THIRD SECTOR REPORT

Community Organizations: The Success Factors

By Jeffrey Wilcox **EXCLUSIVE TO THE BUSINESS JOURNAL**

t doesn't take a lot of persuasion to convince leaders of organizations formed to provide a benefit to a community that a roadmap charting its future course of action is key.

What happens after that simple agreement is made, however, can be an interesting turn of events. For some it's a complete mystery how an organization defines its future; for others it's a confusing process involving too many moving parts; and, still, for others it's viewed as a waste of time as the organization will probably just keep doing what it's always done, just hoping for different results.

Today, leaders of community organizations are being forced to answer a wake-up call that says just because your organization has been around for many years, has a recognizable name, and does good things does not necessarily mean that a pipeline of participants, boardmembers, staff professionals and contributors are waiting at the door to get in.

Community benefit organizations, whether nonprofit institutions, civic groups, homeowners' and neighborhood associations, houses of faith, clubs or city commissions, are all desperately seeking the vital resources necessary to advance their purposes. And, deep down, each knows the most vital resource for assuring their organization's future is the (Please Continue To Page 43)

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Economic Outlook 2016: 'More Of The Same'

Economists Predict Slow But Steady Growth

■ By Samantha Mehlinger Senior Writer

conomic trends in 2016 should mirror those of 2015, with continued slow and steady growth at home while economies abroad grow at a slower pace, according to national and regional economists. A stronger U.S. dollar, concerns about China's economy, low oil prices and continued job gains are the key factors playing into their outlook.

"From an overall perspective, 2016 should look a lot like 2015,' Mark Vitner, senior economist and managing director with Wells Fargo, told the Business Journal. "Overall growth is going to be relatively solid." By the end of the year, Vitner said the U.S. should see an increase in gross domestic product of about 2 percent, which is in line with growth in 2015.

"The operative phrase is 'more of the same," Robert Kleinhenz, chief economist for the Los Ange-(Please Continue To Page 28)

Minimum Wage

City Council To Take Up Issue Tonight, January 19

By SEAN BELK Staff Writer

ulminating more than three months of public testimony, research and analysis, the Long Beach City Council is scheduled to consider whether to establish a minimum wage policy at its meeting tonight, January 19, at 5 p.m. at city hall.

The item comes after a community review process in which Mayor Robert Garcia arranged six public forums, including two roundtable discussions, giving workers and employers a chance to speak publicly about the issue.

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Some of the world's largest cranes arrive at the Port of Long Beach for installation at Long Beach Container Terminal, where the port is in the midst of a massive redevelopment project to accommodate ships able to carry 18,000 TEUs of cargo. (Photograph courtesy of the Port of Long Beach)

Port Executives Predict Modest Growth In 2016

Shifting Trade Patterns, Maintaining Competitive Edge Are Top Priorities

■ By SAMANTHA MEHLINGER Senior Writer

ews of China's faltering economic growth may have upset the stock market at the start of 2016, but it hasn't distressed the top executives at the ports of Long Beach and Los Angeles, who both predict stable, single-digit cargo growth this year despite trouble in Asia.

While Gene Seroka, executive director at the Port of Los Angeles (POLA), didn't pin down an exact figure for growth, his counterpart at the Port of Long Beach (POLB), Jon Slangerup, projected Long Beach would see 4 to 5 percent growth in containerized cargo traffic this year. Non-containerized cargo traffic for bulk products like coal should increase slightly or remain flat, Slangerup said. The executives were interviewed by the Business Journal at their respective offices on January 8.

The impact of a slowing Chinese economy - the country last year devalued its currency and continues to have difficulties shoring up a slowly growing middle class - is a two-sided coin when it comes to trade at the San Pedro Bay ports. The U.S. dollar continues to increase in value

against foreign currencies due to a strengthening economy and the Federal Reserve's

PERSPECTIVES 2016 **44 Executives** From A Variety Of **Local Industries Share Their Views Pages 9-26**

decision late last year to finally raise interest rates. These factors mean it's more expensive for China to buy American products,

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Economic Development Commission Chair Colonna: 'This Is The Business Climate At Work . . . '

By Michael Gougis **Contributing Writer**

ith its role in the minimum wage debate com-

plete, the Long Beach Economic Development Commission (EDC) is ready to get back to work on streamlining the city's building and development permitting



rank Colonna, who chairs the 11-member Long Beach Economic Development Commission, is pictured outside his Colonna & Co. Realty office in Belmont Shore. Colonna served eight years as 3rd District city councilmember, and prior to that served eight years as president of the Belmont Shore Business Association. (Photograph by the Business Journal's Larry Duncan)

processes and preparing Long Beach for the economy of the future, according to commission chair, Frank Colonna.

In an interview with the Business Journal at his Belmont Shore real estate office, Colonna said the city has to ensure that it puts its fundamental strengths together in a way that attracts not only the businesses of the future, but also the people who are the drivers in that economic sector.

As a long time business owner, past president of the Belmont Shore Business Association, an eight-year member of the Long Beach City Council and a member of several governmental agencies, Colonna has a unique perspective on the city's overall business climate. And from his perspective, the continuing revitalization of the downtown residential and commercial core is one of the driving

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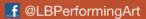
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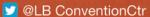
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*In Memoriam



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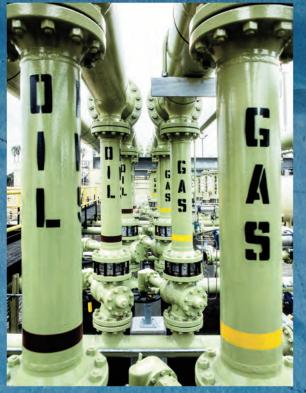
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INDUSTRY PERSPECTIVES 2016 Page 9

The Business Journal asked several dozen executives from the private and public sectors, representing a variety of industries, to provide us their perspective on the economy for 2016. Forty-four executives took us up on our offer. Beginning on Page 10, we present – in alphabetical order by business name or public entity – their unedited views. The only major sector not represented below is international trade. Instead, Senior Writer Samantha Mehlinger interviewed Port of Long Beach Chief Executive Jon Slangerup and Port of Los Angeles Executive Director Gene Seroka and presented their views on the new year. That story begins on Page 1.

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ECONOMIC OUT ON 2016 NDUSTRY PERSPECTIVES



Justin Castagna Operations and Project Manager

Aeroplex/Aerolease Group

The Long Beach Airport is a crucial business aviation gateway to the city and serves as an essential component to the economic vitality and sustainability of the city as a whole. The airport represents more than 18,000 employees and 200 businesses, which host flight schools, fixed base aircraft service providers like Signature Flight Support, Toyota/Airflite and JFI Jets, commercial airline operations, support service through Gulfstream Aerospace, law enforcement, public use government aircraft, and other private business users that call LGB home. In October 2015, it was reported that the business and general aviation operations make up about 90% of the total operations at Long Beach Airport.

The Federal Aviation Administration recently released a forecast that shows business and general aviation operations will continue to improve, after the most serious economic recession in over 50 years. These statistics demonstrate the viability and diversity of the Long Beach Airport and its value as a center for business aviation in the Southern California economy. The forecast confirms that the turbine aircraft sector recorded its first increase in deliveries by U.S. manufacturers since 2008. Single-engine piston aircraft deliveries also increased for the third year in a row, and the number of general aviation hours flown is projected to increase an average of 1.4 percent per year through 2035 as the fleet of aircraft around the United States continues to evolve with new technologies.

Demand for business aviation is directly driven by economic activity. Bringing together public, private, and community resources to retain and attract business to the City of Long Beach, and using our city's most vital asset to contribute to the overall sustainability of our local and regional economies must continue. The Long Beach Airport is a crucial gateway that must facilitate supporting, within those existing regulations that secure our community's quality of life, and remain a vital and integral component of, the regional transportation system for the sustainable future.

The Aerolease Group has over 35 successful years of experience in developing, managing and promoting business and corporate aviation facilities. They are headquartered in the Aeroplex Aviation Center and their facilities encompass over 30 acres of land and over 500,000 square feet of office and aircraft hangar buildings. These facilities are host to a variety of diverse business aircraft owners, personal aircraft, maintenance operations, flight schools and other service related companies. The combination of experience, integrity, financial strength and history of successful aviation projects, makes the Aerolease facilities a perfect destination to base aircraft in the Los Angeles area.



Stephen O'Kane Director, Sustainability and Compliance, U.S. West Region

AES Alamitos

hen the AES Alamitos electricity generating station at Studebaker and Loynes Street in Long Beach was developed in the late 1950's it was designed with state of the art technology to support a booming Southern California population and economy. The Alamitos generating station became the largest centralized power plant in Southern California, big enough to serve over 2.5 million homes.

Now, over a half of a century later, we are still relying on that same facility and technology to ensure electrical reliability in the region, but now we need AES Alamitos to serve a different purpose than it was originally designed for. Power plants need to be more nimble in meeting system demands. They need to be able to start

and stop quickly, store excess energy when supply outstrips demand and to fill in the gaps when wind, solar and hydro-electric energy are not available.

Today, energy providers are focused on the challenge of efficiently delivering a mix of intermittent and sustainable energy by employing new energy storage systems and developing modern, efficient generation plants to fill in the gaps and ensure we continue to enjoy uninterruptable electricity supplies.

With the passage of new state legislation, electric utilities are now on a strict timeline to meet specific standards requiring at least 33% renewable energy by 2020 and 50% by 2030. Combined with new regulations on water use, emissions and the limited options for new transmission lines, California must modernize the existing electrical infrastructure.

The AES Alamitos Energy Center in Long Beach is a perfect example of the innovation and change throughout the power industry. The \$1.2 billion state of the art redevelopment of the existing plant will be designed for California's energy future.

- The new plant can be up and running in just minutes compared to the 18-36 hours the current plant requires.
- New technology reduces the plants reliance on water and eliminates the use of ocean water for cooling.
- The footprint and height of the new plant will be considerably smaller and lower enhancing the skyline of the southeast corner of Long Beach forever.
- And, the new facility will include 300 megawatts of cutting edge, zero emission battery storage in order to fully harness all of the available energy to meet peak demand.

The outlook for energy and utilities in Southern California can be described with one single word – evolution. In the next five years the way the energy industry does business will look nothing like it did five years ago. Stay tuned, changes are coming very quickly.

Airserv



Kevin McAchren President

The crystal ball view of Long Beach Airport (LGB) for 2016 is best described as hazy. Several decisions, projects and trends (some of which won't play out until 2017 and beyond) will influence economic outcomes for the airport, not the least of which is the Boeing C-17 plant shutdown in late 2015 (definitely a negative) and the potential re-uses of the property. Keep in mind that Boeing owns the lion's share of the plant and acreage outright, with only a parking lot on the northeast corner of the facility reverting directly back to the city. Future use needs to be compatible with, and complimentary to, general aviation (GA) on the airport's west side.

A feasibility study for establishment of an U.S. Customs facility has been approved by the city council, and hopefully will be given a thumbs-up by that body in 2016. Considering the trade and tourism aspects, as well as the city's diverse population base, service to and from Mexico and Central America should be a "no-brainer." The Port of Long Beach, for instance, is initiating a new marketing effort aimed at that region. And our primary airliner, JetBlue, sees a very viable market there and initiated the customs request. Such service will also benefit the general aviation community, keeping us competitive with other area airports.

One issue that will play out soon is the recent authorization of nine additional airline flights, per the LGB noise ordinance. By next month, we should know if there is interest on the part of incumbent carriers or carriers not currently serving LGB for some or all of those flights. With commercial traffic declining over the past three years and the loss of Alaska Airlines, this move will be welcome. The Long Beach traveling public may be able to take advantage of these flights by mid-2016.

A bright spot in the GA picture over the past few years has been flight training, which continues to be on the rise. Home of about a dozen flight schools, LGB is well positioned to be the premiere facility in Southern California. Thomas Hendricks, president of the National Air Transportation Association, has said in recent years that a worldwide pilot shortage is now a reality. Both domestic and international students learn their craft at LGB, and most often are hired quickly by U.S. and foreign airlines. One local school reports three students hired upon completion of their training by a regional airline affiliate of Delta in the last several weeks!

All of the above, though, will largely be driven by the vagaries of the national and regional economy. Lower fuel prices, a trend predicted to continue this year, are a benefit and even stimulus to operators of both aircraft and the family car, for instance, but if the overall economy declines, it largely does not matter; everything will be "down." All we can say assuredly about 2016 is it has 366 days. (Yes, this is a leap year.)

Nicoleta Simionescu Owner

AllWays Financial Services

2 015 was a great year for the lending and real estate industries! Low interest rates have fueled a refinance boom, and the purchase market was very active. In California property values increased on the average 7.9% from 2014, due to the imbalance between housing supply and demand. Since October 2014, first time home buyers have increased month over month due to the easing of credit available and reduction in credit scores needed to buy.

What is in store for 2016? After many years of artificially low interest rates, the Federal Reserve finally increased short term rates in December and the trend is expected to continue throughout

2016. According to Fannie Mae and Freddie Mac, home interest rates are anticipated to increase to 4.1% to 4.7%. Because increased interest rates will further reduce their home buying power, we anticipate that many buyers who were on the fence will finally purchase due to affordability fears. With real estate values projected by experts to further increase by 10.8% in California, foreclosure inventory at its lowest levels in 8 years, and limited inventory of starter homes on the market, more millennials between 30-34 years old will start buying homes and condos in close proximity to where they work. Further easing of credit standards and introduction of innovative loan programs to help those income and credit qualified, but down payment challenged, will continue to fuel a purchasing boom in 2016.

The October 2015 introduction of the new consumer protection disclosures, TRID also known as "Know before you buy" increased the length of time needed to close a loan to 49 days on the average. Moving forward, we expect lenders to become more comfortable working with the new disclosures to reduce or eliminate unnecessary delays in transaction closings.

Chinese and other Asian investors looking for a hedge against inflation in their native countries will continue to drive up the luxury real estate market by purchasing properties in areas with a high concentration of Asian population such as Irvine and San Gabriel Valley. We also anticipate an increase in multi-family unit purchases due to increases in rents, which offer a better return for investors.

In 2015 the return on investment against precious metals and the stock market was between -10.4% for gold, and -.7% for the S&P. For the same period according to National Association of Realtors, real estate values increased 7.9% in California. Because of the many social and financial benefits of homeownership, we are confident that 2016 will be another banner year for the real estate and lending industries!

INDUSTRY PERSPECTIVES Page 11



Jerry Schubel President/CEO

Aquarium Of The Pacific

The Aquarium of the Pacific had its best attendance ever in 2015, with 1.6 million visitors. We expect to have as good a year or better in 2016. We will be opening new exhibits in the summer, including Horses and Dragons, which will feature a collection of stunning seahorses and sea dragons, some never before displayed at our Aquarium. We will also release new films and shows for our Ocean Theater and Ocean Science Center to help the public learn about the most important issues facing the ocean and environment.

Also in 2016, the Aquarium will install two new permanent exhibits. The moon jelly touch tank that currently inhabits the changing exhibits gallery near the front entrance will be removed and to replace it we will build a permanent moon jelly touch lab on the outdoor Harbor Terrace overlooking Rainbow Harbor. This new station will accommodate more people and showcase the beautiful moon jellies in a location that will connect with the Aquarium's other outdoor exhibits, including Lorikeet Forest and Shark Lagoon. In addition, we will be building a new exhibit featuring mudskippers and archerfish. Mudskippers are fascinating fish that can live temporarily out of water. They are amphibious and can breathe air through their skin. They use strong front fins to "walk" on land and hunt their prey of small crabs and insects. Archerfish get their name from their ability to spit a jet of water at their terrestrial prey above the surface, including insects and worms. We expect our visitors to be intrigued and delighted by the unusual behaviors of these marine animals.

Continuing its focus on combining the arts with science, the Aquarium will display an exhibition from the Annenberg Space for Photography, the third to come to the Aquarium from that institution. Extreme Exposure, on view from June 21 to October 4, 2016, celebrates photographers who have made careers documenting some of the Earth's most extreme environments.

