about their needs, problems, and plans. Learn how your company can become a bigger part of their future, how you can provide additional services and solutions, and what customers can do to improve your relationship.

3. Cut your fixed cost of doing business now! Determine what your business' major fixed expenses are in tougher times. Decide how much overhead you can cut, so you can make a profit with reduced revenue. Consider eliminating unnecessary expenditures or underutilized people. Hold a long conversation about how to cut the most money from the budget. Sell or eliminate any underutilized equipment or assets. If you can’t sell it, rent it out.

4. Preserve cash now! In times like these, cash is king. Delay any major purchases, don’t try your long-term lease on an “as needed” basis. Outsource or subcontract as many things as possible including engineering, manufacturing, design, drafting, accounting, human resources, payroll, maintenance, training, advertising… all the services you source out, the longer you hold on to your cash.

5. Cut your poor performers now! The average poor employee who has bad attitudes, stops contributing, doesn’t make money, or just doesn’t perform well enough is killing your company. Good people are easier to find now, so you have choices. Rate your people on an “A - B - C” scale. Keep the A’s, promote them, change the B’s and replace the C’s with potential A’s.

6. Buy a business now! Do you want to own your own business? You can make a profit with reduced revenue. Eliminate all unnecessary expenditures or underutilized people. Hold a long conversation about how to cut the most money from the budget. Sell or eliminate any underutilized equipment or assets. If you can’t sell it, rent it out.

7. Get in the opportunity business now! Why do you continue to do only what you’ve already provided. Wealthy business owners realize their companies are platforms to seek business opportunities to maximize their profits. For example, they create a few speedy printers keep busy by printing for customers who show up at their store. Successful printers are proactive and seek new creative types of entrepreneurial opportunities like keeping in touch with authors to publish books or producing catalogs for a piece of the profits. Seek strategic alliances, venture new products, and center additional services.

8. Increase sales and marketing now! Now, more than ever, you must be marketing and sales is your top priority. Advertise or mail your target list monthly. Customer relationship management via meals, sporting events, and time together. Send thank-you cards and handwritten notes to everyone to let customers know you appreciate their business and want to do more. Upgrade your image, presentation, stationery, uniforms, facility, signs, storefront, and Web-site.
Economic Forecasts... finance, taxation, and building supplies... continued from page 20

Job Hunting... continued from page 12

many groups relating to Human Resources and Recruiting where I learn something new every single day without exception relating to the topic of something which helps me to sharpen the skills related to seminars I can participate in, tools (software and otherwise) that I may want to use, best practices for every facet of my business, candidates and company information and job boards about which I should be stay motivated. We all have something to learn and we each also have something to share. It is guaranteed that you will learn, and what you learn may be on the door to your next job.

You’ve set your immediate circle know you’re looking. Have you specifically asked them to help you in your search? They don’t have to do much beyond remember you as they go about their day. With you and your job search on their radar, they are absolutely obligated to share that California employment in the near term, the details of sectoral employment over the past few quarters and the most recent evidence on unemployment rates is

California, the historical pattern of recession unemployment is one in which manufacturing employment losses lead the downturn and are coincident with the U.S. manufacturing losses. This is followed closely by residential construction and then temporary services, retail, and wholesale. Losses in government employment are typically the trailing job losses in a recession.

But like much of the U.S. economy, things are different this time. Manufacturing did not have a sharp drop in employment prior to October. Much of the manufacturing job loss in 2007 and 2008 has been related to productivity gains. The balance of job loss has been associated with building materials and home furnishings. Construction has been shedding jobs for the last six quarters while California was experiencing economic expansion and, the rate of job losses in construction has been much more concentrated in 2008.

The retail and wholesale sectors began shedding jobs earlier this year and have led the recession. Temporary employment job loss occurred during the last three quarters and governmental job loss has yet to occur. Of course, general economic weakness will cause continued losses in jobs in construction and manufacturing, but as a consequence rather than as a driver of softness in the economy. As California slowly emerges out of the recession, we can look forward to the likely course of these sectors. Since the timing of sectoral job loss going into the recession is different from recent experience, there is more uncertainty about detailed sectoral movements of employment job loss and employment recovery in the forecast. Nevertheless, the macroeconomic forces driving California’s economy should produce a staggered recovery as the different sectors move through the business cycle and the most likely scenario of the order of the sectors to recover.

