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## County withdraws land for development

### General plan update avoids 'train wreck'

MICHAEL SHAW | STAFF WRITER

Sacramento County is backing off a plan to open 20,000 acres of farming and mining land for development, officials saying that projected growth can be handled

largely within existing urban boundaries.

Spurred by the recession, the decision marks a radical change for the county's General Plan 2030, which will govern growth for the next 20 years.

"It became very clear to me we were moving toward a train wreck," said Steve Szalay, interim county executive. "In my estimation, we were on legal ground that was very difficult to defend."

Previous growth estimates were based on the real estate boom years, he said. Szalay halted the update process in October and asked

consultants to plan for more realistic growth, believing legal challenges could cripple the process for years if the county didn't change course.

The consultant's recommended change is likely to appease some critics of the original plan, while

GENERAL PLAN | PAGE 22

## OPTIMISM CREEPS INTO FORECAST

### Many shell-shocked employers feel better about 2011

KATHY ROBERTSON | STAFF WRITER

Local employers are scratching for hope and getting mixed results.

There's more talk of hiring than layoffs, but it's a wide swing between pain and profit. Many employers are still hunkered down. Some see hope but don't feel it. A few are on a roll.

An architectural design firm downsized from 60 to six employees in the recession, but a specialty construction company found a niche and quadrupled its work force in the bleak housing sector by building fences, pouring concrete and installing solar systems.

The region dropped more than 22,000 jobs last year, but business owners seem to feel better about the economy and their prospects in 2011.

"People are just coming to the



DENNIS MCCOY | SACRAMENTO BUSINESS JOURNAL

Raj Chahal is operations engineer at RagingWire, which hired 10 people last year and expects to add 10 to 15 in 2011.

### FOCUS | STARTING ON THE RIGHT FOOT

**6 | Job seekers are encouraged to embrace social media, such as Facebook and Twitter, to expand their search.**

**7 | Uncle Sam gives companies a 100 percent write off for capital expenses. The catch? The business must be profitable.**

realization that this is the new way life is going to be, things are not going to change anytime soon

— and it's time to start living again," said Andrew Westbrook, vice president of Harley-Davidson

of Sacramento.

The company had 110 employees and two stores in 2006, but is down to one Sacramento store and 38 employees. The Elk Grove store closed in 2009; 30 employees were laid off.

"We recently downsized again. There was a 20 percent drop in

EMPLOYERS | PAGE 7

## UOP plans to expand in Sacramento, S.F.

KELLY JOHNSON | STAFF WRITER

The University of the Pacific envisions ramping up its Sacramento presence.

The private university has nearly 5,000 students at its main campus in Stockton, plus about 1,000 students in Sacramento at the McGeorge School of Law and 550 at its

**UOP, VC firm team up for business classes | 3**

San Francisco dentistry school.

Now the school hopes to expand its offerings in both Sacramento and San Francisco, making it truly a three-city university.

The vision is to offer at the other campuses more of what UOP already offers in Stockton, said

Lewis Gale, dean and business professor at the university's Eberhardt School of Business.

UOP | PAGE 20

Dean Lewis Gale leads UOP's efforts to bring more courses to Sacramento.

PHOTO COURTESY OF UNIVERSITY OF THE PACIFIC



# EMPLOYERS | Businesses making more short-term decisions 'to remain nimble'

## FROM PAGE 1

sales last year, which means one in five bikes didn't sell," Westbrook said.

Recent cuts were small but hit hard.

"It's tough. We know all the families and stuff. It's a little easier when there are 100 and you don't know everybody's names," he said.

Westbrook is hopeful about 2011, though.

"We'll add very minimal staff this year," he said. "But I actually see things stabilizing for those still in the Harley world."

## 'IMPORTANT TO HIRE A NEW STREAM OF TALENT'

Slightly more than half — 51 percent — of the top 100 local employers plan to hire workers in the first quarter, according to a recent survey by Pacific Staffing. Of that total, 36 percent are replacement workers.

That's good news because the first quarter is traditionally the slowest time of the year.

RagingWire Enterprise Solutions hired about 10 people in 2010 and expects to bring on a minimum of 10 to 15 more this year.

The data center and its sister company StrataScale Inc., a data hosting company, have about 150 people, and are building another data center next door.

Between 150 and 300 tradespeople are employed on the construction project on any given day.

"We are very fortunate," said Doug Adams, RagingWire vice president of sales and marketing.

"We consider ourselves to be a leading indicator for the market. When customers are in an expansion mode, they begin to make investments in information technology — and we are beginning to see that happen."

Augustine & Associates, a Roseville-based public relations firm, downsized from more than 50 employees to roughly half that but began growing again last year. The company has added five since the fall and is looking at four new hires in the first quarter.

"We had to right-size and reinvent ourselves in terms of our client base and determine our best path forward," chief executive officer Debbie Augustine-Nelson said. "We put a lot of effort into new business in different areas and, with that, we feel it's important to hire a new stream of talent."

For others, it will be a slow climb out



Karen O'Hara, founder of HR to Go Inc., worked with Andrew Westbrook, vice president of Harley-Davidson of Sacramento, when the motorcycle dealership had to lay off workers.

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of the trench.

## WHEN DOES REVENUE JUSTIFY HIRING?

Karen O'Hara, owner of a human resources consulting firm called HR to Go, helped Harley-Davidson make the tough cuts. But she is cautiously optimistic.

"We're getting a lot more calls about hiring and we're done with layoffs, which is a good thing," she said. "But people still want to hedge their bets and see how this year goes."