I am encouraged by the successful revitalization of the Pike Outlets shopping mall and future plans for City Place, two downtown destinations that work in concert with the Aquarium's waterfront location to create a full and vibrant experience for visitors to this area. I am also pleased with the ongoing efforts of the Long Beach Convention and Visitors Bureau to bringing increasing numbers of tourists to Long Beach.

The Aquarium is the biggest tourism draw in Long Beach, and we look forward to strengthening our partnerships with the other institutions in our city to continue Long Beach's reputation as a top tourism destination in California.



Frank Komin Executive Vice President, Southern Operations

California Resources Corporation

California's economy, bringing together industries from tech to trade to energy that benefit city residents and all Californians. My company, California Resources Corporation (CRC), is privileged to contribute to this diversity that is the core of our city's strength. CRC is the leading independent oil and natural gas producer in California, and our THUMS and Tidelands affiliates operate the Wilmington oil field on behalf of the city and state. As a major contributor to the city's economy, employment and public services, we're proud of our record of safety, environmental sensitivity, job creation and community development. CRC's southern operations and one-third of our

workforce are based in Long Beach, and we are actively involved in the community, from the Chittick Sports Field renovation to supporting local non-profits like the Long Beach Aquarium and Vision to Learn.

The roots of oil and gas-driven prosperity for the people of Long Beach run deep. Following the 1921 discovery of oil on Signal Hill, the Long Beach Harbor Department established a petroleum division in the 1930s and utilized funds from the oil and gas industry to build the vibrant downtown we love. With the construction of the THUMS oil production islands in 1965, the oil and gas industry dramatically increased employment and funding for public safety and infrastructure in Long Beach. The abundant energy afforded by local oil and gas production helped fuel the growth of other industries, contributing to the diverse economy that thrives today.

Beyond this longstanding contribution to the city's success, we must recognize our society depends more than even ever on access to ample, secure and affordable energy sources. At a time of global turmoil, California imports over 60% of our oil, 90% of our natural gas and 28% of our electricity. Even sizable public funding of renewable energy can't overcome our state's chronic energy deficit. California's oil and gas industry will play a vital role in ensuring reliable, affordable energy that Long Beach and communities throughout California need to flourish – just as it has for nearly a century.

The City of Long Beach and its residents continue to benefit from billions of dollars of investments by the oil and gas industry, which will contribute jobs and revenues into our local economy for decades to come.





Economic Outlook 2016 NDUSTRY PERSPECTIVES



David Smith Senior Vice President

CBRE

A fter several years of stagnation, 2015 will be looked back upon as the year of transition for the Long Beach office market, particularly in Downtown Long Beach. Vacancy in 2015 dropped significantly in Suburban Long Beach from 16.9% to 13.2%, while Downtown Long Beach saw vacancy drop from 19.6.% to 18.4%. Class B vacancy was the primary beneficiary in Downtown Long Beach as vacancy dropped from 25.2% to 21.5%, while class A rose slightly from 14.2% to 15.2%.

Other markets in Los Angeles and Orange County are experiencing historic levels of growth in tenant activity, rental rates and sale prices,

causing investors to consider alternative areas, like Long Beach where they can achieve higher returns. 2015 was unprecedented because four significant assets sold to some of the most well respected investors in Southern California: 211 Ocean to The Ruth Group, Catalina Landing to Colony Capital, 100 Broadway to Ocean West Capital Partners/Singerman Real Estate, and One World Trade Center to Stillwater Investment Group/Greenlaw Partners/Walton Street Capital. This is indicative of investor interest in Long Beach as an emerging market that is poised for growth. The pace of investment activity will slow in 2016 because of a lack of product coming to market and tightening credit markets.

Rental rates increased slightly in 2015 in Suburban Long Beach and further increases are expected in 2016. Suburban Long Beach will benefit from increased rents and fewer alternatives in surrounding markets. It will continue to appeal to tenants seeking traditional space with good freeway accessibility and abundant parking.

Downtown Long Beach has been relatively stagnant for several years, but 2015 showed signs of growth and transformation. Perkowitz & Ruth Architects/Studio 111, Intertrend, and American Honda are examples of the trend of tenants going away from traditional office space and choosing a less corporate environment that is attractive to their employees. The recent explosion of residential and retail construction in Downtown Long Beach, coupled with the existing public transportation infrastructure has created the type of environment that growing companies throughout the Western United States are seeking. The existing office building inventory is very traditional and dated, which will change with the upcoming renovation of the buildings that have recently sold. 211 Ocean will be the new gold standard after The Ruth Group's transformation of this traditional building into a brand new lifestyle building, that includes balconies with roll up doors, operable windows, and indoor/outdoor common areas with seating, wi fi, and other tenant amenities. High quality renovations of 100 Broadway, One World Trade Center, and Catalina Landing are being planned in varying degrees, but all will bring fresh product with substantial rent increases.

The end result of 2016 should see modest improvement throughout Suburban Long Beach and the next phase of a major market shift in Downtown Long Beach.



Phil Jones
Broker/Owne

Coldwell Banker Coastal Alliance

Prospects for 2016 are generally positive in terms of price appreciation and interest rate levels but constrained in terms of sales and supply of available inventory. California Association of Realtors chief economist, Leslie Appleton Young, is predicting an increase of approximately 4% in the number of sales statewide this year over 2015. Given the demand, much of which is pent up, the increase should be stronger but is being constrained by a very tight market of homes on the market.

In Long Beach, for example, there are currently only 486 properties for sale as of December 31 or a supply of 1.6 months.

As a point of reference, there were 1449 properties available and a 5.3 month supply at the same time 4 years ago. As you would expect with the strong demand and tight inventory, prices are rising and will continue to rise. Long Beach area prices were up 19.1% in 2015 and up 14.4% regionally. With prices returning to their pre-recession levels or better there is hope that the number of properties on the market will improve as homeowners wanting to move will act.

Should inventory levels improve, we will see an increase in sales activity and moderation in sales price appreciation. The outlook for interest rates is generally positive. Mortgage rates remain near their historic lows even with the Federal Reserves recent increase in the Overnight Rates. Interest on Mortgages are primarily tied to the yields on 10-year Treasury Notes which have been relatively stable and the consensus of industry experts is that they will remain at or near current levels into the first half of the year.

All things considered, 2016 should be pretty similar to 2015.



Becky Blair President

announced major revitalization plans.

Coldwell Banker Commercial BLAIR WESTMAC

In 2015 Long Beach and the surrounding communities experienced moderate leasing and robust sales growth in the office market. Notable office sales included 1 World Trade Center which was sold to Greenlaw Partners for \$105 million who then quickly inked a new lease for 73,486 SF with Molina Health Care. Another of the largest sales in the market was that of 100 W. Broadway which sold for \$35.2 million to a joint venture of Ocean West Capital Partners and Singerman Real Estate. Both new owners have

According to CoStar, a leading commercial real estate database, vacancy rates of large office buildings (25,000+ SF) are at 12.9%, down from the 5-year average of 14.6%. Rental rates of these buildings have climbed from their 5-year average of \$2.00/SF/month to \$2.15/SF/month. Small office buildings (10,000 SF to 25,000 SF) have seen a dramatic drop in vacancy from a 5-year average of 7% to 4.5%. This has resulted in an increase of the average rental rates now reaching \$1.68/SF/Month.

In addition to falling vacancies and increasing rental rates, there are added reasons to remain optimistic about the 2016 office marketplace. Throughout the last two years we have seen an incredible number of small, single purpose office buildings (under 10,000 SF) sold to owner/users. With these sales we have witnessed a striking increase in the sale price/SF of these properties, now averaging \$240/SF up 43% from \$137/SF just two years ago. We expect small office building sales to continue to stay strong through 2016. Once those markets peak we then expect it to make more sense for many office users to lease in multi-tenant office buildings rather than purchase a property of their own.

The increased demand for office space will be further supported by our falling unemployment rate. According to the California Employment Development Department the unemployment rate is down to 5.9% from 7.9% this time last year. As we have seen consistently in the past, office vacancy rates track the decreases in unemployment rates. So as long as the job numbers remain strong, we can expect vacancies to continue to fall.

Local competition and the prevailing trend of creative office space will also play a part in the strength of our 2016 office market. Because many office and creative users are now finding the hot spots of the South Bay office market to be too highly priced, they have begun to turn their interest to Long Beach, which boasts lower rates than neighboring cities and a growing metropolitan environment that is attractive to today's younger workforce.

Considering recent market activity and the shifting demographic of Long Beach's workforce and residents we continue to maintain our optimism and are looking forward to a strong 2016.



Brian Russell

Coldwell Banker Commercial BLAIR WESTMAC

In the City of Long Beach, the retail sector of the commercial real estate market is doing well. It's healthy both in the perspective of the leasing and the investment market. We've seen growth in 2014, 2015 and we forecast continued growth in 2016.

We'll take a brief look at both the investment sales side and the leasing side of the retail market. They both present a bell weather of financial health of our community.

Vice President Leasing of Retail Real Estate in Long Beach — On the retail leasing market in Long Beach, the big story is the long suffering Pike at Rainbow Harbor and its conversion to an outlet mall. Newly opened in the last few months are Nike, H&M Landing, Forever 21, and Columbia outdoor apparel store. All are new national tenants to Long Beach. We have also seen local family owned restaurants expand in Long Beach.

While there are still retail vacancies around town, we continue to see good leasing activity of both small businesses starting up and established regionals expanding and national tenants new to our area coming to town. The lease rates in 2016 for retail real estate is stable and growing in some trade areas such as Belmont Shore, Bixby Knolls, and Los Altos.

Sales/Investment Transactions – The most significant sales transaction has to be the eye-popping Belmont Shore retail building that sold for \$20,500,000 in December 2015. This building's size is 13,688 square feet. Doing the quick math, that's \$1,497.66 per square foot. That's by far the highest price paid in a dollar per square foot basis in the City of Long Beach. This is a big vote of confidence for Long Beach and specifically Belmont Shore. The heart of our multi-tenant retail real estate market sells in the \$200 to \$400 per square foot range.

We see big growth in the single tenant retail property too as the CVS Pharmacy at the traffic circle sold last year for \$15,000,000.

In 2016, I see a terrific opportunity for small business owners to buy their business property with very favorable SBA loan rates now.

In 2015, we tracked in the retail sector, 172 sales transactions while 2014 had 188 transactions. These few transactions are not the whole retail marketplace in Long Beach, but they do tell us a clear story. Seasoned investors are paying big money for Long Beach investment-grade real estate and the leasing market is doing well too. Long Beach is still a bargain compared to other areas. Watch for more out of town investors looking to Long Beach for growth in their retail property investment portfolios.

 $(Disclaimer: The \ data \ for \ this \ report \ was \ mainly \ on \ CoStar. \ All \ data \ is \ believed \ accurate \ but \ cannot \ be \ guaranteed.)$

INDUSTRY PERSPECTIVES



Luke Petherbridge CFO

DDR Corp. -The Pike Outlets

t's not a stretch to say that the renaissance at The Pike Outlets mirrors that of Downtown Long Beach, which has seen its own rebirth in recent years thanks to a surge of investment in residential, commercial and mixed-use projects.

That rebirth – along with the residents, shoppers and tourists that it has attracted to Downtown Long Beach – is a big part of what has bolstered DDR's confidence that The Pike Outlets will thrive in the years to come, while also generating additional tax dollars for the City of Long Beach and helping lift local commercial property values.

Two major factors have proven critical to The Pike Outlets' resur-

gence: the success of Restoration Hardware in 2013 as the center's first outlet tenant, coupled with a number of physical renovations to the property.

Restoration Hardware's strong first-year sales and traffic at the center validated The Pike Outlets' status as a premier retail destination. Their success helped draw several other high-profile retailers that have resonated with Long Beach shoppers, including H&M, Nike Factory Store, Gap Factory, Converse, F21 Red, Columbia Sportswear and Cotton On. Cinemark, an existing anchor, also boosted its investment at the center by upgrading seating in all of its auditoriums and installing a premium, large-format screen. Starbucks and Sunglass Hut are the center's latest additions, and will open later this year.

Physical upgrades, including a redesign of common areas to improve the center's walkability, have further enhanced the shopping experience and have helped foster a greater sense of place for the community at The Pike Outlets.

As we look towards the future at The Pike Outlets, we anticipate more of what we've seen recently: growing prosperity and more retail and entertainment options that will keep shoppers coming back for more.

DDR transformed The Pike into an outlet center because we believe the Long Beach market was underserved in off-price retail, with the nearest major outlet center, Citadel Outlets, 20 miles away. Like the rest of the country, Long Beach shoppers have enthusiastically embraced off-price retailers, which sell name-brand merchandise at discounted prices. The off-price trend has gained considerable momentum in recent years, becoming the fastest-growing category in the retail industry. With The Pike's conversion into an outlet center, the property and Downtown Long Beach are well-positioned to benefit from American shoppers' growing affection for value and convenience.

We at DDR would like to thank the Long Beach municipal offices that have helped facilitate this transformation, as well as the broader community for their support.

Success breeds success, and we expect continuing growth for The Pike Outlets and Downtown Long Beach for years to come..



David H. Williams Senior Manager, Strategic Planning and Marketing

Denso Products And Services America, Inc.

ENSO Products and Services Americas Inc. is a leading supplier of original equipment and aftermarket replacement vehicle parts and related services supporting the automotive industry throughout North and South America. Headquartered in Long Beach, we provide parts and services to a broad customer base that includes new vehicle dealerships, large international distributors and exporters, and U.S. retail chains and small wholesalers who deliver daily to automotive repair centers and local mechanics.

The DENSO organization is optimistic about 2016. Given the strong fundamentals of the U.S. economy, we expect our sales to grow organically, following the same upward trajectory we have experienced in recent years.

Vehicles in operation (VIO), the number of cars and trucks on the road, are the primary driver of aftermarket parts sales. In the U.S. alone, there are currently nearly 260 million light vehicles in operation, which represents a 2 percent increase from just two years ago, according to IHS Automotive, a global provider of information to the auto industry. This growth shows no signs of slowing as nearly 17.5 million new light vehicles were sold in 2015 – an increase of nearly 6 percent from the previous year, based on annual sales tracked by Automotive News, the leading source of news and data for our industry. As the total number of cars and trucks on the road grows, so does the demand for maintenance and repair parts.

Another key factor driving market growth is the strength of the U.S. currency relative to our global trading partners. We predict the U.S. dollar will remain strong compared to multiple Asian country currencies, the Canadian dollar and Mexico's peso throughout the 2016 calendar year. A strong dollar gives us more purchasing power with overseas suppliers, enhancing our margins and allowing us to increase our investment in our local

The final major growth factor is commodity prices, which are projected to remain low in 2016 for key materials such as copper, crude oil and aluminum. Favorable commodity prices are essential to maintaining a cost effective product, as well as providing the funds for future product development.

Given these key indicators, we are excited about growing our business in 2016. We also look forward to increasing our investment in our local operations, which have been based in Long Beach since 1984 and employ more than 500 people at our facilities in Long Beach and Murrieta.

2015 TOP PRODUCING AGENTS







George Bustamante



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These three outstanding brokers have contributed to another successful year for COLDWELL BANKER COMMERCIAL BLAIR WESTMAC. We acknowledge their outstanding performance, along with all our other agents, for their achievements in negotiating numerous office, retail, multi-family, investment and industrial property transactions in Long Beach, and it's surrounding communities.

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Joel Yuhas President/CEO

Dignity Health St. Mary Medical Center

The necessary expansion of the Medi-Cal program through the Affordable Care Act has resulted in more insured people. However, the supply of primary care physicians in the state and Long Beach specifically, is inadequate to meet current consumer demand for primary health care. This will be a continued challenge for all hospitals in 2016.

This insufficient supply of primary care physicians results in consumers seeking basic care from a variety of alternative

sources: urgent care centers, evening walk-in clinics, community clinics, and, unfortunately, many hospital Emergency Departments. It is common for most hospital Emergency Departments to reach points of saturation daily in Long Beach, leading to increased wait times for those seeking care, access issues in general, and continued stress on the Emergency Medical Service (EMS).