Total employment in California was flat during the first quarter of the year. In the second quarter, it took a turn for the worse as jobs were shed in most sectors and the unemployment rate climbed to 6.5%.

This downturn trend continued through the summer. In the last two months total employment has stopped falling, unemployment has continued to rise, and non-farm employment has continued to fall. The unemployment between the total employment and loss recovery in the forecast. Nevertheless, the macroeconomic forces driving California’s economy should produce a staggered recovery as the different sectors move through the business cycle and the most likely scenario of the order of the sectors to recover.

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MWA Experts... continued from page 2
associated with a known var-i-
able imported water supply, MWA created groundwater stor-
age facilities and underground water "banks" throughout its service area. Policy adopted by MWA several years ago has led to a deposit in these water
banks high quality supplement-
ary water from the State Water
Authority, which can be withdrawn in times of pro-
longed drought like the state is now experiencing. "This is a very important man-
agement mechanism, combining State Water Project water supplies with local groundwater storage," the MWA's CEO - John Brill - is the best example of a very unique situation to avoid or minimize drastic mandatory cutbacks to end users that many others in the state will likely be facing next year," said Brill. He added that conditions like this may not be another indication that the region needs to ensure it is prepared when high quality supplemental water is available through the State Water Project, to act fast to purchase it, recharge our basins, and deliver what we need where we need it.

The Regional Recharge and Recovery Project—known as the "Regional Recharge Project"—is an example of regional cooperation to ensure that infrastructure is in place to meet future demands. "Our goal is to have a sufficient supply to meet immediate needs as well as provide for the future," said Brill.

RESIDENTIAL WOES AFFECTING SENIORS HOUSING MARKET

The seniors housing market will continue to transition during the coming months as state budgets tighten, forcing owners to become more creative when seeking to boost revenues. Areas where state spending increased due to the booming residential market, such as the retirement hotbeds of Florida and Arizona, will record the largest drops in state reimbursement from state governments as a result of the economic and housing market downturn. In addition, home-

R-8 is expected to serve water needs of seven water agencies. Another example of regional cooperation is the Water agencies to meet water needs is the Water Conservation Incentive Program. In November 2008 by MWA and the Alliance for Water Awareness and Conserves. The 

The investment climate in the seniors housing market will remain positive during the next several months, given the long-term prospects for growth, through 2010 at least. Seniors housing will be expected to continue growing despite the economic downturn. In the near future, seniors housing will continue to be a popular investment option, providing reasonable returns to investors. 

SENIORS HOUSING MARKET HIGHLIGHTS

- Independent Living (IL): Sober demand and elevated construction in the IL sector have resulted in a 200 basis point drop in spread over the past year. Revenue growth has eased to 4 to 5 percent in the third quarter, down to 2.47 percent per unit. 

- Assisted Living (AL): Occupancy in AL facilities fell 120 basis points during the past 12 months to 94.3 percent in the second quarter. Revenue growth remained healthy in this time frame, climbing 4.5 per-

- Skilled Nursing (SN): Condition in the SN segment have stayed relatively stable due to a lack of substitute care. Occupancy has dipped 70 basis points year-to-year to 92.2 percent, while per-diem revenue has advanced 4.2 percent to $825 per occupied bed.

- Dementia Care (DC): New construction has pushed DC occupancy down 180 basis points to 94.4 percent over the last year. The DC segment has recorded 2 percent year-over-year growth, driven by a 4.5 percent increase in per-diem revenue to $825 per occupied bed.

- Nursing Home (NH): Overall occupancy in NH facilities fluctuated from 92.7 percent in January to 94.2 percent in January 2009. The NH segment has experienced a 1.2 percent year-over-year increase in occupancy, with per-diem revenue rising 4.2 percent to $825 per occupied bed.

- Continuing Care Retirement Communities (CCRC): Occupancy in CCRC facilities has remained steady at 92.7 percent in the first quarter of 2009, with per-diem revenue increasing 4.2 percent to $825 per occupied bed.

