A FIERY WEEK FOR SAN DIEGO

Assessing Impact of Damage To Economy May Take Months

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As a rule, the Country Store and Bakery in Scripps Ranch depends on Halloween sales to boost annual revenues. Instead, store owner Helen Luibel lost between $5,000 and $8,000 last week.

Luibel doesn't know if her business will recover.

First, the bakery's sales dipped because of a nearby Vons grocery store strike. Then, last week, the Cedar fire – the worst in San Diego's history — destroyed more than 300 homes in Scripps Ranch.

As wildfires continued to rage in East County on Oct. 30, the Cedar and Paradise fires had charred nearly 329,000 acres in San Diego County and destroyed 1,600 homes and 432 other structures.

Preliminary estimates from the county damage assessment team showed the cost of replacing destroyed homes could run $575 million. That early estimate does not include damage to homes still standing or replacement costs of personal items, such as furniture and cars.

The death toll in San Diego County stood at 16 Thursday, according to the Medical Examiner's Office, up from 13 Wednesday. At least four other people were killed in other areas of the state.

While fires consumed parts of San Diego County, other blazes scorched areas in Los Angeles and San Bernardino counties. State officials' early estimate for the costs associated with fighting the flames and loss of property in Southern California had reached $2 billion by Oct. 29.

Local Indirect Costs

Mayor Dick Murphy asked employers to close businesses on Oct. 27 and 28. Merchants that remained open lost sales when vital roadways were closed, homes were evacuated, and people sat glued to live coverage of the fires on their TVs.

Luibel's clientele combed through the rubble of burned-out homes — unable to pick up special orders they placed at the Country Store and Bakery. As Murphy requested, the store closed two days last week, accounting for even deeper losses.

"We are all trying to be positive," Luibel said. "We have the bakery going. We are decorating cookies."

Even if her faithful patrons rebuild nearby, it will take time. She doesn't know if her small business can wait.

"As a young business owner, I could never have prepared for 9/11, the stock market crash, the

(grocery) union strike, and now a huge fire," Luibel said. "If you want to quote anyone with the worst business luck, here I am."

San Diego schools remained closed all week. City and county governments shut down for two days. Mail wasn't delivered to many areas. Southwest Airlines, San Diego busiest carrier, canceled 56 out of 81 flights on Oct. 26. Thirteen of 83 flights were cut the following day.

Some 11,000 SBC California customers lost phone service in affected areas, and San Diego Gas & Electric was trying to restore electricity to 22,000 customers as of Oct. 30.

Late last week, the utility was only beginning to track its costs associated with the firestorm, said spokesman Ed Van Herik.

"We're focusing on the goal of restoring power to our customers as quickly and safely as we can."

SDG&E will petition state energy regulators to recover the costs of the fire, Van Herik said.

Small Business Stories

Road closures and clogged highways caused business to dip 30 percent at Bill Howe Plumbing Inc. in San Diego, said owner Tina Howe.

Another impact: "We (typically) service a lot of areas being affected right now — Scripps, Poway, Lakeside, Rancho Bernardo," Howe said.

Smoke-filled air kept many shoppers from going out. It hurt sales at Piccadilly Marketplace in Poway, said store manager Menar George.

When the fire marched up state Route 52 near REI in Kearny Mesa, the store lost nearly two days of sales, said assistant store manager Stephen Speliotes. And sales slumped once the retailer reopened on Oct. 28.

But "customers appreciated us being open," Speliotes said.

Assessing Overall Impact

It will take months to assess the overall economic impact – direct and indirect — of the fires, said University of San Diego economics professor Alan Gin.

Although businesses minimized losses by reopening in two days, many workers suffered a slump in productivity, Gin said. Poor air quality from heavy smoke across parts of the county caused respiratory problems, and the psychological impact of the fires took a toll. Also, some businesses opened with reduced staff because employees who lost homes were busy sifting through the rubble and finding new places to live.

Gin expects the cost of fighting the fires to strain already-tight government budgets, which could cause a cutback in other services or higher fees or taxes.

Bill Kelly, the county's chief financial officer, said the cost of public health and law enforcement personnel working 12-hour shifts last week easily cost the county more than $1 million a day.

The Board of Supervisors approved an emergency measure to waive building permit fees for lost or damaged homes. Kelly estimated the county would lose another $2 million to the waivers. Property

tax revenues for affected areas will dip until homes are rebuilt.

The county lost three parks that generate revenue, not counting the costs of replacing them. More than 1,000 county buildings may need to have air filters replaced because of pollution from the smoke-filled atmosphere.

“There are a lot of consequences at this time that we’re just starting to think about,” Kelly said.

County reserves — $11 million in operating fund reserves and $55 million in general fund reserves — will pay for costs associated with the fires, Kelly said.

Businesses Pitch In

Although early damage assessments throughout the county were still being made, it seems San Diego businesses made it through the fires without big property losses. Early reports show a few businesses in the Scripps Ranch area were damaged, said Mitch Mitchell, vice president of public policy and communications for the San Diego Regional Chamber of Commerce. No extent of damage was confirmed.

None of the chamber’s members suffered a total loss of business as of late last week, Mitchell said. “We’re now starting to get more information about damage that may have occurred.”

Local businesses are chipping in to help fire victims, he said. Qualcomm Inc. has donated $100,000 and Wells Fargo & Co. has given $250,000.

Poway’s Wal-Mart donated $100,000 to the San Diego/Imperial County American Red Cross. The store also supplied bottled water and bedding to victims and firefighters.