

Business

Senior Editor/News: James Meier • (760) 778-4623 • business@thedesertsun.com

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■ DOW 10,024.02

■ S&P 500 1,070.71

■ NASDAQ 2,222.33

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■ NYSE 6,661.09

HK Lane Real Estate acquires Classic Homes Inc.

Firm now has 145 agents in offices from La Quinta to Palm Springs, chief operating officer says

BY DEBRA GRUSZECKI

The Desert Sun

HK Lane Real Estate has acquired the Palm Springs boutique real estate firm Classic Homes Inc., officials announced Tuesday.

Terms of the acquisition and merger were not divulged.

Ron Gerlich, vice president and chief operating officer of HK Lane, said the company that opened with 30 agents in July 2009 grew on Tuesday from a firm represented by 100 agents in Palm Desert and La Quinta to a company with 145.

HK Lane representation now ex-

tends from Palm Springs to the east end of the valley.

"It will give us total coverage of the Coachella Valley," Gerlich said. "We are now the largest, non-franchise boutique real estate company in the desert."

Leonard Grotta, who along with Charles Long started Classic Homes 31 years ago, said the company that opened the Palm Springs office in 1990 has been put in good hands.

HK Lane is owned and operated by sage real estate professionals, Grotta said.

Havey Katofsky, president and chief executive of HK Lane, founded and owned the former Fred Sands Desert Realty in October 1994. When the company was sold in December 2003, it had logged \$1 billion in sales volume and had 350 agents.

"For eight straight years, Fred Sands had the No. 1 market share in the

desert as far as total sales," said Gerlich, who was Sands' general manager and joined HK Lane with it opened with an expansion-mode mentality. The company's second office opened in La Quinta in December 2009.

Grotta said the transition is expected to be smooth.

Debra Gruszecki covers business and Indian gaming for The Desert Sun. She can be reached at Debra.Gruszecki@thedesertsun.com or (760) 778-4643.

THE U.S. ECONOMY



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Scott Wilkerson assembles an electric vehicle at the Club Car headquarters in Augusta, Ga., on April 22.

Analyst: Recovery still on track

Reports indicate economy benefiting from strong activity in building, manufacturing areas

BY MARTIN CRUTSINGER AND ALAN ZIBEL

AP Business Writers

WASHINGTON — The economic recovery is gaining strength from the biggest rise in construction spending in nearly a decade and the 10th straight month of expansion for manufacturers.

The two positive reports eased some fears that the debt crisis in Europe might be starting to stunt the U.S. economic rebound.

"The recovery is still on track," said Brian Bethune, a senior economist at IHS Global Insight. While Europe's troubles will put a drag on profits at U.S. companies that do business overseas, Bethune said, "it's not going to be a show-stopper."

The burst in April construction spending reported Tuesday by the Commerce Department sent a promising signal for an industry that was among the hardest hit during the recession. The 2.7 percent increase was spread across all major sectors. But temporary government incentives

fueled gains in two of three major categories. The economy will eventually have to manage with less government support.

In a separate report, the Institute for Supply Management, a trade group of purchasing executives, said its manufacturing index dipped only slightly in May from a nearly six-year high in April. But the 59.7 reading for May was well above the 50 level that indicates expansion. Export orders rose despite Europe's troubles.

The group's employment index, which measures employers' willingness to hire, rose 1.3 percent. That was the highest level since May 2004. New orders, a gauge of future production, were unchanged.

"The European fiscal crisis doesn't appear to have harmed the prospects of U.S. manufacturers, at least not yet," wrote Paul Ashworth, senior U.S. economist with Capital Economics.

John Silvia, chief economist at Wells Fargo, said: "It does look like there's sustainable economic growth in the U.S. for the time being."

Expiring tax credits for first-time homebuyers helped drive the 4.4 percent rise in home construction spending. And portions of the \$787 billion stimulus package approved last year by Congress

boosted government building 2.4 percent.

The other major sector, nonresidential construction, climbed 1.7 percent. That marked the first such advance since March 2009. The strength came from gains in private sector work on communications projects and power generation facilities. Construction of office buildings and the category that includes shopping centers fell.

Commercial building projects have suffered in the weak economy through rising loan defaults and tighter credit. That's made it harder for developers to get financing.

"The negatives that were depressing the market have diminished," said Zach Pandl, an economist with Nomura Securities in New York. Still, Pandl cautioned against reading too much into the month-to-month changes in individual industries.

Jan Shepherdson, chief U.S. economist at High Frequency Economics, said the spike from the homebuyer tax credit is likely to fade. Buyers hoping to cash in on the government tax incentives had to have a signed sales contract by April 30.

"These numbers are hugely unreliable ... and we expect a downward revision next month," he said.

Long Beach firm to lead CVEP hunt

BY DEBRA GRUSZECKI

The Desert Sun

The Coachella Valley Economic Partnership has hired Alliance Resource Consulting of Long Beach to conduct the search for CVEP's next CEO.