- Memory Care (MC): Occupancy in MC facilities has fallen from 93.2 percent in January 2008 to 91.2 percent in January 2009. The MC segment has experienced a 1.2 percent year-over-year decrease in occupancy, with per-diem revenue rising 4.2 percent to $825 per occupied bed.

The seniors housing market is expected to continue transitioning during the coming months as state budgets tighten, forcing owners to become more creative when seeking to boost revenues. Areas where state spending increased due to the booming residential market, such as the retirement hotbeds of Florida and Arizona, will record the largest drops in state reimbursement from state governments as a result of the economic and housing market downturn. In addition, homeowners are facing a reduction in state funding, which has significantly impacted the level of occupancy in the independent living segment. To support revenue growth, builders in the West are capitalizing on the aging baby boomer population, a large portion of which have sufficient funds, by offering upgraded amenities, including clubhouses and seniors-focused events. In the Southeast, revenue gains for properties with these amenities are generally popular with crossover investors, however, the seniors housing segment remains relatively stable as few publicly traded firms expand their presence here.

"This is the first California forecast since the U.S. economy went into the recession. The turning point was clearly seen at the time of the collapse in consumer confidence in September. Overall growth for California is likely to be very weak first quarter of 2009 and the beginning of the second quarter, and part of the third quarter. The California's recovery is the recovery in U.S. consumption improvement in U.S. demand for imports from Asia and for products from California."" said Brill. "The state's recovery will be very weak, and the return of growth to the retail sector. Manufacturing will continue the slow bleed of jobs through the second quarter of 2010 due to productivity gains and decreased labor force participation. As the recession in Europe and Japan is expected to be of longer duration than the U.S., California will see a fairly sharp hit to personal income in the first half of next year. This is because the upper-tier of income earners in California are the innovators and entrepreneurs, and the small-to-

LEGISLATIVE REPORT CARD

HOW DID OUR AREA LEGISLATORS VOTE ON MAJOR BUSINESS LEGISLATION FOR 2008

Below are the voting records of our area legislators on major bills that affected the Inland Empire Chamber Legislative Alliance and the California Chamber of Commerce deemed important to business. These votes reflect the many times a legislator voted for bills on the Floor and Senate on a single day. This report does not capture votes on bills rejected by legislators, or votes not taken on legislation. These votes are based on roll-call votes with which the Alliance was able to track attendance. The California Legislative Interest Report Card is not an indicator of how business owners to use the SBDC (Inland Empire Small Business Development Center). One way they doing this is by using SBDC funds to help bring SBDC's services to Victorville's existing, as well as aspiring, small business owners.

Victorville Small Business Owners Receive a Boost

Victorville Redevelopment Agency (VRA) is encouraging local business owners to use the SBDC (Inland Empire Small Business Development Center). One way they doing this is by using SBDC funds to help bring SBDC's services to Victorville's existing, as well as aspiring, small business owners.

The city has long recognized the benefits of helping small businesses thrive, and is committed to continued funding for small business programs supported by the SBDC. The focus of this assistance is to encourage positive growth in the Victor Valley, with the ultimate goal of creating new jobs for local citi-

The programs offered by the SBDC will be free to those interested in receiving them. These programs include entrepreneurial counseling, training workshops and seminars covering a wide range of topics. Some of the topics to be discussed will include business planning, financial management, sources of capital assistance, record keeping, office automation, and human resources.

Small Business Owners will be able to access economic and statistical data, public/private financial opportunities, and referral lists from the SBDC as well.

The SBDC is open Monday through Friday, and has staffed by a business consultant at the Inland Empire North - Small Business Development Center. (Continued on page 39)
Trust is essential in today’s business world. Every day, people talk about how important trust is, yet few know how to create it. Trust comes when people know they can count on you. Trust comes when people know you’re there for them. When people protect each other, there is trust—it’s that simple. When you’re committed to others and think of them first, you can expect an extraordinary commitment in return.

In the NBA, basketball players follow the concept of “stickin’ together.” They know by protecting each other, working collaboratively and standing united against the competition, their chances of winning greatly increase.