But the industry is also evolving to meet that increased demand for primary care. For instance, we anticipate the demand for those primary care alternatives in 2016 to continue as hospitals work to recruit more physicians, employ or contract with more physician extenders, or develop more vehicles for providing less acute general and urgent care that does not need to be provided in the higher cost location of a hospital or an Emergency Department.

Health plans are also leading this industry development to seek primary health care from non-hospital-based locations. Today, many health plans have very low out-of-pocket requirements for accessing primary care from urgent care centers or other walk-in primary care clinics. Over the past five years, we have seen these alternative locations for primary care proliferate across the Long Beach area driven by consumer demand, and that's a trend we would expect to continue.



Keith Kratzberg Senior Vice President, Sales and Marketina

Epson America, Inc.

In 2016 the technology industry will continue to change the way we live and work. Innovation in Epson core technologies combined with creative new business and consumer applications will continue to drive opportunities and create new markets. At the same time, the technology sector as a whole will face new and ongoing challenges, and evolving marketplace requirements. From wearables to robotics, and from the boardroom to the classroom, the pace of information technology integration will continue to increase this year. The need for greater mobility and connectivity, along with the desire for smaller, faster and more energy-efficient products – used by everyone from moms

to manufacturers – will not abate. Customers across markets are searching for tools to enhance business productivity, and technology solution providers like Epson will continue delivering products to meet their needs. They are also looking for partners that are cognizant of challenges they face, ranging from security concerns to their impact on the environment.

Looking ahead, we have a positive outlook for continued growth. Epson is a global innovation leader, developing products and technologies ranging from inkjet printers and printing systems, 3LCD projectors and industrial robots to sensors and other micro devices. Our compact, energy-saving, and high-precision technologies are developed for a wide array of markets, including enterprise, home, business-to-business commerce, and industry.

Epson America continues to drive technology advances that transform how people share ideas and information. Our headquarters in Long Beach allow us to draw on the best and brightest talent from across Southern California and drive technology advancements and innovation to create products and services that exceed customer expectations in the United States, Canada and Latin America.



W. Henry Walker President

Farmers & Merchants Bank

B arring any unforeseen geopolitical issues, the 2016 economic outlook for the financial services industry should be very similar to what we saw in 2015. Over the past year, the housing market has stabilized, commercial real estate has started to move forward in a positive way, and unemployment rates are coming down rapidly.

As we transition into a new year, it is important to consider how increased volatility in China will influence the economy worldwide. The United States has served as an economic safe haven despite the upheaval in Chinese markets. Since America

has a consumer driven economy, another critical component to factor in is consumer confidence. While it is still too early to gauge consumer-spending habits for the year, a recent Gallup Poll stated that U.S. consumer spending in December remained relatively strong compared to years past. Additionally, we are already starting to see strong competition in the marketplace for loan activity, a direct result of the Federal Reserve's decision to modestly increase interest rates at the end of last year. These are all steps in the right direction and should eventually lead to a rise in Treasury Yield rates.

With no significant economic changes currently projected for 2016, now is the time for individuals to start thinking about whether they are doing business with the right people or depositing their money in the right bank. Trust is built over time, so it is important to foster those relationships now, during periods of stability and opportunity versus waiting for a crisis to hit.



David Erickson Founder & CEO

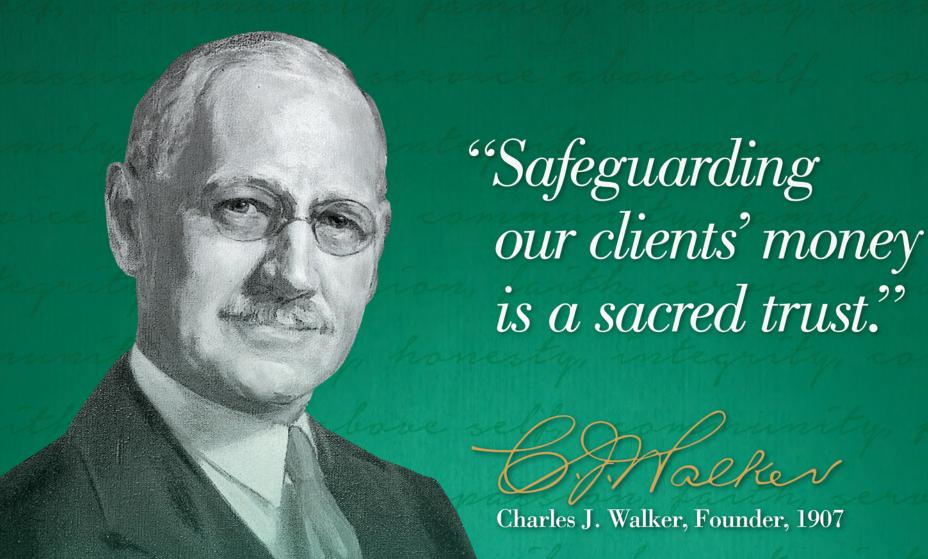
FreeConferenceCall.com

The technology industry is presently well poised for momentum in 2016. Over the next five years, the consumer tech and media industry is predicted to grow by more than \$500 billion. That continuous growth trajectory has set the pace for new and innovative technologies to radically change how businesses operate and work with strategic partners.

When you consider that the average American spends more time on tech and media than sleeping, it's a never-ending challenge to develop new ways to communicate and collaborate. With remote workforces growing, technology has become in-

creasingly important for connecting across the globe. Recent research shows that the rate at which organizations will deploy cloud telephony will nearly double between 2015 and 2019 from 10% to 20%. Audio and video conferencing services with mission-critical features at disruptive prices will allow simple connectivity for individual consumers, businesses and enterprises.

The general outlook for economic growth as it relates to tech talent in our own back yard is incredible. More than 500 tech companies have opened doors along the coast, which is now being referred to as "Silicon Beach". When I started FreeConference-Call.com in Long Beach almost 15 years ago, I had no idea that we would be setting a trend for the leaders of such game-changing technologies to put stake in the ground here. I foresee the tech industry continuing to bring jobs and opportunities to Southern California.

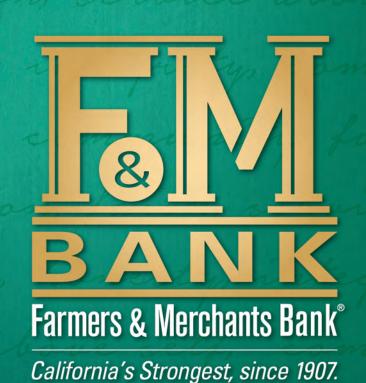


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Chris Wacker President

Laserfiche

Last week, Laserfiche welcomed a record 2,800 attendees to the Long Beach Convention & Entertainment Center for our annual Empower 2016 Conference – the biggest event in our company's 29-year history. End users including the City of Long Beach and Los Angeles County, analysts and reseller partners from more than 880 organizations and 32 countries attended hundreds of indepth sessions – taught by 186 expert speakers – on technology innovation powered by Laserfiche.

A cornerstone of Long Beach's growing technology sector, Laserfiche focuses on developing enterprise content management

software (ECM) that helps organizations manage and secure their documents, photos, videos and other critical business information.

Today, ECM has evolved from simply helping companies go paperless to truly transforming business processes. Organizations can increase their competitive advantage – saving millions of dollars, improving top-line revenue growth or protecting themselves from unauthorized information disclosure – by using ECM to optimize business processes such as accounts payable processing, case management and records management, among others. As businesses increase their reliance on vendors and business partners to achieve efficiencies and economies of scale, technology that enables collaboration also becomes a business imperative.

Many organizations have now adopted a "cloud-first" mindset in procuring software solutions that they need quickly, without protracted year-long implementation time-frames, costly infrastructure or IT personnel. Cloud solutions provide agility in adopting and implementing software, which is critical in today's fast-paced digital world.

But cloud solutions and business process automation are still not enough. Providing your extended network of employees, partners and vendors – the "extended enterprise" – with real-time access to information is essential to making informed, data-driven decisions.

In 2016, more and more organizations will leverage analytics to draw insight from the data they collect. We are already seeing Laserfiche users evolve in this regard by adopting the case management and analytics capability in Laserfiche 10, which we announced at Empower 2016. This type of innovation will continue in the coming year as the digital revolution continues.

I firmly believe that the single most important building block of tomorrow is information. Creating a connected digital workplace for the extended enterprise with the right information, made available to the right people at the right time, will be a top priority for any organization that wants to scale its business and achieve top-line revenue growth in 2016.



Russ Hill Chairman/CEC

Halbert Hargrove Global Advisors LLC

"Prediction is very difficult, especially if it's about the future." That's one of the great lines attributed to Yogi Berra. It was actually first uttered by physicist Niels Bohr. Not only does it remind us to take our own forecasts with a grain of salt, it also points to the virtues of knowing history before trying out the future.

2015 serves us as a backdrop for 2016. Disruptions and diminished profits pulled markets this way and that – and roundly discombobulated investors, including:

 \bullet The major decline of oil prices – welcome to consumers and tough on employment, investment, and corporate profits – has

been interpreted as a signal of a slowing economy. More likely, it reflected rapidly increased supply while global demand continued to grow at a steady pace.

- China's economy slowed and its markets were extremely volatile, but China's markets reflect a much smaller impact on the real economy than those in the U.S. Both growth and increased emphasis on consumption vs. investment seem to be continuing.
- U.S. profits stagnated, but this was in the face of a very strong dollar impacting global profits for large companies and a hard-hit energy sector. Both headwinds are likely to ease in 2016.
- Global growth sputtered along at a pace not nearly as robust as hoped for. This likely reflects real issues such as too much debt but also expectations that are somewhat unrealistic for the ageing developed world.

What to do now? For 2016, what follows are ideas consistent with both economic changes and a tactical view:

- 1. Broaden your thinking about return and income sources: Along with traditional stocks and bonds, include insurance-linked securities and think about earning option income.
- 2. Manage volatility in markets with the use of investments (usually known as liquid alternatives) that react differently than stocks and bonds. Managed futures come to mind.
- 3. If you can afford to take some market risk, look for growth in different places. This may be the year for active management, smaller stocks, and even nibbling at emerging markets.
- 4. Think about investing in concert with your beliefs in social issues: Environmental, Social, and Governance ("ESG") filters have proven to deliver positive results in both returns and social benefits.

Remember, markets reward patience and the acceptance of volatility. Be certain you can accept that volatility, both financially – not hazarding near-term cash flow – and psychologically. Investing should support your life, not become it.

(Nothing contained in this article is intended to constitute legal, tax, securities, or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.)



Blake Christian Tax Partner

HCVT

2 016 will be another interesting year for business owners and employees. While 2015 saw improved consumer and business confidence during much of the year, the recent stock market downturn, ongoing terrorist activities and the election year brings a cloud of uncertainty.

On a more positive note, Congress's December "gift" of a \$680 billion federal tax package should yield some positive stimulus to businesses of all sizes, as well as for employees and consumers.

Within the certified public accounting (CPA) arena, demand for services is outpacing the supply of graduating students and

experienced accountants. This is a combination of business expansion, continued complexity in both the tax and audit fields, and a longer graduation path due to CPA certification changes. HVCT hired 66 staff professionals last year and we have already extended offers to that many so far in 2016.

As reported by Inside Public Accounting, revenue growth within the Top 100 CPA in the U.S. averaged 6.9% and net income growth increased 8.6%. The Top 50 firms averaged double-digit growth. The fastest-growing and most profitable segments within most CPA firms are represented by consulting and specialty/niche practices, such as IT, Mergers & Acquisitions, International and Supply-Chain/ Logistics.

Mergers within CPA firms continues to be driven by retiring Baby Boomers who have not been able to successfully build a succession plan within the firm, so end up merging with larger firms who have the infrastructure to handle the retiring partners' client bases. While some mergers are smooth and successful, they often result in a percentage of disillusioned clients and professional staff, which represent opportunities for other firms.

Other challenges for 2016 include data protection in a world of "cloud" computing and storage, minimizing "tax cloning" whereby identity thieves assume a taxpayer's identity and file early to secure an illegal refund, and staying current on new accounting pronouncements and the blizzard of federal, state and local tax changes.

Clients are expecting more out of their financial advisors as the business environment becomes more complex. Busy business executives are looking for one-stop shopping in order to streamline their day-to-day challenges. As a result, CPA firms are increasing their capabilities by hiring experts in diverse technical areas and partnering with other specialty advisors.

Geographic coverage is also important to clients in order to deal with their expanding operations. In order to be close to our clients, HCVT now has 8 Southern California offices, a Bay Area office, as well as offices in Utah and Texas.

Blake is a tax partner in the Long Beach and Park City, Utah, offices of HCVT, a Top 40 CPA firm in the U.S. and the largest CPA firm headquartered in Southern California. He can be reached at blakec@hcvt.com or 562/216-1800. www.hcvt.com.



Kristi Allen Vice President Hotel Operations Ensemble Hotel Partners

Hotel Maya – A DoubleTree By Hilton

The Hospitality Industry outlook for 2016 is bright. A recent PKF Hospitality Research (PKF-HR) survey shows that the national occupancy rate will increase to roughly 66 percent in 2016. The research also projects room rates to increase by 5.5 percent in 2016. Additional reports show that the local occupancy rate will remain about the same at 76.8 percent in 2016, which is in line from 2015. The local room rates are projected to increase by more than 6.5 percent in 2016. Both the Long Beach occupancy and the room rate growth projections are higher than the national averages. That's a great sign.

Long Beach is enjoying a building surge with new residential throughout Downtown Long Beach and new businesses under construction in Douglas Park. The Pike has rebranded as an outlet mall

with some significant brand names and the area around the Queen Mary is being re-envisioned. This new growth is also leading to a variety of vibrant and exciting array of restaurants, microbreweries, hip lounges, art galleries and an eclectic offering of live music popping up all over the area to service the new crowds.

With a diverse offering of gathering places and hotel additions and renovations, the meetings and events business is enjoying a return to pre-recession levels with companies spending money again on meetings, parties and events. The strength of the corporate market has helped the local hospitality industry grow, but the energy and spirit of local businesses has also fueled the rebound. On the leisure front, the CVB's "Beach with Benefits" campaign and aggressive social media efforts have increased Long Beach's leisure reputation as well.

To help attract that growing corporate and leisure business, Hotel Maya – a Doubletree by Hilton recently completed a \$4 million property refresh to include updated, modern guest room enhancements and the addition of a brand-new waterfront event pavilion and terrace; a combined 16,400-square-feet, "Lagunita" pavilion and "Vista del Mar" are unlike any other event spaces in Southern California.

The only resort-style hotel in Long Beach, Hotel Maya transformed its guest rooms by installing new, custom hardwood floors for a sleek, modern, coastal feel; each guest room entry door was replaced with an exquisitely hand-carved wood door; and new floor-to-ceiling retractable sliding glass doors lead to water view and garden view patios and balconies.

With growth in so many sectors, the Long Beach hospitality industry outlook for 2016 is a good one.



Senior Associate

INCO Commercial

he arrival of 2016 offers an exciting market for Long Beach Multi-family complexes. Landlords have been able to raise rents and Buyer demand remains at very stout levels as interest rates have maintained historic lows. Apartment complexes will continue to be the strongest investment product type.

With interest rates still available at about 4% for the 5-year fixed product, it's no wonder why buyer demand has sustained itself. In this rate environment, it allows for bottom line cash flow even as prices continue to rise. This will be something of a wild card in the next year or two depending on how aggressively the Federal

Reserve implements its interest rate increase plan. Traditionally, when rates move in an uptrend, it has a muting effect on sale prices.

Sale prices have been increasing since 2011, with prices having increased 15% in 2015 on approximately 230 sales of 5+ unit properties. Prices will maintain an uptrend in 2016 but likely something less than last year based on the way banks underwrite the financing. There is a price ceiling, but that ceiling can be elevated with rent increases.