The national recruitment firm, with offices in Palo Alto and Alexandria, Va., was selected after a three-day session by a CVEP sub-committee to screen front-runner firms and pick the brains of Economic Development Authorities on the West Coast about qualities needed in a leader.

"We were impressed with Alliance, and its abilities and capabilities," said Kathleen DeRosa, who chaired the subcommittee that recommended the firm. "This company has a proven track record," and is responsible for hiring professionals in the desert who have been very successful in their career."

Among valley hires attributable to Alliance, as a company or through key staff:

■ Palm Springs City Manager David Ready

■ Palm Springs International Airport executive director Tom Nolan

■ Coachella Valley Water District general manager and chief engineer Steve Robbins

"The firm is also familiar with the Coachella Valley, as well as our organization and its needs," DeRosa said.

Wes Ahlgren, CVEP operations manager, said the firm will be paid \$25,000, plus expenses not to exceed \$7,500, for a nationwide search that is expected to take 100 days.

The firm was selected for its spirit, understanding of the region and breadth of experience using multiple platforms, Ahlgren said.

"This is a firm with excellent communication skills, and its use of technology is very progressive," said DeRosa, who is public affairs region manager of Southern California Edison and serves Cathedral City as its mayor. "They'll do everything on line—from Twitter to Facebook; and will not only keep the client updated, but will also keep applicants fully apprised of the process. There'll even be a Web site we can go to to log in, and keep track of they talk to."

A wide fishing net will be thrown out, said Carolyn Stark, executive director of UC Riverside Palm Desert Graduate Center, who also served on the search committee: They have quite a Rolodex in the state, and nationwide.

"They will be looking for currently successful executives," she said.

BUSINESSFACT

Fun facts about giving retail advice

Most-talked-about industry:
Food and dining

Who gives most advice to whom:
Woman to woman

Who gives most positive recommendations to whom:
Woman to woman

Who gives most negative recommendations to whom:
Man to man

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Hewlett-Packard to cut 9,000 jobs

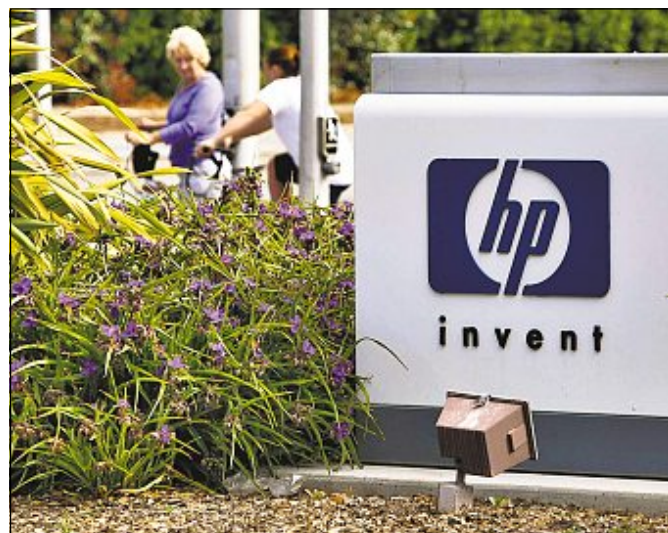
BY BARBARA ORTUTAY

AP Technology Writer

NEW YORK — Hewlett-Packard Co., the world's largest information-technology company, plans to lay off about 9,000 employees as it tries to cut costs in its back-office computing centers and deepens its use of software, rather than people, to do some of the work that those hubs require.

The changes to these data centers, which are clusters of computers that run Web sites and process information for HP's corporate customers, will be made over about three years, the company said Tuesday. The layoffs amount to about 3 percent of HP's global work force, which had 304,000 employees as of October, the most recent figure available.

HP said it will take \$1 billion in accounting charges, part of which will be used for severance to the laid-off workers. But it also said it plans to replace two-thirds of the jobs elsewhere in the company, by hiring 6,000 people to boost its global sales and delivery staff.



PAUL SAKUMA THE ASSOCIATED PRESS

Workers arrive on bikes in front of Hewlett-Packard Co. headquarters in Palo Alto, Calif., on Tuesday.

Like most companies that offer such services, HP has data centers around the world. The company has more than 100 centers that it operates for its customers and plans to cut that number roughly in half, but it did not specify the locations.

HP's drive for better productivity and automation in data centers — and the fact that most of the jobs could be replaced — reflect healthy demand for computing services overall and the rewards waiting for providers that can automate as

much as possible.

Over the past decade, computer services companies such as IBM Corp. and HP have used geographic location as a way to cut costs. For instance they have been hiring workers in lower-cost areas such as India and Eastern Europe to replace higher-paid labor in the U.S. and Western Europe. Now HP says it is betting that the next phase of cost cutting will come from a sharper focus on how technology is used rather than on geography. Although HP would not specify the automation it expects to deploy, much of the work inside data centers, such as monitoring for trouble and determining which servers should be provisioned for certain tasks, can be handled by sophisticated software rather than humans.

"We think the next five to 10 years is going to be about who can best use technology to automate the delivery of services," said Ann Livermore, executive vice president for HP Enterprise Business, during a conference call with analysts.