In business, the only way you can do your job effectively, be creative and be innovative, is when you know someone has your back. When you’re confident someone is watching out for you, you’re more willing to take risks to increase the bottom line. Unfortunately, in most companies, people are just there to collect a paycheck. There’s no creativity, no innovation and no risk-taking, all because there’s no trust among team members. After all, if no one is backing your ideas, why try to implement them? The chance of failure is too great.

The world of professional basketball offers the perfect learning example: In basketball, one person’s job is to guard the basket. As long as that person is doing his job, his teammates up the court can take risks and try to steal the ball from the other team. If they’re unsuccessful with the steal and the competition happens to get by them, they can count on the person guarding the basket to protect their team and keep the rival from scoring.

If the team members can’t count on each other, they’re not going to take risks. They’re not going to play it safe. They’ll stay in front of their man, do their best to not let him score, and stay in a defensive mode rather than taking an offensive position and going for the score.

The same is true in business. People may have some good ideas, but they don’t voice them because they don’t feel protected. They don’t feel that sense of trust or appreciation, so they stay under the radar and do just enough to not get fired. They become clock-watchers who only care about themselves and their own agenda. As a result, you have a company filled with people who know only how to complain and whine rather than take action and responsibility. Now you no longer have a team; you only have divisiveness.

If you want people in your company to not only think of new ideas but also execute them, then they need to feel supported. Protecting your teammates is a key ingredient in the NBA, because if you don’t have that trust, then things quickly fall apart. For businesses to succeed, they need the same mentality. If you want your company to grow, to change, to innovate, to succeed, and to rise to the top of your industry, then you can’t afford to have a bunch of people playing it safe. You need the creativity and entrepreneurial spirit that comes when trust abounds.

So if you’re ready for your company to go from a “playing it safe” rookie to an innovative all-star champion, then consider the following suggestions.

1. If you’re an employee, encourage fellow employees to step out and take risks. What would it be like if everyone on your team truly felt safe? If you want to be invaluable, be the person people can count on. If you want to have enduring relationships, look out for others. Put others first. When you protect others, they take risks. They know they won’t be criticized should they fail. When you protect others, you create an environment of safety and freedom. If they’re not innovating and the immediate response required in a world and market characterized by instant change. When you protect others, you sometimes give up an opportunity or put yourself in the line. But when you do that, you show people you care. Therefore, let people know that you have their trust and support, even if that’s not the prevalent culture. Remember that change has to start somewhere.

2. If you’re in management or a supervisory position, become a protector. Encourage your people to come to you with ideas. When you decide to implement one of the ideas, let your employees know you completely support them. Win or lose, you’re there for them. If you must, think of your employees as your children. As a parent, your first priority is protecting your children. Just like children, adults do their best when they feel cared for and safe. So if you want peak performers, create an environment where everyone feels safe.

The key to performance and success is trust and loyalty are what distinguishes a team from a group. They’re what make relationships irreplaceable and irreversible, and people invaluable. When you fight for another person and transcend your self-interest, you change the world.

Trust comes when people know they can count on you...that you’re there for them no matter what. When you protect each other, trust is inevitable. It’s that simple.

When you commit to protecting others, you can expect an extraordinary commitment in return.

Trust sets people on fire. When you defend another, you find courage that you didn’t know you had. Fighting for someone else and doing more for others than you do for yourself brings out the best in yourself. And that’s where you find the win. It’s called the magic of teamwork.