Another indicator of the strength of the market is low vacancy and rising rents. As the county unemployment rate has normalized back to just under 6% over the last few years, apartment vacancy, in turn has normalized to 3-4% with the creation of more households. Many landlords reported pushing 10-15% rent increases through in 2015 for the first time in a while and are contemplating more increases this year, especially when units become vacant and can be re-rented at higher prices after some upgrades.

All of these factors working together along with knowledge that higher interest rates are imminent should work to motivate sellers to explore the market in 2016. If more inventory is made available for sale, we will see continuation of higher sales volume and prices. In all, 2016 should be a banner year for Long Beach apartment complexes.



Doug Shea Principal and Boardmember

INCO Commercial

F irst Quarter 2016 appears to be very robust in the region for rising rents and values of retail real estate. Whereas in the Long Beach market the Belmont Shore area outpaces all other sections of the city in terms of rental rates. We are currently seeing asking prices in the \$5.00 per square foot category with Triple Net fees on top of that. The sustainability for restaurateurs or even shops to make it with rates that high is not a guarantee. There will be continuous flux in the Belmont Shore region due to the overly high rates.

Seal Beach is closer to the shore than Belmont Shore, but they are still a couple of dollars per square foot behind. The main

reason for that is the population is considerably less. Seal Beach though is still seeing the rental rates moving up.

The Downtown Long Beach market rates range from \$3.75 per square foot to \$1.75 per square foot depending on how far up Pine Avenue you go. The Promenade appears to be living up to what the city envisioned as it is doing very well along with the Arts District.

Another area of Long Beach that is moving up and doing very well is the Douglas Park region. Offices are full and more construction is under way thus helping the retail region around Lakewood Boulevard and Carson. Rates in that region are in the \$2.00 per square foot triple net to \$3.75 per square foot triple net.

The Towne Center off of the 605 continues to remain full and be doing well with rates stable. Bixby Knolls has some repositioning of retailers going on like Trader Joes, but the rates do not seem to be moving in an upward trend. New retail centers in Bixby Knolls are able to ask a little higher rates than the older store fronts with about a 25% to 35% differential.

The Los Altos area has had some new growth with the various grocers moving out and potential new tenants moving in. This area with its demographic will always be a very good investment.

North Long Beach retail remains a mom and pop destination for very affordable rents. If you were to break the city down by Capitalization Rates North Long Beach would be in the higher 6 to 7 range with Belmont Shore in the 4 range.

Sales across Long Beach are very strong. The inventory is very low with available properties whether it is office, retail or industrial. The low interest rates are continuing to help drive this.



About HCVT

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ECONOMIC OUTLOOK 2016 Page 18 INDUSTRY PERSPECTIVES



Larry O'Toole CEO

Integrated Polymer Solutions

Robust is simply the word as it pertains to describing the near term 2016 outlook for the aviation/aerospace industry. We continue to see a positive wave of production increases by the aircraft and engine OEM's (original equipment manufacturers) around the world and it extends the unprecedented length of this economic cycle. In addition, we see the economic uplift from the rapidly evolving Space sector here in the U.S. and it affords exciting new growth opportunities for aerospace and defense (A&D) suppliers.

All of this for Southern California, and specifically Long Beach, remain positive indicators for the near term economy. We are fortunate to have a legacy of being a strong supply epicenter for the A&D industry as global OEM's look for reliable partners with the necessary capacity and technical capabilities to support their evolving technical and production demands. For our Long Beach facility, this continues to mean positive developments in our hiring of technical, production and management personnel.

But, we also know that the economic cycle will hit a speed bump in the not too distant future and it's incumbent for all A&D suppliers to have countercyclical hedges to allow for the resources and wherewithal to continue investing in our technologies and our people so that SoCal and Long Beach specifically retain a leadership position. Currently we are engaged in design work with OEM's on platforms that will be introduced for production in the late 2020s and early 2030s and that portends well for the long term A&D sector economic outlook. In the long term we believe this remains a great business sector to support and one that that will help participants remain value added contributors economically to their employees and the local communities such as Long Beach.

Integrated Polymer Solutions (formerly known as Sanders Industries Holdings), is headquartered in Long Beach. Integrated Polymer Solutions serves the aerospace & defense industry from its locations in Long Beach, San Diego, West Chester, Pennsylvania, and Sheffield, United Kingdom, with leading brands including; Rubbercraft, Sanders Composites, Northern Engineering, Creavey and Fabritech EMI.



Mike Miller President/CEO

International City Bank

The U.S. is seemingly experiencing a sustainable growth trajectory despite the global economy continuing to lose momentum. Key factors to U.S. growth and increasing domestic demand are the strong dollar and low commodity prices. The U.S. dollar index has increased to 120.80, which is an 8.64% increase since the beginning of last year, a level not seen since 2004. Oil prices have remained below \$50, which is a long way from \$105.79 per barrel in June of 2014. This has put purchasing power back in the hands of the U.S. consumer, which has been evident in the jobs report. We have seen the U.S. unem-

ployment rate fall to 5.0% from 5.7 at the beginning of 2015 and nonfarm payrolls have averaged 206,000 jobs added each month in 2015.

The U.S. economy has shown continued progress in jobs and spending but has not seen much change in inflation due to the high dollar and frail world economy. The most recent .25% rate hike may only work to increase volatility and further rate hikes will be dependent on inflationary pressures. Signs continue to suggest that the normalized policy rate 2.0% or below and the normalized 10-year Treasury yield to be 2.5% to 3.0%. Current GDP expectations remain just above 2% due to volatility in foreign markets which should keep U.S. inflation low.

ICB enjoyed a successful year in 2015 focused on small to medium sized businesses in our area. Developing long-term relationship with new and existing clients continues to be our primary focus through a collaborative approach to their banking needs.

Overall, this translates to our anticipation of another good year in terms of growth and profitability for International City Bank.



Be Prepared, Stay Informed

10 Ways to Weather El Niño

- **1. Create an emergency kit,** today! If you've already got an emergency kit prepared, check it regularly.
- **2. Check your car.** Make sure your car's tires have good tread and that your windshield wipers work well. Your headlights should always be on in the rain!
- **3. Check your house.** Clear your outdoor drains and gutters of any leaves, dirt or debris. Secure trash, recycling bins and any other items that have the potential of blowing or floating away. Have weakened trees inspected by an arborist.
- **4. Got flood insurance?** Consider purchasing flood insurance. Keep in mind, most flood policies have a 30-day waiting period.

- **5. Use sandbags.** Sandbags can be utilized to help protect your home and property before a storm.
- **6. Don't risk your life.** During significant storm events, avoid waterways, flood control channels and the ocean, which can all rapidly swell and become extremely dangerous. NO PLACE outside is safe when lightning is in the area!
- 7. Have Emergency Alerts sent to your mobile phone and email. Register at lacounty.gov/emergency, or simply search "Alert LA County" on the web.
- **8. Download "The Works,"** LA County's FREE app for iPhone and Android, to report storm-related problems.
- **9. Prevent stormwater pollution.** Rain washes everything into storm drains that lead to our rivers and ocean. Secure household hazardous waste with tight-fitting lids and store these items in covered areas.
- **10. Capture rainwater.** Prepare your landscaped areas to capture and retain more water by using compost. Collect rain that falls on your roof by installing rain barrels.

















Call our CEO anytime. How's that for personal business banking?

As a customer of International City Bank, you'll deal directly with local decision-makers who have a genuine interest in your long-term success. That's our idea of truly personal business banking.



Business made personal



Economic Outlank 2016 Page 20 INDUSTRY PERSPECTIVES



Lou Anthony General Manager, Long Beach Airport

JetBlue Airways

As the general manager for the hundreds of JetBlue Crewmembers based at the Long Beach Municipal Airport, I can tell you JetBlue is optimistic as we near our 15th anniversary as a proud member of the Long Beach community. Our everyday low fares and award winning customer service, coupled with our corporate and crewmembers' commitment to the well-being of the City of Long Beach, have made us a part of the fabric of the community from street fairs to beach festivals and our recent move to become the title sponsor of the Long Beach Marathon. Now is a great time for the airline industry and JetBlue is experiencing strong operational and financial performance.

We're proud of the continued evolution of our product and service. Our success is driven by focusing on delivering a great experience and environment for our customers, and developing a network of destinations, and partners that extend our relevancy to the communities we serve by connecting them to more domestic and international markets.

Our product evolution is most notable with our new premium Mint service out of LAX which was met with rave reviews, but more than that, customers are in love with the redesigned core seats on our Airbus A321s. Starting this year, we'll be using those amazing core seats to embark on the first major restyling our Airbus A320 cabins for the first time in our history. With improved inflight entertainment, in seat power at each of our redesigned, more comfortable seats and free broadband Internet through our Fly-Fi offering available for all our customers.

We're also focused on developing a great network of destinations, and an increasingly important part of our business is made up of international travel. Our brand is resonating in places like Mexico, Central and South America and the Caribbean, which we serve through our other focus cities. Demand for international travel continues to grow and to that end, we hope to be able to better serve our focus city of Long Beach community with international service should an Federal Inspection Station be approved by the city council, which would enable us to use our existing slots within the current rules and regulations governing the airport for flights to popular leisure and business destinations to the south. That will translate into more jobs, more tourism and more economic growth for the city. JetBlue is eager to continue working with city officials to move forward on this project and further grow the positive economic impact brought to the community by JetBlue and the Long Beach Airport.



Machelle Thompson

Keen Home Care

The New Year has ushered in ongoing growth in the senior population needing care support, as well as new challenges for the private duty home care industry which actually began about two years ago. When AB-10 (minimum wage) and AB-241 (Domestic Workers' Bill of Rights) passed in September of 2013, this resulted in increased hourly costs, as well as significant reductions in previous overtime exemptions. The net result of these changes caused a dramatic increase in the cost of home care to the consumer, as well as new operational challenges for business owners to find adequate and qualified caregiver staff.

The consumers affected most by these recent changes are those requiring 24-hour care. The cost of such care increased from approximately \$85,000 per year two years ago, up to a present cost of about \$200,000 per year. In an effort to manage costs to the consumer, as well as avoid penalties for labor code violations, many business owners were faced with the operational challenge of deciding whether to continue offering one caregiver to cover a 24-hour period, or transition to offering two 12-hour shifts, or three 8-hour shifts. Since many companies opted to stop using a single caregiver to staff a 24-hour shift, this created an immediate shortage in qualified caregivers, as it now requires two to three times as many caregivers to support a client who requires 24-hour care.

California became the 27th state to implement mandatory licensing for home care agencies on January 1, 2016. The transition to licensure under the guidelines of the California Department of Social Services (CDSS) marks an improvement for consumers of private duty homecare, as there are now minimum standards for home care agencies that didn't previously exist. The downside is that there are additional costs associated with obtaining licensure and implementing new systems, which will inevitably be passed on to the consumer. All caregivers are now required to become registered with CDSS and newly hired caregivers are unable to work until their background check through CDSS are approved. Unfortunately, this process poses additional delays in putting much needed caregivers to work, further adding to the painful shortage of qualified workers.

Now is the time for all consumers of private duty home care to reach out to their politicians to express the extreme financial hardship which may cause them to leave their home prematurely.



Brandon Carrillo Principal

Lee & Associates

2 015 was a strong year for the Long Beach Industrial Real Estate Market and this trend will extend through 2016. Lease rates will maintain their upward trend as the vacancy rate will sustain, hovering at historic lows near 1%. Land prices will continue to increase for development; especially if the City of Carson lands an NFL team and stadium deal.

In Downtown Long Beach we are seeing older product being overhauled or demoed for new product. This contributed to very few areas available for development. Many of the remaining land sites in our market are either contaminated or in the process

of remediation, leaving nowhere left to build. The ports will continue to handle record TEU loads as we see more megaships entering the Ports of L.A. and Long Beach. During the 1st Quarter 2015, TEU count was down almost 5% due to the congestion brought by the labor disruption. In contrast from March 2015 to October 2015, Port TEU volume was up over 10%. This brings the total TEU count for 2015 as one of the highest on record.

This year we also saw the last C-17 leave the line at Boeing, and we saw the next generation of aerospace move in with Virgin Galactic making a new home in Douglas Park. With the announcement of Toyota and other companies leaving California for business friendly states such as Texas, many thought more companies would follow. However, we saw the next generation of companies establishing roots in California. The L.A. Basin has become home for such trendsetting companies like SpaceX, Virgin Galactic and Faraday Futures. The future looks bright for Long Beach in 2016, and I feel blessed to be a part.

Industrial Market Economic Outlook 2016:

- Total SF of Market = 215,344,706
- Availability = 3.5%
- Vacancy = 1.1%
- Average Lease Rates = \$0.67 PSF
- Planned/New Construction = 2,800,000 Sq. Ft

Biggest Development in the South Bay: The Brick Yard, with over 1,000,000 square feet (2 buildings)



Bryant Francis Airport Director

Long Beach Airport

ong Beach Airport (LGB) is a vital part of the economic impact of the city. Most airports are needed for business development, tourism, recreation, medical and security operations and more. LGB is no different, except that we fly the extra mile by striving to keep open communication with you, our neighbors. We look forward to a successful 2016 filled with more of the same high level of service that has made LGB a subject of pride for locals and a favorite for travelers across the country.

LGB has one of the most unique locally controlled noise ordinances in the nation and airport management works diligently to protect it. Recently, it has become necessary to increase the available air carrier slots from 41 to 50, as analysis revealed aircraft noise in that category has steadily declined. Per the Airport Noise Ordinance (L.B. Municipal Code 16.43), new slots are added if noise levels permit. This encourages the airlines to operate quiet aircraft while assuring community members that noise levels will not exceed established noise thresholds.

In addition, JetBlue Airways has submitted a request for a U.S. Customs facility to be built at Long Beach Airport in order to provide international service. The Airport has selected a highly experienced firm to conduct a feasibility study, which will proceed upon city council contract award approval.

In the meantime, the three commercial airlines – JetBlue, Delta Air Lines and American Airlines – enjoyed load factors of over 86% on their flights last year, exceeding industry standards. For the first time since I started as airport director in January of last year, available seat capacity for service to our 12 destinations has stabilized.

With prudent management, Long Beach Airport remains in solid financial standing. Airport Improvement Program (AIP) grants and fees collected from Passenger Facility Charges (PFC) have allowed for important actions such as a geometry study of current runways, and security upgrades. Fees collected from Customer Facility Charges (CFC) are designated for future upgrades to rental car facilities that may begin as early as 2017

Long Beach Airport is proud to be a self-supporting enterprise and contributor to the economic vitality of the City of Long Beach, and will continue to be an important factor in economic growth to the residents and businesses of Long Beach and the greater Southern California region.



President/CEO

Long Beach Area Convention & Visitors Bureau

he outlook for 2016 is very positive, with an estimated increase of 6.5% in REVPAR (Revenue per Available Rooms)

2015 was one of Long Beach's most successful years for conventions and tourism, with more than six and a half million visitors attending our major attractions. Overnight visitors to Long Beach brought in more than \$300 million dollars of economic impact to our city. The city collected over \$23 million dollars in TOT (Transient Occupancy Tax) from overnight visitors, the

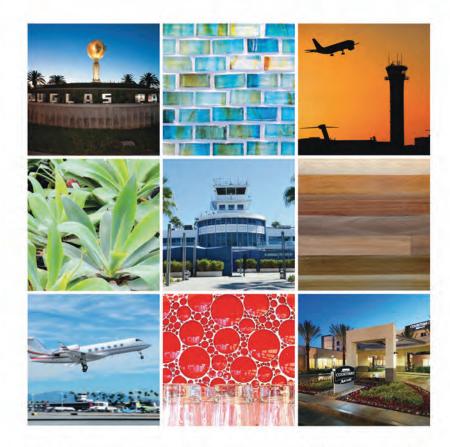
largest amount in the city's history.

