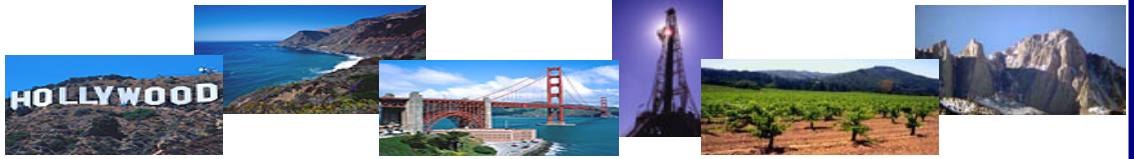




# California Regional Bulletin

A Review of Current California Economic News

April 11, 2008



**In this week's Bulletin, you will find:**

- Soaring diesel fuel prices affect truckers' bottom line.
- California salmon collapse may lead to West Coast fishing ban.
- Ag Industry sees increased need for high-tech tools.
- BART scores huge advertising dollars.
- SANDAG issues report with emphasis on creating high-wage jobs.

## National

**High diesel prices push what many consider the backbone of the American economy to the breaking point**, according to an article at [CNMoney.com](http://CNMoney.com). From independent truckers to loggers to farmers, soaring fuel prices are affecting their bottom line with little impact to the consumer due to cutthroat competition. "Demand is weak," said Gus Faucher, director of macroeconomics at Moody's Economy.com. "If you're in construction, business is terrible right now. The last thing you want to do is raise your prices." Diesel fuel prices have nearly tripled since the start of 2004 and during the last two months alone prices have jumped 22 percent. "I'm in debt," says Jim Gossett, an owner/operator truck driver in Chapel Hill, N.C. "Do I turn in all my equipment, potentially lose my home?" His profit margin has decreased from 25 percent to 5 percent due to the cost of diesel fuel. Unlike the average consumer who can cut back on gasoline use when prices get too high, businesses of all types have little recourse.



## Statewide

**West Coast salmon fishing ban considered**, according to [The Fresno Bee](http://TheFresnoBee.com). The collapse of one of the West Coast's biggest salmon runs is so severe, even fishermen are calling for an unprecedented halt to salmon fishing off the coasts of California and Oregon. The Pacific Fishery Management Council meets in Seattle this week, and it's likely to impose the most severe restrictions ever on West Coast salmon fishing. The purpose is to protect the Sacramento River chinook which came back to the Central Valley last fall with about 90,000 adults—the second lowest number on record. In comparison, there were 775,000 adults in 2002. The council, which regulates Pacific Coast fisheries, will chose between three management options: a total ban on salmon fishing off the coast of California and Oregon; extremely limited fishing in selected areas; or catch-and-release fishing for scientific research. The Central Valley collapse is a blow to fishermen, tackle shops, charter boat operators, and other businesses that depend on commercial and recreational salmon fishing. "It's going to be devastating to the market place to have no California king salmon at all," said David Goldenberg, CEO of the California Salmon Council. "For people who want high-quality salmon, they're not going to have that choice."



You will find this week's Bulletin on [the LMID Web site](http://theLMIDWebSite.com).



## Central

**Farm management goes high-tech.** A new debate emerged at the World Farm show in Tulare this past winter. Which is better: Macintosh or PC? In an industry that is increasingly turning to high-tech tools to assist in the ancient art of growing crops and tending livestock, the growing debate over computer operating systems is another sign of the changing times, said Craig Buxton, chief executive of PureSense Environmental Resource Management. The [Modesto Bee](#) reported growers are seeking more efficient ways to run their operations as water issues, rising energy costs, and global competition threaten their livelihood. One new device on the market is a high-tech instrument that measures soil-moisture levels by way of wireless sensors. The data collected from this device can then be analyzed and presented on an easy-to-use Web-based interface which will save time for farmers. Saving time, money, water, and energy are not the only challenges farmers face. The growing threat of theft of equipment, materials, and crops has driven development of a new product called 'data dots' that are laser etched with identification that can be read by the police with the right equipment.

**Bay Area Rapid Transit (BART) struck a rich vein of advertising dollars,** according to the [San Francisco Business Times](#) (subscription required for full article). The subway system will start earning an average of \$14 million annually for a decade as part of a new deal reached with Titan Worldwide, which sells advertising space on transit systems across the country, Canada, and Europe. The agreement, which becomes effective in October, replaces a deal with CBS Outdoor, which paid BART an average of \$3 million annually. With more than 350,000 people boarding each weekday, BART is among the largest systems in the West, carrying a diverse population many advertisers covet. "Unlike a lot of transportation agencies, we have a more affluent crowd," said BART's Linton Johnson. "We have CEOs and executives who ride BART on a regular basis (and) people who clean office buildings." That mix, especially among richer riders, allows Titan Worldwide to attract high-end advertisers because "they know they will have the eyeballs." The Titan Worldwide contract will pay BART \$8 million in the first year and escalates each following year. That will help BART with its \$3.4 million deficit for the year beginning July 1. Johnson said, "We've almost stopped the bleeding but by no means are we healing."

## Southern

**High-wage jobs and infrastructure are the focus of economic prosperity proposals** for the San Diego region, reports the [San Diego Union Tribune](#). The San Diego Association of Governments (SANDAG) conducted an analysis of the region's demography, labor force, industry, and infrastructure to issue the San Diego Region Economic Prosperity Strategy, [Volume I](#) and [Volume II](#). One factor has been the emphasis from municipalities to concentrate on tourism-related projects. Marney Cox, SANDAG's chief economist, said, "In return for our investment in the entertainment and visitors industries, we've gotten stable but low-paying jobs." Since 2000, 44 percent of the jobs created in San Diego County have been in the leisure and tourism industries, which typically pay low-wages and require minimal education. This trend has widened the gap between rich and poor; approximately 55 percent of workers now earn low-end wages, compared with 51 percent in 2000. Local municipalities should invest on improving the local energy, water, transportation, affordable housing, and education systems. According to Julie Meier Wright, president and CEO of the San Diego Regional Economic Development Corporation, improvements to public infrastructure and more flexible land-use policies "will eventually bring more jobs to the region, helping to balance our local economy and spur the growth of our standard of living." Cox agrees: achieving a more business-friendly infrastructure, aligned with affordable housing will result in smart growth and entice high-paying employers to the area. The strategic plan, to which civic officials throughout the county contributed their effort, includes a list of proposals for business retention and expansion in the region.