For more information, visit www.76.com or e-mail Mark Eaton at info@76.com.
Economic Forc... level of 2.9% until 2011 at which time we expect it to be occurring faster than U.S. personal income. This slowing in the growth rate of personal income portends problems in state government finance unlike the 2010/2011 fiscal year action. Watson Land Company was represented by Tom Taylor, Steve Bellotti and Josh Hayos of Colliers International...Principals of Bashar + Gaddi Design + Build, a venture of Lecher Architects and Gaddi Architects, the architecture and planning division of Burbank-based Gadd Studio, were presented with six Honor Awards during recent ceremonies (Nov. 7) at the U.S. Green Building Council-LA “Green Gala” at the Wallis Annenberg - California Science Center in Los Angeles. Only LEED projects were eligible for the award, which was part of Architectural Foundation of Los Angeles’ (AFLA) “Design/Genius” competition. AFLA, an entity of AIA Los Angeles Chapter, is dedicated to bringing awareness about the value of architecture and related arts to the general public and design professionals. The award recognizes the Water + Life Museums in Hemet, which comprise Metropolitan Water District’s Center for Water Education and The Western Center for Archeology and Paleontology. Earlier the project received a Platinum LEED rat... the highest bestowed by USGBC. This column provides a review of the latest commercial real estate activity throughout the Inland Empire. It is produced in a joint media effort between the Inland Empire Business Journal and Rent.com leading Internet real estate news site which has been covering the industry in California for nine years. For more commercial real estate information from around California, go to www.rent.com. Growing in... want to “be sold” unless they have already decided to buy. 7. Be sure to be creative in constructing the offer, as well as to provide incentives to “act now.” Most do-it-yourself ads and direct mail are passive and do not provide a strong enough incentive to act. 8. Do not forget to tune your people in to the need to collect...inflation is occurring in the recent past. If the consumer in the U.S. in general and California in particular, takes a cue from Black Friday and decides to go on spending spree for the holidays, this could be a very short downturn. So have we adopted a middle position in our forecast, the consumer takes longer to come back, and credit market conditions do not get much worse than the past three months. There are, finally, key political assumptions in our forecast. We now have a new president-elect. He has moved rapidly to appoint...a new economic team and promises to implement solid policies to turn...public safety and to the family...services:...the governor has proposed a sales tax increase of 1% for the next three years. When taxes go up they have a negative effect on the economy and increased confidence in government pol...It’s New York without the attitude! This award-winning restaurant is where famous fare is finely defined. Our menu features prime steaks, Australian lobster tail, garlic roasted chicken, rack of lamb, prime rib and fresh seafood specialties. Join us for jazz in our Manhattan Room where acclaimed artists have made us the Inland Empire’s most intimate jazz experience! We take care of every detail to make your dining experience...separate conferences, Chief Wright won’t rest until the city is the safest in the nation. “We are happy with our suc...cess,” Chief Wright said. “But we are never satisfied by it.” 900 Ontario Mills Drive, Ontario Mon / Thur 11:30 a.m. - 9:30 p.m. Fri 11:30 a.m. - 10:30 p.m. Sat 4:30 p.m. - 10:30 p.m. Sun 4:00 p.m. - 9:30 p.m. • Reservations Recommended It’s New York without the attitude! This award-winning restaurant is where famous fare is finely defined. Our menu features prime steaks, Australian lobster tail, garlic roasted chicken, rack of lamb, prime rib and fresh seafood specialties. Join us for jazz in our Manhattan Room where acclaimed artists have made us the Inland Empire’s most intimate jazz experience! We take care of every detail with innovative menu items, specialty dishes, delectable, outstanding wine selection and entertainment to complement...and discover our magnifi...ent banquet rooms, perfect for hosting your next event. • Ra Sushi—Chino Hills, Das Lagos • Taps—Dos Lagos • East 18th—Chula Vista • Raja Lobster—Montclair • Saffron at Riverside Art Museum RESTAURANT OF THE YEAR Ocoza in La Quinta and Palm Springs INLAND EMPIRE'S BEST SUNDAY BRUNCH Taps in Dos Lagos 2008 OLDIES BUT GOODIES... • New York Grill • DoubleTree, Sunday Brunch • Bisqio Pizza on Mountain in Montclair • Manhattan in the Desert, Palm Springs on Hwy 111 • Simple Simon’s, Riverside • Mirage • Garvy in Pomona • Thornton Winery—Champagne, Temecula • Madlons in Big Bear • Johannes, Palm Springs • Rockin’ Raja* features Raja style sukiyaki served canal to the famous villages of Puerto Morelos, Mexico. Delicious flank steak is then seasoned and brought to your table in our Raja Buckets. • Steak & Seafood Bucket 27 oz. • Surf & Turf Bucket 32 oz. • Shrimp & Lobster Bucket 29 oz. • Shrimp & Lobster Combo Bucket 26 oz. • Crab & Lobster Bucket 25 oz. • Steak & Lobster Bucket 29 oz. • Meat Lover’s Bucket 24 oz. • Raja’s Original Big Raja Bucket 28 oz. • Duck Bucket 25 oz. • Duck Bucket 28 oz. • Crab & Lobster Bucket 25 oz. • Duck & Lobster Bucket 27 oz. • Steak & Lobster Bucket 27 oz. • Duck & Lobster Bucket 27 oz. • Raja’s Original Big Raja Bucket 27 oz. About an hour south of San Diego, CA, along the Baja Coast, lies what was once a small fishing village called Puerto Nuevo. For many years, tourists flocked to the local fish...since San Diego. He converted the historical Old Bonita, Store in Bonita, California, to a Puerto Nuevo style lobster house. In 1992, he opened a sec...location on the harbor in Oceanside. It was here that he creat...the founder of Rockin’ Raja Buckets. Not satisfied with just lobster prepared Raja style, he experimented doing every type of shellfish recipe in the same way. The buckets now come with something rang...using lobster, tail shrimp, and snow crab to Alaska. Continued from page 36 Continued from page 2...community through the relationships developed and maintained with our school district, our social service agencies, our busi...n the City Council’s strong support of public safety and to the family-oriented nature of Murrieta. "Public safety is always a concern of ours, and we take it very seriously," Dudley said. "There is an increase in your quality of life when you feel safe in your community. Although Murrieta was rated by CQ Press as the safest city in Riverside, San Diego and Los Angeles County, Chief Wright won’t rest until the city is the safest in the nation. "We are happy with our suc...cess," Chief Wright said. "But we are never satisfied by it." INLAND EMPIRE'S BEST NEW RESTAURANTS OF 2008 • Ra Sushi—Chino Hills, Das Lagos • Taps—Dos Lagos • East 18th—Chula Vista • Raja Lobster—Montclair • Saffron at Riverside Art Museum
Palm Desert Chamber of Commerce Grand Opening Mixer