2015 was an exciting year for Long Beach, including the debut of several new special events. Formula E, with its international flair and powerful electric racecar, joined our Long Beach Grand Prix and Drift Competition on our downtown streets. Thanks to the success of the premier race, Formula E will return in 2016. Last summer's POW! WOW! Long Beach brought major international artists to our city to create giant art pieces while we watched them in action. POW! WOW! Long Beach will return bigger and better in 2016.

The Pacific Room at the Long Beach Arena celebrated its second anniversary and crossed a major milestone, passing the \$100 million dollar mark in economic impact for the city. This number represents new business for the Center, bringing in groups that previously could not use Long Beach due to a lack of space. The Pacific Room and many of the venues at our Long Beach Convention & Entertainment Center have been designed to be "turnkey" event spaces to allow event planners creative freedom and also lowers costs dramatically.

Our social media program, "Beach with Benefits," had great success with a Long Beach video contest that achieved a reach of over 15 million impressions. The Sandy Awards brought our community together to enjoy a Hollywood-style ceremony for our talented filmmakers. The video contest also provided us with new video marketing materials straight from the eyes of our visitors and residents. We are now accepting video entries for the 2016 Sandy Awards.

Our forecast for conventions and tourism for 2016 is very optimistic. Long Beach will continue to grow as the premiere West Coast destination, fulfilling our new slogan, "California Fresh, Urban Coast."



Long Beach Airport is committed to providing excellent services and facilities in an intelligent, eco-friendly, safe and efficient manner; and to being a major driver of the economic viability of Long Beach. Travel well. Travel Long Beach.







"For me, it's always been about the food and the experience. Let us help create the experience at your next event."

-JIM CHOURA, CEO





Economic Outlook 2016 NDUSTRY PERSPECTIVES

Edward Farrell Acting Director

Long Beach Gas & Oil Department

The City of Long Beach Gas and Oil Department (LBGO) projects that the low and relatively stable natural gas prices experienced by our customers in 2015 will continue throughout 2016 and potentially beyond. LBGO's forecasts, based on NYMEX futures pricing, anticipates natural gas pricing to remain below \$3 per MMBtu for the remainder of 2016. The low and stable natural gas market can be attributed to a number of factors including an oversupplied market, a projected decrease in demand, and record level natural gas storage inventories.

On the production side, natural gas production is expected to remain strong in 2016. Improved drilling technologies and efficiencies are making gas wells more productive at a lower cost, which is expected to keep the market oversupplied in the upcoming year. Along with an oversupplied market, an anticipated decrease in demand is expected to put further downward pressure on natural gas prices as increasingly stringent state and federal regulations such as AB32 and energy efficient construction technologies continue while commercial and industrial demand decrease. Natural gas consumption in the residential and commercial sectors is projected to further decline in 2016, largely reflecting lower heating demand this winter. Moreover, natural gas storage inventories reached their highest recorded level in November at 4,009 billion cubic feet (Bcf), according to the U.S. Energy Information Administration (EIA) Weekly Natural Gas Storage Report. In addition to record storage levels, EIA projects inventories will end the winter at 1,862 Bcf, which would be a smaller drawdown than typically seen during the winter.

The City of Long Beach and its gas utility, LBGO, continue to support energy efficiency and urges customers to reduce the consumption of fossil fuels (including natural gas). In February 2016, the city will commence a comprehensive meter change out program in support of Smart Gas Meters which will enable customers to better understand and track their gas consumption. Reducing the use of natural gas not only helps the environment, it also saves money on monthly utility bills. For energy-saving tips or information about natural gas, please visit LBGO's website at www.longbeach.gov/lbgo.

Long Beach Memorial, Miller Children's & Women's Hospital Long Beach And Community Hospital Long Beach



John Bishop

When Long Beach Memorial opened its doors 108 years ago, providing hospital care was straightforward. We cared for the sick; we saved lives.

Well before healthcare reform, our mission as a comprehensive community resource transitioned from sickness to wellness and traditional models of care to truly integrated care. Partnering with extraordinary physicians, nurses and staff, we are measuring health not only by our success in treating patients and helping them manage disease, but by community well-being.

This is evident in programs that include the Welcome Baby program with First 5 LA providing pre- and post-natal care to underin-

sured women; collaboration with The Children's Clinic to coordinate care for at-risk children and families; the new addiction medicine program at Community Hospital Long Beach – part of a comprehensive approach to mental health; and health education and screenings with schools, employers and community groups.

Our integrated system covers the entire care continuum – wellness, prevention, diagnosis, treatment and rehabilitation – keeping people healthy and caring for them in the most effective setting – often convenient, lower cost outpatient facilities.

MemorialCare has 200+ care sites – six hospitals; physician practices; ambulatory surgery, imaging and urgent care centers throughout the region. Great examples include Los Altos health center, Douglas Park surgery center and community outpatient imaging, with more in the future.

Many surgical patients who spent days in the hospital now receive safe, high quality, more affordable care in outpatient centers. Primary care practices are being transformed into patient-centered medical homes with physicians supported by nurse practitioners, social workers and pharmacists who improve care coordination and affordability. We also share employee wellness services with employers aiming to achieve the same gains in wellness that we enjoy.

Working with physicians in strong and collaborative relationships prepares us well for the financial and operational changes healthcare reform brings. Innovations like bundled payment arrangements, health plan partnerships, joint ventures and accountable care programs are a few ways we work together to benefit the health of our community. With 2,000 physicians, MemorialCare's Physician Society develops and refines best practices to ensure superior clinical outcomes.

We are passionate about preparing the next generation of clinicians. Our partnership with California State University Long Beach, which began in 2005, has resulted in more than 900 graduates from our accelerated BSN RN degree. Annual training of 2,000 of the next generation of physicians, nurses and other clinicians help ensure the highest quality providers for years to come.



Robb Korinke Chairman

Long Beach Technology & Innovation Commission

Hyperbole aside, 2015 was really a huge year for the Long Beach tech community. Long Beach was named Top 10 "Digital City," for the fifth consecutive year, was one of only six cities selected nationwide for a 2016 Code for America fellowship program and one of only 14 cities worldwide awarded Bloomberg grants for creation of an Innovation Team.

A lot gets made of L.A. and Orange County's tech communities, let alone our friends in the Bay Area, but I think these are just a few examples of how our city is not just closing the gap, but chart-

ing its own unique path as a leader in creating smart reforms for government and cultivating a culture of innovation.

Looking into 2016, the recent launch of the 'Open Counter' online business registration tool for city permitting sets the stage for smoother interactions between the city and its businesses. For our part, the Long Beach Technology and Innovation Commission is looking to wrap up its work on an Open Data policy for the city, which will improve public access to city information and services and help the city better capitalize on emerging technology for serving the community. We're also exploring improved broadband access for residents and businesses as well as ways the city can better engage the community to drive progress on important issues.

These efforts at the city are going to stimulate private sector gains in this community, whether in the creative startups gravitating to our downtown or in the ongoing attraction of high-end manufacturing like we've seen with Mercedes-Benz and Virgin Galactic. This is all a product of Mayor Robert Garcia, the city council and other city leadership having a true commitment to these issues and making things happen – no small feat in the public sector. It's important work and it will have a real positive impact on how residents get services, businesses operate and how the world sees the City of Long Beach.

Robb Korinke is the founder of GrassrootsLab.



Chris Garner General Manager

Long Beach Water Department

bviously, the major issue currently for all California water agencies is the ongoing drought. Even with the benefits realized from the El Nino event this winter, California will still be faced with the need of at least a couple of strong years of sustained rainfall to replenish the state's aqueducts, restoration of the snowpack in the High Sierra and the Rockies, and continued strong conservation efforts before we can say that we are heading out of the current drought. In recognition of this, the governor has extended the statewide mandate for water agencies to reduce their water needs through conservation efforts. The cur-

rent conservation target for Long Beach is a 16% reduction and Long Beach residents and businesses have embraced this challenge as expected, exceeding this goal during the first 5 months of the governor's mandate, using less water during these months than any time since the 1960s when Long Beach had a much smaller population. So, in 2016, the Long Beach Water Department will continue to emphasize conservation and offer rebates to residents to help achieve our goals.

Fortunately for our customers, their conservation efforts allow Long Beach Water to continue our reduced reliance upon the very expensive, incremental source of water supplies, those imported from the Colorado River and from Northern California. This reduced reliance on imported water assists Long Beach Water in maintaining water service at fairly stable rates, despite the reduced sales resulting from conservation efforts. I expect water rates to only need to be minimally adjusted over the next couple of years to allow for our continued reinvestment in maintaining our nearly 2,000 miles of pipelines in our system. In 2016, Long Beach Water will continue offering high quality water services at rates amongst the lowest in Southern California.

Economic Outlook 2016 NDUSTRY PERSPECTIVES Page 23



Geoff McIntosh Owner

Main Street Realtors

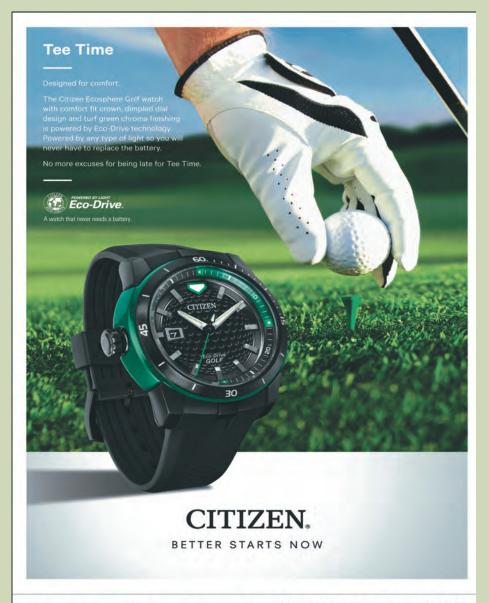
W inston Churchill is credited with saying, "The pessimist sees difficulty in every opportunity. The optimist sees the opportunity in every difficulty." In regards to the housing market for 2016, despite the global economic slowdown and the recent volatility of our financial markets, I still choose to be an optimist.

A shortage of homes on the market here in Southern California will still persist, but because of the lingering supply and demand issue, the housing market will continue to show improvement in the upcoming year. Housing affordability will

still be strained, but because California will lead the nation in job and economic growth in 2016, the housing market is expected to remain strong. Yes, the declining unemployment rate, higher wages, and lower fuel prices have conspired to improve personal budgets, continuing to make real estate an attractive investment.

Mortgage rates will remain at historically low levels, and rise only minimally to an average 4.5% for a 30-year fixed loan at the same time lenders are starting to ease the reins on credit. The rate of appreciation is expected to be the slowest since 2011, so although home prices are starting to moderate, the median home price in California is still forecasted to increase 3.2% to \$491,300 in 2016, following a projected 6.5% increase in 2015 to \$476,300 (according to the latest report from the California Association of REALTORS®.) The report also projects a 6.3% increase in existing home sales in 2016 to reach 433,000 units, up from the projected 2015 sales figure of 407,500 homes sold.

2016 won't be a perfect year for real estate, but it is still ripe with opportunity. This is what I am advising my clients!





4130 Atlantic Ave #102 Long Beach Ca 90807 562.426.8601



Economic Outlank 2016 Page 24 NDUSTRY PERSPECTIVES



Steve "Bogie"
Bogoyevac
First Vice President,

Marcus & Millichap

It istorically low interest rates, abundant commercial credit, and lack of return from securitized investments have culminated in all-time high prices in Los Angeles County and Long Beach. Both large and small investors continue to deploy capital into apartments, thereby creating a cycle of higher prices and lower cap rates. The volume of apartment sales in Long Beach is expected to surpass last year's levels, which shows continued confidence in rents and the longer term supply and demand outlook. We're already experiencing the Fed's expected interest rate increases, which, if continued, will shrink investors' ability to leverage arbitrage between cap and rate. Prices are highly influenced by the current interest rate environment, so if there is a

major upward shift in interest rates, investors will demand higher cap rates, affecting values across the board.

The multifamily market in Long Beach will continue to have extremely strong fundamentals. Rental unit demand continues to outpace supply, and average effective rents will tack on 8.7% this year, more than tripling the rate of inflation. Vacancy continues to decrease. Net absorption of more than 6,100 units in the metro area will provide a 30-basis point drop to 2.6%, 15 basis points below the same period a year ago. In lockstep with rising demand from renters, investors will likely continue to expand their portfolios in the Long Beach market, creating an ideal market for apartment owners to evaluate a 1031 exchange or sale. Buyers will continue to leverage management efficiencies and take advantage of a rental market that will likely continue to outpace traditional investments and inflation.



Imran Ahmen General Manager

Marriott Long Beach

2 015 was epic for the hospitality industry of Long Beach. Citywide conferences and conventions brought new and returning business to Long Beach. Major renovations to area hotels created compression and an increase in transient and tour travel during summer months made our summer bright.

2016 will offer a unique set of challenges to Long Beach. Closure of C-17 Boeing Program will decrease in 3-5% occupancy. The variety of large and small companies that are moving in the Douglas Park Corporate area will have undetermined impact. There is no historic data available to forecast their production of room nights.

We expect, the average daily rate (ADR) to remain flat to last year. Long Beach Airport offers no new routes are on horizon.

An approaching election year historically creates a political uncertainty. Combined with the financial turmoil in China, consumer cautiousness for spending leisure travel dollars is highly likely. Still, optimism is the name of the game. Marketing departments will be busy uncovering new business and retaining current business partners. Grass root sales will continue to be involved.



John Molina CFO

Molina Healthcare

The health care industry will continue to thrive throughout 2016. We are excited to be a part of this historic growth as a Long Beach-based company that provides government health care nationally to low-income individuals through programs like Medicaid (Medi-Cal in CA), the Health Insurance Marketplace and Medicare. Last year, we celebrated 35 years in business and added over one million members, which puts us now at more than 3.5 million members nationwide. We're starting this year off right by adding approximately 330,000 more members, who signed up to participate in the Marketplace in the states in which we operate;

more than half of these enrollees are from L.A. County, including Long Beach. As part of our mission to help the underserved gain access to health care regardless of their ability to pay, we are proud to partner with Mayor Robert Garcia's office to participate in President Obama's Healthy Communities Challenge. To be a part of this local and national movement to get as many people covered, we are hiring nearly 100 employees to canvass the Long Beach area. Our goal is to reach these community members where they live, work, eat, play and pray and share with them about their health care options.

As we look toward a new year full of opportunities, continued growth, challenges and successes, we want to not only thank our 4,000+ employees who work tirelessly to fulfill Molina Healthcare's mission to provide high-quality care to our members, but also the city for its support and partnership. City of Long Beach, thank you for being home to Molina Healthcare.

The main drivers of growth and significant impact in the health care industry will continue to be around Medicaid Expansion, the Health Insurance Marketplace and the duals demonstration projects as well as drug pricing (e.g. Sovaldi). With such growth in government-health care throughout the next year and the high-price of specialty drugs, it'll be important for health care companies like ours to continue improving our medical costs and better coordinating care (behavioral and physical). We may continue to see quite a few acquisitions in the industry as well.



John Jenkins General Manager

Queen Mary

Recent political upheavals in Europe and the Middle East, economic turmoil in China and Asia have burdened Wall Street at the start of 2016 and should be of great concern to all business leaders regardless of their sector. However, it is my opinion that as the great Boston politico Tip O'Neill suggested – all business is local. To me that means a greater emphasis should be placed on California's economic outlook and even more importantly, our region and the hometown health of business.

As general manager of the Queen Mary, I host over 1.5 million guests each year, with 5-8% of those being international visitors.

Ongoing capital investments, expanding operational budgets and more demands that I pay attention to the political-business environment here in Long Beach. In the last few years we have seen a 5-7% yearly revenue growth and the forecast for 2016 is very strong. I can say with full assurance that our relationship to the City of Long Beach is critical to our success; the city owns the ship and serves as an active partner. This is particularly true of Mayor Robert Garcia and his team. They are interested in creating and building a healthy business environment and tourism destination for all of Long Beach. We maintain constant communication with the city and pay attention to how our business plans align. The Long Beach Convention and Visitors Bureau drives business to the ship and has helped grow group business, conventions and leisure transient business for the Queen Mary in recent years. The majority of our visitors also make Downtown Long Beach part of their Queen Mary experience.