The prospect of a slow uptick in the economy raises big questions about when to hire, who and what for.

Employers used to do long-range planning. Now they are making short-term decisions to remain nimble to react to change, O'Hara said.

It may make sense to bring on temporary staff to ride an uptick in demand — and transition them into full time if the market continues to improve, she suggested.

"As a business person, at what point will the revenue justify an increase in payroll? There's a new project they think will come on and may require them to staff up, but they don't have the revenue until it comes," O'Hara posed. "Many employers will wait."

There's also a question of whether to spend money on boosting morale or spreading the workload by adding new

employees.

It's important to realize the toll the recession has taken on current employees and hand out overdue raises and/or reinstatement retirement plans, O'Hara said.

"You definitely don't want to lose your good employees," she said. "Under normal circumstances, 20 percent of people are looking for new jobs. That's not happening in the current economy, but pent-up employees will leave as soon as something comes up. Employers need to realize that."

Extra space due to downsizing is an eyesore and bad for morale. It's also unnecessary overhead.

Some business owners have tried to renegotiate their lease and gotten nowhere, while others have gotten a significant reduction, O'Hara said.

Another option is to sublease space for compatible use.

It all comes down to numbers, said Amelya Stevenson, president at e-VentExe, an HR consulting firm in Granite Bay.

"People hate change but if the organization can't support the overhead, it's in denial," she said. "At e-VentExe, we should have pulled the trigger two years ago."

The company did ultimately close a Bay Area office and lay off three people.

"Cutting? I don't think there is anything left that wasn't cut and slashed 18 months ago," she said of the market as a whole.

"Whoever is left is doing double or triple their jobs.

"One day, when this is all over, somebody will write a book about what the heck happened to us. We're still shell-shocked," Stevenson said. "I do think the bottom has hit, but people are very reluctant to commit in the current business climate."

## MANY APPLICANTS NOT QUALIFIED

It's an employers' market when it comes to hiring, but that raises questions of its own.

A small advertisement or online posting can generate hundreds of applicants.

"Sites like Monster or CareerBuilder.com blast out résumés," O'Hara said. "Most people who apply aren't qualified."

Three separate ads placed by O'Hara for three different positions — a trucker, a customer-service representative and an administrator — generated the same résumés from the same people.

"Of 150 résumés, 13 people were even remotely qualified," she said.

One answer is to use a test to gauge talent; another is to include questions that will weed out those who are not qualified.

"You can eliminate 80 percent of the résumés with good questions," said Jennifer Shaw, a partner at the employment law firm Shaw Valenza LLP. "Ask them to give their salary history, and if they don't, they're gone. They can't follow directions."

Targeted advertising helps, too. Craigslist generates different résumés than CareerBuilder, sources say. Trade associations are good. Personal references from current employees are best — and worth offering a bonus for, Shaw said.

It may be tempting to take advantage of the current economy and offer new hires less pay and benefits than existing workers, but Shaw advises against it.

"You have to know employees will talk and when they find out they are working very hard and making less money, they'll be mad," Shaw said. "Legally speaking, probably nothing will bar it, but it's horrible for morale."

krobertson@bizjournals.com | 916-558-7869

**'One day, when this is all over, somebody will write a book about what the heck happened to us. We're still shell-shocked.'**

Amelya Stevenson  
president, e-VentExe

# Law allows write-offs of capital expenses as business expenses

MARK ANDERSON | STAFF WRITER

If your business is thinking about buying equipment and machinery, now may be the time.

The federal tax package approved Dec. 17 includes several major perks for businesses purchasing equipment and machinery.

The biggest incentive is a one-year bonus depreciation that allows businesses to write off 100 percent of capital expenses as business expenses from Sept. 8, 2010, through the end of this year in their 2011 tax returns.

The regular tax provisions for business expenses, under Tax Code Section 179, tend to change from year to year. They also tend to have limits and to require that the items be bought and expensed in

the same year.

The bonus depreciation offered in 2011 is unlimited in value, and it is in addition to any Section 179 deductions.

"Most businesses have tax accountants and tax advisers, and I'm sure those advisers are going to be telling them if they can, they should buy equipment they need," said Jesse Weller, Northern California spokesman with the Internal Revenue Service in Oakland.

"Even if a business doesn't have the capital to make a purchase, it might be worthwhile to borrow money so that you can deduct it," Weller said.

The benefit could include many items a company typically will use such as a computer or communications system. The one-year bonus depreciation cannot be used for vehicles or to buy land or most

kinds of real estate, such as buildings, Weller said. But it could potentially be used to pay for infrastructure for a new building.

The final guidelines for the Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 have yet to be released, Weller said.

Just this week, the IRS released a fact sheet for its 2010 Tax Changes for Small Businesses.

The business items that are acceptable for bonus depreciation have to be new and items that would normally be subject to depreciation over three to seven years, said Ken Astle, tax partner with Brown, Fink, Boyce & Astle LLP in Sacramento.

"If you can use it, it is a huge perk," he said.

But many companies are not in the position to make that happen.

"One of the things we've been hearing from customers is that they don't care if they can expense an item, they are just not in a position to buy anything after some years of losses or lean years," Astle said. "You have to have money to make the purchase and be willing to spend it."

Additional new tax incentives for businesses include:

- A 100 percent exclusion for gains from qualified small-business stock;
- Work opportunity tax credits;
- Brownfields remediation;
- Tax incentives for empowerment zones;
- Special rules for charitable deductions.

manderson@bizjournals.com | 916-558-7874