Meet and mingle with PDCC and the local business community. The Palm Desert Chamber of Commerce welcomes you to the Grand Opening Mixer Event on Wednesday, Jan. 21 from 5:00 to 7:30 p.m. in the New Chamber Offices, The Henderson Community Center, 14850 El Paseo, Palm Desert. For more information call the Palm Desert Chamber of Commerce at 346-2511 or visit www.pdcc.com.

Enjoy a "Taste of Palm Desert" with Champagne upon arrival courtesy of Corktree Restaurant and as we experience flavors from the following restaurants at this event: Pat & Oscars, Port of Subs, Cucita Restaurant, Ruths Chris Steakhouse, Fantasy Springs Resort, Desert Willow Resort, Murphys Gaskell, Corktree Restaurant, Cucina Pasta, Tommy Bahama, Papa Dino's Pizza and Pasta, and ZPizza, and more.

Rockin' Baja...

continued from page 35

King Crab, all prepared Baja style. Buckets come with other taste-tempting ingredients such as grilled marinated carne asada and chicken to crispy tacos. The Original Baja Backer® comes overflowing to your table with Baja style slipper lobster tails and shrimp along with grilled carne asada and chicken. And all the buckets are available in sizes for 1, 2, 3 or 4 guests! What truly adds to the sunny coastal paradise of these restaurants, besides the beach murals and funky artwork and signage, are two very important ingredients: the unlimited all-you-can-eat chip and salsa bar, warm flour tortillas and platters of Mexican rice and beans—and the endless smiles and hospitality of the staff. They pride themselves on offering their guests a fun, rockin' good time, truly delicious and unique food offerings; and icy cold beer with the bucket, if you wish, and a varied selection of the best tasting margaritas anywhere. So come on in, sit down, get in the mood, lick your fingers after each bite and quench your thirst any way you please. It's Rockin' Baja!

Rockin' Baja is located at 9335 Monte Vista Ave., in Montclair. For more information call 909-421-7788.

Taxes are...

Transit: $312 million over two years. Cuts of $156 million in each of the next two years.