I'm happy to listen to experts when it comes to the economy. But, I'm equally interested in following what my mother would call 'common sense.' For most locals and visitors it is difficult not to come close to the Queen Mary on a regular basis. The ship is located seconds from the freeway; the city is served by an expanded and upgraded regional airport; we are close to all major tourism destinations across the Southland and situated against a backdrop of beautiful beach communities and spectacular Catalina Island. If I were given my choice where to berth the Queen Mary – it would be difficult to choose somewhere other than Long Beach.

During her 80 years of service the Queen Mary has touched over 60 million lives. On every voyage she faced uncertainty; this was particularly true in wartime. Her safety was the result of professional maritime management. Today's economic and political waters may be no less dangerous or unsettled and could very well influence the ship and our company's well being. Yet, it is my view that we are in good company – supported by a wonderful city and civic organization led by a progressive mayor with his eye on the near and far horizon. In Long Beach the Queen Mary has more than a safe harbor; we have a home port in a city that is destined for more. More visitors, more improvements and more presence on the global stage. That's good for business in general and it's good for the Queen Mary.



Mary Ann Edwards Agent and Office Manager

Re/Max College Park

If I could predict the future, I would be rich." That was the response I would get from my old broker when I used to ask him where he thought the mortgage rate was going. I believed him but I was always anxious to know his opinion. I trusted his opinion.

All that is to say, if you try to predict the future of the housing market in 2016 it can be tough.

The FED raised rates "slightly" in December and they will raise the rate another three times this year. This move up has only made a very slight difference to the market. The current rate of 4.5% for a 30-year loan is still historically very low. We all thought we knew where we were headed in the housing market mid-December, but

then the Chinese market crashed, fuel prices continued to fall and the corporate debt continues to rise. These are all signs of a slowing market.

Can prices of homes continue to go up? I think so.

According to Corelogics Chief Economist Dr. Frank Nothaft, prices of homes will continue to rise along with rents. There is much talk about millennials becoming first time home buyers. While they are a large segment of the population, they appear to be more cautious and are waiting longer to get married, start a family, and buy a home. They were just old enough to understand the loss of a home through short sale or foreclosure. They watched their parents go though the "Great Recession." This makes them more hesitant to make the move into buying a home. They want to be more prepared and they plan on living in the home longer than the generation before them. Nonetheless, they are forming households, and as rents increase there will be a significant movement into the housing market from this group.

The cost of housing will continue to increase. Last year we had a 5% increase in prices nationwide. Here in the South Bay area our increase in prices has been 10%. Our rebound out of the recession is almost complete. We are now seeing values back to where they were in 2007, just before the crash. It is still predicted that values will increase 3% this year. Increases will continue as long as the banks continue to loosen credit and qualifications for a 30 year loan. The guidelines are still tough, but the loan process can be navigated.

I think 2016 will be a good year for the housing market. The years we vote in a new president have historically been good years. My concern... What will happen in 2017.

Economic Outlook 2016 NDUSTRY PERSPECTIVES Page 25



Peter Rooney
Managing Director &
President, Commercial
Development

Sares • Regis Group

There are strong economic reasons why SARES•REGIS Group is bullish on Long Beach. Beyond the economic reasons, we are optimistic because of the vibrant energy among people who live or work in Long Beach. This current of energy runs through every facet of the city: its seaport, neighborhoods, colleges, parks, beaches, airport, the convention center and downtown shops, clubs and restaurants. In our business as real estate developers, we are constantly hearing the same refrain from our associates and those who have been buying and leasing our commercial buildings at Douglas Park. They are attracted to Long Beach's spirit of optimism and growth. They see Long Beach as we do: A unique beach city where big things are happening.

A few years ago, SARES•REGIS Group acquired 194 acres – about the size of Skylinks golf course across Lakewood Boulevard from Douglas Park. We purchased the land from Boeing Realty Corporation, which master planned the property adjacent to the historic airport. From the beginning, we were welcomed by growth-minded city leaders who shared our vision for a mix of sustainable headquarters-style industrial facilities, premium medical and high-tech office buildings, hotels and retail services.

After a few short years, Douglas Park has been an unqualified success. We have leased or sold 134 acres. Mercedes-Benz USA leased the "Fly DC Jets" hangar which is situated on 52 acres for its new West Coast hub. We developed 813,142 sq. ft. of premium headquarters buildings at Pacific Pointe. A 470,000-sq.-ft. third phase of Pacific Pointe is set for completion this summer. Companies moving into Douglas Park are prosperous and well-positioned for the future. Several are engaged in groundbreaking research and applications of exciting new technology. When billionaire Richard Branson was looking to open a spaceship building company, he leased a facility at our Pacific Pointe development because of the wealth of engineering and design talent available in Long Beach.

It's obvious from the intense demand for commercial property at Douglas Park that, owing to the many attractions of the city and its people, companies want to invest in Long Beach. The quality of these companies helps ensure the city's continued dynamic growth

Social Enterprise

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Daring To Lead - CompassPoint Nonprofit Services

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A Learning Laboratory Presented By Third Sector Company in Partnership with The Academies for Social Entrepreneurship

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Presenter: Betsy Densmore, Founder and Managing Partner,

Academies for Social Entrepreneurship

For more information or to sign up for this session, contact Helen Wardner at Third Sector Company. (562) 484-8281 or hwardner@thirdsectorcompany.com.

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Chris Wing CEO

SCAN Health Plan

he New Year will continue to bring exciting changes and challenges to our nation's healthcare industry, and the impact will surely be felt here in Long Beach. We are now in the third year of healthcare reform, and while the Affordable Care Act has turned the healthcare industry on its head, it has been successful in spurring a strong emphasis on quality, access and innovation.

On the quality side, providers and insurers are working together like never before, sharing best practices and collaborating on ideas for improving care. Last year SCAN co-sponsored with UCLA a plan-provider collaboration summit that looked at best

practices in senior care, and this year we are partnering with the California Association of Long Term Care Medicine to honor providers for innovation in enhancing the care of patients with multiple chronic conditions and end-of-life care needs. Going forward we intend to continue our decades-long commitment to finding new, innovative ways to improve healthcare for seniors.

Last year also saw tremendous consolidation among hospitals, health plans and medical groups, either through mergers, acquisitions or strategic partnerships. We are likely to see this continue. But with this consolidation we can't lose sight of the fact that being the biggest isn't what's important. What matters most is being the best in class when it comes to quality, service and a commitment to excellence. In SCAN's case we are proud to be California's only 4.5-star-rated Medicare Advantage (MAPD) plan as designated by the Centers for Medicare & Medicaid. We see quality as a differentiator going forward.

Thanks to technology, care is continuing to evolve with more care being delivered at home or in outpatient settings through telemedicine or mobile apps. There continues to be great innovation in this area, some of it taking place right here in Long Beach. There is also innovation in the growing role that pharmacists play in developing programs and care for people with chronic conditions and in the way communities are coming together to care for very frail seniors. We expect to see that continue in 2016.

As this is an election year, we could be seeing many more changes in 2017 depending on who captures the presidency and Congress. As for SCAN, we have been a major part of the Long Beach community since our founding here nearly 40 years ago, and we are committed to continuing to help shape the future of senior care in Long Beach for many years to come.



Jeff Axtell, Executive Vice Regional Manager

Vestar – Long Beach Towne Center

he outlook for the Long Beach Towne Center is really good. We have very little vacancy, and for what vacancy we have, we have several different national retailers that we're finalizing leases with that will be under construction this year. We feel strongly that this center has always been kind of like the dominant center for this trade area, and by doing little things and bringing new tenants in, we continue to have it be the dominant center in this trade area. So the outlook for the Long Beach Towne Center is very strong. All of our existing tenants do very well. It's some of the top stores for them in their region. Whenever we've had a vacancy it leases fast. For example, when the Staples closed, we put Total Wine & More

in within the same year.

This is the only center we own in Long Beach, but we own about six million square feet in Southern California, L.A. and Orange County. We have seen pretty good sales growth from our retailers at our centers over the last two years, and we have seen a good pickup in leasing in terms of people interested in opening new stores and doing new deals. We feel like we are really coming out of the down times.

For the retail industry, it has been kind of a slow thaw, is probably the best way to put it. But it's continuing to get better. We don't think it will remain flat or get worse. We think it will continue to get better this year and into next year. We're bullish and positive. We also believe new development is starting to percolate a little bit, not in the next year or two, but starting to plan for new development maybe in the next three years. I'm excited that we're finally getting into some better times, and we're looking forward.



Ben Alvarado President, Southern California Region

Wells Fargo

remain increasingly optimistic about the economy in 2016, here in Southern California and in the financial services sector. The greater Los Angeles metropolitan area is in alignment with national growth, but with our diverse niche marketplace that includes financial, digital, entertainment, video gaming, social media, tourism, and development, we will have the ability to keep our local economy thriving.

Local financial services providers have the great responsibility and bond to take care of our customers. Again, this year we will see the demand for personal and business banking products and services grow. At Wells Fargo, we are working to streamline

the processes associated with opening accounts and completing transactions. In addition, the financial industry is continuing its efforts to enhance customer security. We continue to find and evolve new technological and mobile applications that continue to innovate the banking industry.

At Wells Fargo, our business will continue to thrive because our "Culture of Caring" and our Vision and Values teach us to put our customers first. Again, this year customer service and doing what is best for our customers will drive our 15 stores and support for each customer in the Long Beach area.

Throughout 2016 we remain focused on leadership. We will continue working toward leading our customers to success through quality work and keeping customers first. Wells Fargo purposefully works every year to engage our team members because we know that engaged team members provide the highest customer service and help achieve our mission of "Helping our customers succeed financially."

Our work with Gallup and team member engagement is helping my leadership team and me to help our team members recognize a connection between work and their own personal and professional mission. This is the way we strive for excellence and move our organization to a place that serves something bigger than each individual.

Whether it be because we are the #1 SBA Lender in the nation, Forbes 30th largest U.S. company, or the largest corporate philanthropist in Southern California, we value each and every team member, customer, and every transaction. We look forward to being a partner with the residents and businesses of Long Beach again this year.

Stop in, sit down and let's see how we can work to make 2016 our most prosperous year yet!

Nick Worthington President

Worthington Ford

he automotive industry provides jobs for over 7 million people, significant sales tax revenue for cities, and the primary form of transportation for nearly everyone in the country, so what will 2016 bring? We expect the retail sales level to be steady and relatively flat when compared with 2015. Inventories should increase as sales levels stagnate, which in turn, should bring an increase in customer incentives as manufacturers fight for market share. You can also expect additional discounts from dealers seeking to turn their inventory.

Later in the year, used car prices may begin to soften as the record sales levels of new vehicles continues to augment the supply of pre-owned vehicles. This is significant because pre-owned vehicle wholesale prices affect not only the retail purchase price, but also trade-in values, lease residuals, and ultimately car payments. As the spread between new and used vehicle prices continues to increase, downward pressure on new vehicle sales intensifies.

Locally, retail sales increased around 17% in 2015, which is impressive considering the national sales increase was only around 5%. However, it will be difficult for the local market to maintain that much momentum when sales are already near their peak and consistently low interest rates lose their marketing appeal. As the market settles, dealers are reminded of how quickly changes in consumer confidence affect sales and make forecasts obsolete.

On the fun side, there is an accelerating trend towards increasing the technology available in vehicles. Cars can already park themselves, automatically speed up or slow down on freeways, stay in their own lane, see in the dark, and within the next five years fully automated retail vehicles should be available; pending legislation and litigation of course. Ford will be releasing the 600+ HP, carbon fiber GT supercar, the 2017 Raptor, and the military-grade aluminum Super Duty. It should be a fun year.

Nick Worthington is the dealer/president of Worthington Ford in Long Beach, as well as Ford, Lincoln and Mercedes-Benz dealerships in Alaska.

Innovate For Continued Prosperity

■ By Forouzan Golshani Contributing Writer

In the early 1930s, only about 1,000 people were employed in the airplane factories of Southern California. Ten years later, that number had increased to over 280,000. Following World War II, this industry - and consequently, the regional economy - experienced a significant boom to the point that, at its peak, one of every four U.S. aerospace workers was based in California. Accordingly, the technological innovations forged by Southern California's aerospace industry were some of the most important drivers of economic growth in the region. In short, Southern California owes not just its economic prosperity but its cultural distinctiveness and way of life, to the oncethriving aerospace sector.

Although Southern California is no longer considered a focal point of the nation's aerospace manufacturing, the aerospace industry is still an extremely vital component of the regional economy. While complete airplanes are no longer built from the ground up in the area, partial production of F-18 and F-35 have maintained a respectable presence for the industry. In



Dr. Forouzan Golshani has served as dean of the College of Engineering at California State University, Long Beach since 2007. He also serves on the California Assembly's Aerospace Advisory Council. (Photograph by the Business Journal's Larry Duncan)

addition, the region produces a significant proportion of electronic components for aircraft and satellites.

Looking at the region's manufacturing suppliers that have been producing parts for this thriving industry for decades, an alarming picture comes to light. Reflecting the glory of past American industrial strength, many of these factories have not seen any significant updates for a very long time. In many cases, parts, even some extremely precise and unique parts, are produced by machines and technical expertise attained in the 70s and 80s. Not only is there a dearth of modernization, virtually every

company laments the inevitable retirement of their "star" machinists and technicians.

Without modernization, these companies will be limited to producing the same parts only, conceivably with increased costs and degraded quality. Without innovation, they are competing for producing commodities – the segment that is most vulnerable to offshoring or relocation to another state that is willing to provide tax intensives and other resources.

In line with national efforts, our region must make investment in modern manufacturing a high priority. Such investments must be along two interrelated trails: taking a quantum leap toward modern processes such as additive manufacturing, and modernizing manufacturing facilities as a necessary step toward innovation.

Ideally the region will be able to create a home-grown ecosystem in support of aerospace manufacturing. Integral to this organically grown system will be: local, state, and national government; educational institutions; the financial sector; the high-technology industry, including system integrators and supply chain manufacturers; national labs; business and industry clusters; and civic organizations.

The common goal and the driver will be faster innovation through: fostering desire to innovate, making provisions for funding and investments, risk sharing, experience sharing, and strategic thinking. The City of Long Beach's Innovation Team, launched last May by Mayor Robert Garcia, is working to identify economic development opportunities to stimulate new investment, create jobs, strengthen the workforce, and improve the city's business friendliness. With its vibrant and energetic i-team, Long Beach has taken a great step on the path to achieving the goal of faster innovation.

(Forouzan Golshani has led the CSULB College of Engineering as its Dean since 2007. An IEEE Fellow, Dr. Golshani holds a dozen U.S. and international patents, is the founder of three successful companies, and has authored more than 200 articles. A former Advisor to the Costa Rica Minister of Science and a member of California Assembly's Aerospace Advisor Council, Dr. Golshani has served in senior management and technical consulting positions at a number of well-known corporations, including Bull Worldwide Systems, Honeywell, Intel, McDonnell Douglas Helicopter, Motorola, and Sperry.) ■

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Project #:
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Project Name:
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Restoration Phase 2B

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- February 12th Downtown Long Beach Associates will present a 2016 DTLB Development Updated
- March 11th Tenant Improvement Panel Owner, Architect, TI Contractor & Developer to address current issues



Economic Outlook 2016 OVERVIEW

'More Of The Same'

(Continued From Page 1)

les County Economic Development Corporation, said. "We're happy to see steady growth, but the fact of the matter is the overall economy has been following a trajectory that's associated with slower growth than we have seen historically."

Somewhat restraining U.S. growth this year is China's slowing economy, as the country contends with its long-term effort to build up a consuming middle class and become less reliant on exports, according to both Vitner and Kleinhenz. Last year, China devalued its currency, and its stock market was highly volatile.

"The Chinese economy is clearly slowing," Adam Kamins, senior economist for Moody's Analytics, told the Business Journal. "Our baseline expectation is that GDP growth in China will slow to a somewhat more sustainable trajectory, but that China will avoid a full-fledged recession," he explained.

