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JAN NORMAN ON SMALL BUSINESS
news and practical tips for orange county small business owners

O.C. 5th most costly place to do business

October 2nd, 2008, 3:00 am by Jan Norman

Orange County is the 5th most costly place in which to locate a light manufacturing plant.

That's the message site location expert John Boyd of **The Boyd Co.** in Princeton, N.J., gave to clients in a private meeting at the Irvine Marriott Wednesday.

In fact four of the five most expensive markets are in California, according to the company's study of 75 U.S., Canadian and Mexican locations.

Here are the most expensive markets, based on labor and land costs, construction expenses, property and sales taxes, utilities, shipping and other occupancy costs:

Rank	Location	Total Annual Operating Costs (in millions)
1	San Francisco	\$42,552
2	San Jose/Sunnyvale	\$41,587
3	Bridgeport/Stamford, CT	\$40,438
4	Los Angeles/Long Beach	\$40,266
5	Orange County	\$39,689
6	Boston/Cambridge	\$39,090
7	Hartford, CT	\$38,659
8	New Haven, Ct	\$38,549
9	Nassau/Suffolk, NY	\$38,399
10	Middlesex/Somerset NJ	\$37,890
13	San Diego	\$37,774
16	Riverside/San Bernardino	\$37,250
18	Toronto, Ont. Canada	\$36,633
38	Phoenix/Scottsdale, AZ	\$34,239
42	Calgary, Canada	\$34,013
75	Maquiladora, Mexico	\$22,255

(Comparisons are based on a new 275,000-square-foot light manufacturing plant employing 550 workers and shipping nationwide.)

"It's a difficult business climate in California," says Boyd, whose clients range from **JP Morgan Chase** to **Hewlett Packard** to **PepsiCo**. "Costs drive the location decision and costs are high in California.



John Boyd, The Boyd Company

So are California companies moving away and outsiders avoiding a move here?

"The budget crisis that California has gone through has ratcheted up the corporate sector's concern," Boyd acknowledges. "Governments can do less than casual observers think to make a location attractive, but one thing they can do is raise taxes or not."

For manufacturers, California is problematic, Boyd adds, because of massive regulations, abuses of the labor rules such as paid family leave act. "It's not just salaries, its work rules that limit clients' ability to be productive."

However, California has an "ace in the hole," he says. It's a huge market that many

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companies can't ignore.

"It's not all gloom and doom in Orange County," he adds. "You have centers of excellence, such as the design phase of the auto industry, and a world class university in UCI."

But California has a bigger problem than the cost of labor and land, Boyd says. "The availability and reliability of water is the other issue of concern in the West. The second war between the states will be over the shrinking water supply."

The Boyd Co., founded in 1975, periodically does comparative economic studies of potential locations for industries in transition. After 9/11, the company ranked sites on the probability of terrorist attack.

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Owners not thrilled with bailout

October 1st, 2008, 11:12 am by Mary Ann Milbourn

Small business owners are split 50-50 over whether the bailout is the best way to solve the country's financial problems — and just over half think it will actually hurt small business. The opinions were part of a survey done Sept 30 for SurePayroll. Of the 262 responses to the SurveyGizmo poll, 131 thought the federal government was making the right decision in bailing out Wall Street — and the exact same number said it wasn't good idea.

Asked in another question, "Is the bailout good or bad for small business owners?" 51.53% said it was a bad idea, 48.47% said it was good.

Like many Americans, they only reluctantly went along with the concept. Here's the breakdown to the question: "What is your primary reaction to the bailout?"

Reaction	%
It's sad we have to do it	45.42%
I am angry about it	36.64%
I am glad that it's happening	2.67%
Other	15.27%

Register Washington bureau chief Dena Bunis [reports](#) these proposed changes to the bailout bill, which the Senate is expected to vote on about 5 p.m. Pacific today:

- Increasing for one year the \$100,000 cap on Federal Deposit Insurance Corp. insurance to \$250,000
- Extending some business tax breaks that have expired
- About \$78 billion in renewable energy incentives
- Some relief for the Alternative Minimum Tax.

Tell us....

How will a bailout affect small business?

- It will hurt
- It will help
- It's the economy, stupid