Judiciary: $35 million in cuts

Local public safety programs: $250 million in the current year and $500 million in 2009-10. The cuts come by eliminating funding for local law enforcement programs, though some of the funding (roughly $500 million over the two years) would be restored through a new $12 fee on car registrations.

Williamson Act: $35 million cut. Would eliminate state funds that currently go to counties for this program to preserve agricultural lands.

The Republicans and the Howard Jarvis Taxpayers Association immediately called on the Governor to veto the bills while voicing to immediately challenge them in court as unconstitutional because they were passed without a two-thirds majority vote.

The bill also recommends $375 million in wage cuts, to be determined in negotiations between unions and management. Nothing mandates the unions accept any wage cuts, but they must go through the motions of negotiating.

GOVERNOR PROMISES VETO

Governor Schwarzenegger declared he would veto the budget bills sent to him by the legislature because they fail to provide real solutions for California's budget crisis and also fail to provide economic stimulus and mortgage relief for California.

He argues that on Nov. 6, he presented a budget proposal to the legislature that would address all his issues. Democrats believe if they add his proposals to their budget proposal, he will still agree to these tax increases. They pragmatically believe the courts will not enjoin them, and they can begin collecting immediately. They believe even if they lose the court case, a year or more in the future most people will not demand refunds or be able to prove they qualify for them.

The budget bill facing veto was passed three days after the Republicans on Dec. 15 finally put a no-new-taxes proposal on the table that called for cutting deeply into schools and social service programs. Neither Democrats nor Gov. Arnold Schwarzenegger embraced the $22 billion plan, which included $6 billion raised by raiding voter-approved preschool and mental health funds. In fact, Democratic legislative leaders made pretty clear the proposal was DOA.

On Tuesday, Dec. 16 Assembly Democrats and Republicans split along party lines in rejecting a Democratic plan to end the standoff. The roughly $19 billion package of companion bills included one for $11.3 billion in tax hikes, the other for $7 billion in spending cuts.

On Wednesday, Dec. 17 as expected, state officials cut off funds for thousands of public work projects statewide, including roads, libraries, schools and prisons. State Treasurer Bill Lockyer called the action "unprecedented" for a new $12 fee on car registrations.

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Healdsburg...
continued from page 44

Here are the current top 10 bestselling business books. The list is compiled based on information received from retail bookstores throughout the U.S.A.

1. "The Snowball: Warren Buffett and the Business of Life," by Alice Schroeder (Bantam Books... $35.00) (1)
2. "Why We Can't Know About," by Kevin Trudeau (Essex Press... $25.95) (2)
3. "The 21st Century Will not be "the American Century," by Thomas L. Friedman (Farrar, Strauss and Giroux... $27.95) (3)
4. "Why green "sustainability" "saves the planet and the USA."
7. "Outliers: The Story of Success," by Malcolm Gladwell (Little, Brown & Co... $27.99) (5)
8. "Why the cause of success is linked to where you were born."
9. "Call Me Ted," by Tom Turner (Grand Central Publishing... $30.00) (6)
10. "A Great Combination" (1)

Build Team...
continued from page 16

Note: The New Manager's Tool Kit: 21 Things You Need to Know to Hit the Ground Running, by Don & Sheryl Grimm; AMACOM: New York, New York; 2009; 256 pages; $16.95.

Despite the title, there's a lot of good information in the book that's also appropriate to experienced people in the organization chart than recently arrived managers. As co-authors Don and Sheryl Grimm note, the book was designed to be "both a how-to and why-to" project. The authors express the hope that time managers will be best served reading in a very linear fashion from cover to cover. It's also their belief that more experienced members of management will focus on areas of immediate concern first, then experienced members of management will serve reading in a very linear designed to be...
A $1 million grant was awarded to Olive Crest for its Coachella Valley Children’s Center. The money will be used to build four homes for abused and at-risk teens.

The project broke ground in April 2007, but vertical construction was delayed until June because of a funding shortfall. It should be completed by late January, said Tresia Vann, associate development director for Olive Crest. The buildings will include a private school and a recreational area.