"The developments in China may not have an impact on the real economy here in the United States in any huge way, but the reverberations that occur in the financial markets are very real and they do have an effect on people's financial well-being here in the United States," Kleinhenz said.

"It's no surprise that the troubles we have been hearing and reading about in China are having some impact on our economy," Vitner said. "It is not something that threatens to pull the U.S. economy into recession, but it is significant enough that it is going to prevent U.S. economic [GDP] growth from ramping back up to 3 percent."

The increasing value of the U.S. dollar, coupled with a slowing Chinese economy and its devalued currency, has impacted and will continue to affect the U.S., according to Vitner. Kleinhenz pointed out that resulting impacts to the San Pedro Bay ports, and the overall economy, should be minimal. "Our exports to China make up less than 1 percent of U.S. GDP," he noted.

European countries are also experiencing slower economic growth than the United States, which could further reduce exports and end up hurting U.S. manufacturers this year, Kamins noted.

Metal manufacturers, which have a strong presence in Westside Long Beach and Los Angeles, experienced job losses last year and may continue to do so due to strong global competition, Kleinhenz said. "They do have to face this problem of the stronger dollar, because much of what they make, they sell abroad," he explained. According to the most recent report from the California Employment Development Department, the manufacturing industry was down 7,500 jobs as of November, compared to the same month in 2014.

As the U.S. dollar continues to grow in strength relative to other currencies due to the Federal Reserve's plans to slowly ramp up interest rates, there may be some other adverse impacts related to China. Kamins noted that Chinese visitors are major players in key U.S. hospitality and tourism markets. "That could also hurt things like international tourism, where visitors from China could dry up," he said.

Despite a slowing Chinese economy, Vitner pointed out that Chinese investors are still buying up California real estate and driving up prices, which has been good for sellers, but not for buyers. "It's making it even tougher for Californians to buy a home," he said. Although with "virtually every economy in the world slowing," this trend might lose some footing. "Canada has slowed, and Canada is a big... source of foreign homebuyers. That may become a little bit of a bigger drag as the year wears on," he said.

Another key factor playing into this year's economic forecast is the low price of oil, which decreased from \$45 per barrel this time last year to about \$29 per barrel as of January 15. While this has an adverse impact on jobs within the oil production industry, Kamins, Kleinhenz and Vitner agreed that positive economic impacts for consumers outweigh the negative effects.

"The data around consumers spending their gasoline savings hasn't really materialized in the way we would have expected at this point," Kamins observed. "We think people are being a little bit more aggressive about saving. . . . Part of it might just be lasting scars from the recession." He and Vitner both project that low gasoline prices should start translating to increased spending this year. "The money that folks save on gasoline will help fuel spending in other areas," Vitner said.

The strength of the U.S. dollar in comparison to other currencies is also likely to boost consumer spending because a stronger dollar makes imported goods cheaper for Americans.

Healthy economic fundamentals such as job gains and income growth are also expected to contribute to stronger consumer spending this year. "The good thing is that in 2016 we will see more wage and income gains for typical households, that will . . . sustain continued increases in consumer spending, which is about two-thirds of the economy," Kleinhenz said.

Last year, the nation saw more job growth in high-paying occupations, according to Vitner. "We're seeing very broadbased gains. Virtually every industry is expanding hours worked," he said.

Looking forward, the technology industry may start to drive more job gains in Southern California. "More and more high tech firms are being priced out of San Francisco and San Jose, so they are looking for cheaper locations," Kamins observed. "That has really benefited Southern California quite a bit, and we expect that tech is going to continue to be a major growth driver," he said.

"The same cast of characters that we have seen drive the local economy over the last few years will continue to be the biggest contributors to job gains," Kleinhenz said. Regionally, the health care and construction industries ought to create the highest number of jobs this year, he said. Local health care firms, such as Molina Healthcare, have been steadily expanding staff and operations since the advent of the Affordable Care Act to accommodate a growing insured population.

In Long Beach, construction jobs are being created by a multitude of multi-family housing projects, plus projects at the Port of Long Beach, such as the massive Middle Harbor redevelopment and Gerald Desmond Bridge replacement projects. The goods movement industry, which includes transportation and warehousing sectors and is closely linked to activity at the San Pedro Bay ports, should also continue to add jobs locally this year, Kleinhenz said.

The regional aerospace and aviation industry has remained within a consistent range of employment for the past few years, hovering between 38,000 to 40,000 employed persons, Kleinhenz said. Current job figures in aerospace are at the low end of that range. "Aerospace is holding its own," he said.

Most industries in L.A. County should add jobs this year, perhaps with the exception of real estate and finance, according to Kleinhenz. "We expect a strong real estate market, but there is some displacement of people in real estate because one can do so much online now," he explained.

The financial industry has been more pressured by China's economy than other U.S. sectors, which puts its jobs outlook somewhat into question. The stock market has seen volatility for the past six months, which economists and analysts link to concerns about China and the price of oil. On January 15, the Dow closed down 391 points. If volatility in the stock market and "disappointing" earnings and bonuses reports from the banking industry continue in coming months, "I would expect there are going to be some job cuts throughout a lot of the financial industry," Kamins said.

In general, the outlook for employment in California is positive. "We are expecting California to add somewhere between 325,000 to 350,000 jobs this year," Vitner said.

But Vitner's jobs prediction came with a caveat. "The one factor that is a bit of concern to me is the minimum wage," he said, noting there are many proposals to raise the minimum wage throughout California. The Long Beach City Council is set to vote on a proposal tonight, January 19, to incrementally raise the minimum wage to \$13 by 2019.

"From an economist's standpoint, some of my concerns about the minimum wage are that, if you raise it too high, then it makes it tougher for companies to offer jobs to employees that do not necessarily have skills," Vitner said. "If you raise the minimum wage and you have got someone who may not have finished high school or may have had a brush with the law, and they are trying to get back into the legitimate economy, there are going to be fewer employers who are going to want to take a chance on them the higher the minimum wage goes."

To alleviate this issue, Vitner suggested creating special wages in certain instances, such as a 90-day lower wage to train new staff, a lower wage for seasonal workers or even a lower wage for teenagers. "Without that, I think what we risk by raising the minimum wage is destroying some of the dynamism in the labor market," he said.

Overall, the outlook for the U.S., state and regional economies is one of stable growth for 2016. Kleinhenz concluded, "I don't see a huge change in course for the U.S. economy in 2016, no matter what happens around the globe, which I think is an important observation given what's been happening since the start of the year with the financial markets responding to what's been going on in China."

Pre-bookings At The Grand Long Beach Ahead Of Last Year

Event pre-bookings at The Grand Long Beach have increased considerably going into 2016 compared with the start of 2015, according to CEO Jim Choura (pictured). The events venue at 4101 E. Willow St. focuses on private social gatherings, weddings, and business and nonprofit events, and provides a full range of event services such as catering, audio and visual, and rentals. "With the pressure of wage and food cost increases, The Grand leadership



team has artfully looked at all menus with the intent to push fresh local produce, high quality protein selections and 100 percent house-made appetizers," Dan D'Sa, director for Grand Food & Beverage, wrote in an e-mail to the Business Journal. The outlook for the year is strong, he added. (Photographs by the Business Journal's Larry Duncan)

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Able to carry 18,000 twenty-foot equivalent units of containerized cargo, the CMA CGM Benjamin Franklin became the largest ship to ever call a North American port when it visited the Port of Los Angeles in late December 2015. The ship is expected to return to the San Pedro Bay in February, when it will call the Port of Long Beach. (Photograph courtesy of the Port of Los Angeles)

Ports: Modest Growth

(Continued From Page 1)

which could result in decreased exported cargo traffic. But it also means it's cheaper for Americans to buy Chinese goods, which translates to imported traffic growth.

"We watch China very closely. Sixty percent of U.S. imports today come from China," Seroka said. "Even here in Southern California, we're seeing about five imports for every single container that's exported. . . . Some of that has to do with the balance of trade. Another part is the currency exchange rate and the weakening economies in Asia."

China's move to devalue its currency effectively created a sale on all Chinesemade goods for U.S. buyers, Slangerup pointed out. "That's why you saw very robust growth overall in North America and for our port as well," he said. Cargo volumes through POLB increased by 5.4 percent compared to 2014, topping more

than seven million twenty-foot-equivalent units (TEUs) of containerized cargo for the third time in the port's history.

The Port of Los Angeles experienced a 2.1 percent decline in cargo traffic from 2014 to 2015. About 8.1 million TEUs moved through the port last year. 2014 was POLA's third best year for cargo traffic, so although the port was able to rebound from congestion and labor issues in 2015, it wasn't enough to surpass 2014 cargo figures, according to spokesperson Phillip Sanfield.

A positive economic outlook nation-wide plays into Slangerup's and Seroka's projections for 2016. "The jobs numbers look great in general," Seroka said, citing a recent report from U.S. Secretary of Labor Tom Perez that there have now been 70 straight months of job gains. "All of the [economic] pluses that we see here in the U.S. are helping drive that inbound container cargo for distribution and folks buying on the retail level."

Any risk to U.S. financial markets due to economic issues in China should be offset by positive factors at home, such as a stronger dollar, job gains and stable consumer spending, Slangerup said.

Latin America: An Emerging Market

Both Slangerup and Seroka are looking to Latin America as a future growth opportunity for their ports for two principal reasons. First, the opening of the new, third lock at the Panama Canal this year will allow 14,000-TEU ships, a now near-standard but historically huge vessel size, to pass through. Second, manufacturing activity has begun shifting from Asia to Central and South America, where labor is cheaper than in Asian countries.

Many have speculated that the expansion of the Panama Canal could cause large vessels from Asia to route through to Gulf or East Coast ports, resulting in some business loss for West Coast ports. "What the real question that we're tracking is, what impact, if any, will the Panama Canal have

on our business," Slangerup said. "And our view, and I think Gene shares the same view, is that we're talking maybe a 1 to 2 percent impact, if any. My guess is probably nothing, because the other thing we're tracking . . . is the shift in manufacturing patterns and trade impacts.

"What I mean by that is we look at manufacturing shifting from China and Northern Asia to Southeast Asia, and from Southeast Asia to Latin America, on an increasing basis," Slangerup continued. "Mexico has a robust emerging manufacturing sector, and they are currently at probably 25 to 50 percent less costly than China today for certain manufactured goods. . . . The same thing is happening in parts of Latin America, both on the east side and west side of South America," he explained. "When you look at Brazil, for example, what we saw in the last 12 months was a shift of iPhone manufacturing from China to Brazil. Well, that changes trade patterns."



Nautilus International Holding Corporation, a firm specializing in maritime transportation and management services, is nearing completion on its new 40,000-square foot headquarters at Douglas Park. In February, the company is moving to Long Beach from its current location in Wilmington, where it has been located since 1923, according to President and CEO James Callahan. Nautilus has four subsidiaries, including: Metro Ports, a stevedoring and marine terminal operator with facilities at the Port of Long Beach; Metro Risk Management, which focuses on risk management and claims administration; and Metro Cruise Services and Metro Shore Services, which both provide services to the cruise industry. (Photograph by the Business Journal's Larry Duncan)

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Seroka also noted that trade patterns are changing, and perhaps to the benefit of POLA and POLB. "In our line of sight directly right now is Latin America," he said. "To see Southern California trading with the east coast of South America, specifically Brazil, is an area of focus that we will continue to pursue."

Getting Ahead Of The Competition

While the 14,000-TEU ships now able to pass through the Panama Canal were once considered "mega ships," they are now dwarfed by the massive 18,000-TEU vessels that are regularly calling at European ports and are just beginning to come to the San Pedro Bay. In December, the Port of Los Angeles became the first North American port to receive a vessel of this size when CMA CGM's *Benjamin Franklin* docked at its APM terminal.

Preparing for a future when vessels of this size and larger are a regularity is key to ensuring the ports maintain a competitive edge, and Seroka and Slangerup are confident they've got it handled.

"Today we have handled on a regular basis the 13,000- to 14,000-TEU variety of ship," Seroka said. "There are really only two ports in the United States today that are managing those types of ships and those are Long Beach and Los Angeles. We have just proven we can handle the next generation," he continued, referring to the *Benjamin Franklin*.

POLA began planning for the arrival of the massive ship, which is expected to visit POLB in February, before it began loading in Asia, Seroka said. Knowing how it would be unloaded in Los Angeles, port staff provided advice on how to stow cargo aboard the ship to ensure a smooth unloading process.

"We knew where every container was located on that ship," Seroka said. "It allowed us to prepare with the railroads to have the right assets in place, as well as crewing. The major trucking companies sat down with us to understand the breakdown of how many containers would be moved in our suburban delivery [area], as well as those that would be going out to the inland empire," he recalled.

This type of foresight isn't typical, but proved to be critical in ensuring a smooth flow of goods – the ship was sent back to sea 13 hours ahead of schedule. "That's part of the work that we're doing back in Washington right now, is to see if there is a way on a government-to-government basis that we can work to learn information a little bit earlier in the supply chain." Both ports have also been working for months with supply chain stakeholders through a discussion agreement approved by the Federal Maritime Commission to improve the flow of information through the supply chain.

Both Slangerup and Seroka said their ports have the infrastructure in place, and more improvements coming down the line, to handle mega ships. Last year, the POLB completed work on the first phase of the Middle Harbor Redevelopment Project, a massive capital improvement plan to combine two aging terminals for use by Long Beach Container Terminal. The first phase of the project features massive cranes, deeper water, and zero emission, automated equipment to handle

18,000-TEU vessels. The first phase is still undergoing testing, and is expected to become operational in April, Slangerup said. The second phase of the Middle Harbor project will accommodate vessels carrying 24,000 TEUs.

The POLB's other massive capital improvement project, replacing the Gerald Desmond Bridge, is well underway, with a new bridge expecting to take shape by 2017, and the old bridge knocked down the following year, Slangerup said. The new bridge design will allow taller vessels to pass beneath it.

All terminals at the POLB have plans to, or are in the process of, installing larger cranes, Slangerup said. The POLA has capital improvement projects planned and underway at its TraPac, Yusen, Everport and Yang Ming terminals. "We're spending about \$1 million a day in capital improvements. Over the next 10 years, we have got a line of sight over \$2.6 billion in general improvements and modernization for the port," Seroka said.

Beyond terminal work, Slangerup is looking to develop more on-dock rail, which enables containers to be transferred directly from ships to trains, thereby reducing truck trips and harmful air emissions. "I personally believe that on-dock rail is the most important strategic thing we can do as a port. And for two reasons: for velocity improvement and for environmental sustainability," he said.

When Slangerup took charge of the port in August 2014, 23 percent of cargo

was moved via on-dock rail, and that number has since increased to 28 percent. His short-term goal is to increase on-dock rail use to 35 percent within two years. "The goal I pushed on the organization by the end of the decade is to have up to 50 percent capacity," he said. "I know it's a tall order, but I don't care. It's so important. We need to pressure the organization to focus on that, because that is our ticket to ride in terms of both velocity and environmental gains."

For the POLA, information technology has become a focus for improving velocity through the port into the rest of the supply chain. It has been testing a program by Cargomatic, a South Bay company, which allows truckers to find containers for pickup, and cargo owners to find truckers. Think of it as the Uber of trucking. Another firm, Quick 180, has created a program to match up exporters who need an empty container with nearby importers who need to move out their unloaded container. Advent Intermodal Solutions, yet another tech firm, has developed technology to assist with trucking routes and appointment systems at terminals.

This year, Slangerup is keen on improving truck turn times at terminals. "We are working very aggressively to find solutions to increase the number of turn times that those truckers can have [per] day," Slangerup said. "I am not going to be happy until it's three to four turns a day." He added that, on average, it is taking

truckers about an hour to enter and exit terminals. "It needs to be, in my view, 30 minutes."

Solutions for this issue are being discussed in meetings with supply chain stakeholders and POLA, he noted. "What matters to us right now is that the truckers are hurting," Slangerup said. "We need them, and we need them to want to come to the port. The only way they are going to come to the port is if they can make a living."