For more info about Olive Crest or to donate, call (800) 556-2445 or go to www.OliveCrest.org.
Planning a getaway to Monterey or San Francisco? Think Sonoma Coast and the Russian River region for a serendipitous adventure into relaxation, beauty with great food and wine.

The Russian River Region includes the Russian River Valley, the Sonoma Coast, and the surrounding wine country. About an hour and 15 minutes driving time from the Golden Gate Bridge leads to a “quiet” place—a place to unwind, let go and just simply relax. The villages are inviting and they seem to “dare” you not to relax. Healdsburg is a perfect example of a small crossroad’s community that has that quality.

Named for a Quaker

Healdsburg was named after Harmon Heald, one of eight Quaker children who came overland with his family in 1849 from Jackson County, Missouri. They were in search of gold but, as the fates would have it, Harmon instead founded what is now known as Healdsburg. This place was once the best kept secret in the area, but the traveler that is looking for somewhere to simply relax and enjoy good wine and good food has more or less let the cat out of the bag. Healdsburg is attracting the vacationer while still maintaining its relaxing, laid back aura.

Everything Within Walking Distance

One of the most amazing things about Healdsburg is their restaurants. Most are excellent—from Italian, Thai, Chinese, American—and so good that you might need a reservation some evenings. Here is a city with over 11,000 inhabiting the city limits. Just about everything including shopping, bakeries, a brewpub, wineries and tasting rooms and spas are within walking distance from the delightful hotels or inns on or near the Historic Plaza.

Sample the area

The following is just a sample of the area and barely touches what is available:

Start out by booking a delightful room at the Healdsburg Inn on the Plaza. (A Four Sisters Inn.) The Inn overlooks the Historic Plaza where everything in town happens. Step out the front door and you are in the midst of the festivities of the moment. If you wish to avoid any activities or festivities, go around the corner and hop in your car and drive to any adventure you choose. Rooms are comfortable with gas fireplaces, private baths with jetted tubs, showers, plush terry cloth robes, balconies, TV, and, of course, breakfast (you can also order breakfast in bed), and afternoon wine and snacks. The staff is sincerely warm and friendly.

To book a room at the Healdsburg Inn on the Plaza call Jennifer at 1-800-752-3046—rates are seasonal and it is located at 12 Matheson Street in Healdsburg.

Round your trip out with a visit to The Spa at the Hotel Healdsburg. It is a full-service spa that offers complete and conscious care in a tranquil surrounding. Well-trained therapists and aestheticians are selected for their credentials and experience. Many treatments are available and includes choices from massage, facials, mani-pedis, and pedicures. Go be pampered and enjoy.

For appointments call 707/433-4747.

The Spa is at 327 Healdsburg Avenue.

A variety of eateries to test your gourmet tastes

Great food abounds. Sake 'O is the ultimate in Japanese food. A comfortable spot offers the best sushi and sashimi on the planet; the Martini Prawns are what trying to steal a recipe is all about. The Spanish Fly is seared Ahi Tuna topped with avocado, tomato and red onion in olive oil and soy with jalapeno on top. One wonders how they can get all of this on one little piece of Ahi but they do and the combination is wonderful. The Utah Roll is a Tempura Prawn inside a snow crab with a spot of tuna and a special sauce. The delicate flavors in all of these blend into a satisfying gourmet's delight, and that is only a small sample of what is available in this delightful little bit of Japan.

Sake 'O is located at 505 Healdsburg Avenue in Healdsburg.

For hours and reservations call 707/433-2669.

For menus and prices go to Sake 'O at www.garychus.com.

A Divine Affair is a charming tiny little spot that serves great Russian and Ukraine food. The borscht, to use a well used cliche, is to die for, and the Peorjcs fall into the same category. This tiny place has a banquet-sized menu that is the ultimate in fine food.

Be sure and try A Divine Affair at 330 Healdsburg Avenue in Healdsburg.

For hours and reservations call 707/433-1035.

For menus and reservations go to www.divineaffair.net.

A really fun “wear your T-shirt and shorts” place to go to is the Bear Republic Brewing Company. You’re greeted by a happy, amiable staff and food keeps on coming. Steaks, burgers, salads and, of course, beer

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