Looking To The Future

Moving forward this year, the ports plan to work together to revise their Clean Air Action Plan. As both executives pointed out, each port is exceeding benchmarks set in the plan, originally approved in 2004, and will likely surpass goals for 2023 well in advance. "We're taking on the most aggressive trajectory for improving air quality that anybody anywhere is," Slangerup said.

The Port of Long Beach is also developing a plan called "Energy Island," the brainchild of Slangerup, that would eventually transform it into a zero-emission port generating all of its own energy, and then some.

Also on the distant horizon in 2019 is the port's new home in Downtown Long Beach as part of the city's new civic center, Slangerup noted. The port will pay cash for its new building beside city hall. "There will never be any confusion in the future about where we belong or who we are. The port is the city, and the city owns the port," he said.



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Frank Colonna

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forces for attracting that high-tech sector of the future economy.

"Now you're really looking at a lot of the spillover from what Silicon Valley had as its right, its patent," Colonna says. "The patent has expired, and it's spreading everywhere, especially here in Long Beach because we have the Port of Long Beach and the Port of Los Angeles.

"You have a good educated population that [the spillover] has brought to Long Beach, [and that creates] the ability to have higher-end technological 'factories' that are finding their homes here. So you're looking at more of a buttoned-down economy," he says. "You still have the small businesses and the service industries, but now [it's] more of the three-piece suit with a valise and a laptop going to conduct business."

That "buttoned-down" economy means adding to Long Beach's traditionally diverse economy a greater intellectual component. Activities like research and development, technological innovation, design and management - all of these can play a role in Long Beach's economic future, if the city can create an environment attractive to that sector and its decision makers. Colonna says the city is uniquely poised to capitalize on the transformation of the local economy away from a manufacturing base and toward a technologically oriented business environment.

"It goes along with the technological revolution. With the closing of Boeing and the assembly lines that were there, we're not manufacturing aircraft anymore. We have the



(Photograph by the Business Journal's Larry Duncan) opportunity to attract more technological operations that generate new business," he says.

"[We have] a really outstanding university which is an incubation opportunity for new businesses. We've got transportation arteries that get us to and from areas that are important. We've got an airport. We've got our bases covered in terms of the ability for people to be mobile, to conduct business in other states. And we've got an effective network of roadways. We have the basics."

What is also required, Colonna points out, is a recognition that companies factor into their location decisions the livability of the region for their executives, and their employees and families. And Long Beach's physical and cultural climate are assets that can be leveraged into economic gains, he says.

"Your back is to the water. We've got some really great schools. When people bring their families here, that's the first thing they look at. People also look at where they can spend their free time. I think we're seeing a lot of that translating into other areas. Bixby Knolls is going through a renaissance. North Long Beach is going through a renaissance," Colonna says.

"You have a lot of activities that are attracting a cross section of the population. We have one of the largest park systems in California, maybe in the United States. We have fantastic marinas that are a big draw - and there's an economy that goes with that. You don't have several thousand boats sitting in slips that don't have people coming down and using them and spending their money."

Things like sidewalk dining at local restaurants and clean, safe, accessible "pocket parks" typically don't wind up in a consultant's report on where your company should locate its headquarters. But those things make a difference, he says, adding that Long Beach's business community has created a lot of those "intangibles" that make the region more desirable as a business destination.

"It's a slice of the European life. And it's made Long Beach really cutting edge. Those are assets that come along with people and their ingenuity. This is the business climate at work," Colonna says. "You have the downtown which, with the port activity and the growth of the ports, is going through a renovation. Newer buildings. Condominiums. A Blue Line. Restaurants. People are realizing that we can live, work and have a lot of fun and not go very far."

This is part of the reason it is imperative that the EDC get back to its task of reviewing the city's permitting and development approval process, Colonna says. The ability of the development community to reinvent downtown has paid dividends for the entire city and its economy.

"We were originally charged with the responsibility of taking a look at how to streamline the building permits and the functioning of the overall ability of people to get a quick response from city hall on items that were important to them. Mostly, we were looking at the development side, so that people could get expedited reviews of their plans. Basically, in this industry, time is money," Colonna says.

"The city has really got a lot of development activity going. Developers are coming to city hall by leaps and bounds. You look at how the city has transformed itself, especially the downtown area. It's becoming more of a real centralized downtown metropolis than we're used to seeing. It's just changed a lot, and it's changed in a significant and positive way. Long Beach is still working on getting itself put together to keep up with growing technology and people who are looking for a final place to call home."

Interestingly, Colonna cites the livability issue as one of the city's potential weaknesses in terms of its business climate.

"Our ability to keep up with the demand on our infrastructure, our city streets, our sidewalks. The status of how the neighborhoods look. How do we make our streets pedestrian-friendly? We have got those kinds of issues," Colonna says."And interestingly, people are rolling up their sleeves. A lot of neighborhoods are looking at that now."

Obviously, businesses don't succeed simply by creating an environment for their executives. So a successful regional economy addresses the needs of all of its members. That was what made the EDC so well suited to a discussion of the city's minimum wage.

"The city council representatives introduced the minimum wage discussion here in Long Beach. It had been going on for quite some time in Los Angeles. So that was then directed to us," Colonna says. "We needed to embrace the subject matter as to where the request was - where do we see Long Beach? How do we see Long Beach in this debate? What do we think would be something that, considering that a fair wage is now under discussion, what is it going to be? How do we manage if there is any stress or negative impact on how it is implemented and how much is it going to be implemented?

"The most sensitive sector of the economy on this is typically - almost always - the small business sector. Actually, the span is 25-50 employees. Most of the 25 [and below] are more connected to family operations than are the ones [with 25-50 employees] that potentially have connections to other locations, other sites, other contracts."

Colonna is satisfied that the commission's recommendations met the needs of the local labor force as well as the economic needs of Long Beach's unique, diverse business community. And he is also satisfied that the issue was well considered and that the debate was inclusive – and that it was time to refer the issue back to the city council, as the commission's resources were needed elsewhere.

"That was why I was adamant about our commission not continuing to have any more discussion," Colonna says. "We had hundreds of people in front of our commission; lots of publicity, lots of dialogue, lots of activity. Now it's our turn to get back to looking at our recommendations at city hall." ■



City May Have To Reconfigure Budget Projections As Price Of Oil Drops Sharply

■ By **SEAN BELK**Staff Writer

As the price of crude oil has dropped sharply to a 12-year low, dipping below \$30 a barrel as of Friday, January 15, the City of Long Beach may be forced to reconfigure budget projections, according to the city's finance director.

In calculating the current Fiscal Year (FY) 2016 budget last year, city staff accounted for the decline in the price of oil, which fell 50 percent (from \$100 a barrel to about \$50 a barrel) in just a six-month period in 2014.

Using a "conservative" baseline of \$55 a barrel, city staff projected oil revenue of \$11.5 million to the General Fund (allocated through the Uplands Fund) and \$10.8 million to the Tidelands Fund, for a total of \$22.3 million in oil revenue for FY 2016.

Overall, city staff estimated \$50 million less in oil revenue from FY 2014 to the current fiscal year, according to budget documents

While projecting a slight surplus of \$600,000 for the overall General Fund for the current fiscal year, city staff also anticipated a \$7.5 million deficit in FY 2017 and a \$7.8 million deficit in FY 2018.

City staff noted that upcoming deficits are also a result of rising employee pension costs. The budget stated that the city's estimated cost of unfunded liabilities was \$1.2 billion, with \$834 million for CalPERS (California Public Employees' Retirement System).

Still, city staff also had projected oil revenue to rise over the next two fiscal years, with the city's base oil price increasing \$5 a barrel each year, budgeting \$60 a barrel for FY 2017 and \$65 a barrel for FY 2018.

If the price of oil continues to crash, however, the city may be forced to recalculate budget projections, said John Gross, Long Beach's director of financial management, in an interview with the Business Journal.

A lower price of oil would mainly impact capital projects and operations in the Tidelands Fund, however, some oil revenues in the uplands area are tied to the General Fund, he said.

The city's Tidelands Fund, which relies heavily on oil revenue, covers operations, programs, maintenance and development of marinas, beaches, waterways and city facilities, according to budget documents. Tidelands operations also cover marina

management, police, fire, lifeguards and other support functions in the tidelands area.

As for potential impacts on the General Fund, Gross said other revenues, such as taxes, could offset a decrease in oil revenue if the economy is improving, but city staff has yet to make the calculation.

"It certainly would not surprise me if we reduced our projections if we continue this trend," Gross said. "But we don't yet have that calculation."

Gross pointed out, however, that oil revenue is unpredictable, as oil prices are extremely volatile.

"Keep in mind oil prices can go up just as fast as they went down," he said. "At the present, we don't know what's going to happen."

The main factor causing oil prices to plunge, according to industry experts, is a global oversupply of oil, mainly brought on by a recent boom in shale oil production in the United States. This surplus of oil has been compounded by conflicts in the Middle East, mainly between Saudi Arabia and Iran, in addition to instability in China's economy.

According to a short-term energy outlook report released January 12 by the U.S. Energy Information Administration, Brent crude oil prices – crude from the North Sea whose price is generally considered a worldwide benchmark – are expected to average \$40 a barrel in 2016 and \$50 a barrel in 2017. However, the current values of futures and options contracts continue to suggest "high uncertainty in the price outlook," the report states.

Some economists and industry representatives, meanwhile, have declared that the low oil-price climate may last longer than predicted, with projections that it may fall to \$20 a barrel, and some financial analysts have stated that it could be years before the price of oil stabilizes.

Reid Porter, spokesperson for the American Petroleum Institute (API), told the Business Journal that he couldn't speculate on the direction of the price of oil. However, he did say that consumers are benefiting from the boom in domestic oil production that has brought down gas prices.

"Consumers are benefiting from the fact that United States is now the No. 1 energy producer in the world, and we're sending the right signals to markets with things like approving U.S. exports. And that's changing the game."



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Minimum Wage Debate

(Continued From Page 1)

Also, the city council commissioned the Los Angeles County Economic Development Corporation (LAEDC) to conduct a study, including a survey of businesses and nonprofits, on potential impacts of a higher minimum wage. The results of the study were released in November.

The forums and study were intended to help prepare the 11-member Long Beach Economic Development Commission (EDC) to craft a recommendation to the city council. The commission met January 6, with two members absent. Following more than four hours of debate and presentations on two separate independently conducted studies, the EDC agreed unanimously to recommend that the city council adopt a policy to raise the minimum wage to \$13 an hour incrementally over the next three years.

During his second "State of the City" address on January 13, Mayor Garcia said he supports the EDC's recommendations. He added that a citywide minimum wage policy in Long Beach would advance the economy and workers alike.

"Too many of our residents still struggle with wages that lag behind the cost of living," Garcia said. "I support the commission's recommendations, and I know this is an important issue to the council, and they will have their own ideas for how best to address it, but as we debate the final law, let's use the work of the commission to build an ordinance that works for everyone – and gives Long Beach the raise it deserves. An increased minimum wage will stimulate our economy and help many fam-

ilies who struggle to make ends meet."

The proposal, brought forward by EDC Chair Frank Colonna, a former councilmember and local real estate agent, and already analyzed by city staff, is considered a "compromise" between the needs of the business community and a union-backed campaign advocating for a minimum wage of \$15 an hour by 2020, a track approved by the city and county of Los Angeles.

After clashing on certain considerations and at one point coming to a deadlock, the commission eventually voted 9-0 to recommend that the city's minimum wage be increased to \$10.50 an hour on January 1, 2017, \$12 an hour on January 1, 2018, and \$13 an hour on January 1, 2019. Commissioner Cyrus Parker-Jeannette and Commissioner Paul Romero were absent.

The recommended proposal gives a oneyear delay for nonprofits and small businesses, with small businesses being defined as those with 25 or fewer employees.

The EDC also recommended that the city council request a report in 2021 to evaluate the impacts of the minimum wage ordinance after full implementation.

Colonna had originally proposed defining small businesses as those with 50 or fewer employees. However, Commissioner Michelle Molina, managing partner of a downtown property management and development firm, requested that small businesses be defined as those with 25 or fewer employees since businesses with 50 or fewer employees account for a majority of businesses in the city.

"Doesn't that put in a year delay for just about everyone?" Molina asked, referring

to the 50-employee cutoff. Colonna accepted her friendly amendment, calling it a compromise.

The commission also agreed that the city council should "explore and consider actions that may help to mitigate negative effects on businesses" and also look into "training programs."

In addition, the commission recommended that the city council consider enforcement to prevent wage theft and to ensure employers are providing paid sick days, a consideration brought forward by Commissioner Robert Olvera, Jr., vice president of the International Longshore and Warehouse Union (ILWU) Local 13 who openly supports a \$15-an-hour minimum wage.

Meanwhile, the Long Beach Council of Business Associations (COBA), which represents business improvement districts (BIDs) and business associations across the city, has recommended that the city council raise the minimum wage to \$12.50 an hour over a five-year period ending in 2020.

COBA also recommended that there be a one-year delay for small businesses with 25 or fewer employees and a two-year delay for nonprofits in addition to advocating that workers 21 years old or younger be exempt from the city's mandate and be paid the state's minimum wage.

The recommendation from COBA also proposes a "total compensation" model that employers be allowed to use medical benefits, paid sick days and paid time off as part of the obligation to meet the city's minimum wage. Employers wouldn't, however, be allowed to use workers' tips.

Kraig Kojian, president and CEO of the Downtown Long Beach Associates (DLBA), said in a statement that COBA's proposal is a "meet-in-the-middle" recommendation that came about through a study that involved an online survey and seven focus groups conducted by Long Beach-based research firm S. Groner Associates, Inc. (SGA).

When informed of the EDC's recommendation to the city council, Business Journal Publisher George Economides, who has written numerous articles opposing the city council telling business owners what they should pay their employees, said, "I believe the business community has been duped into thinking they had to find a compromise when they should have been united in opposition.

"This is a state issue, not a municipal one," he continued. "That's how you ensure a level playing field. Nearly every independent study in the country – by public and private sector groups - and most economists conclude this approach is not the way to lift people out of poverty, and that a lot of low-income people will lose their jobs and entry-level jobs for young people will dwindle. Who do you think is affected the most when prices are increased to cover these unearned wage increases? I'm surprised to hear the mayor say this will stimulate the economy. It's just the opposite. But facts are irrelevant since this action is nothing more than elected officials appearing their L.A. unions rather than doing what is best for Long Beach."

'Stimulus' Or Bust?

Throughout the community review process, the issue has been extremely polarized.

One group of people, mostly fast-food workers and other minimum-wage employees in support of labor unions, have stated

that raising the minimum wage to \$15 an hour would lift workers out of poverty and create an economic stimulus effect.

On the other hand, another group of people, mostly small business owners including restaurateurs, have stated that raising the minimum wage so high would put businesses at a competitive disadvantage with businesses in other cities and force them to raise prices, lay off workers or possibly close.

Both groups have brought forward statistics to back their assertions.

Daniel Flaming, president of the nonprofit research firm the Economic Roundtable who was hired by the union-sponsored Los Angeles County Federation of Labor (AFL-CIO), presented findings of a study at the EDC meeting.

He said raising the minimum wage to \$15 an hour would be "sustainable" and could be absorbed by businesses, adding that higher labor costs would be offset by the financial benefits of workers spending more at local businesses in low-income neighborhoods. Flaming estimates that each \$1 increase in the minimum wage would create \$73 million in additional earnings for workers.

Raising the minimum wage to such a level, he added, would cut the amount of people in poverty in the city by half and would create thousands of jobs. Currently about 36 percent of workers living in Long Beach make less than \$15 an hour. Flaming said.

Some commissioners, however, challenged his findings.

Commissioner Walter Larkins, who owns a small business, particularly pressed Flaming, stating that it's wrong to assume business owners wouldn't raise prices, lay off workers or reduce some employees to part-time status. He said raising the minimum wage too high might have the unintended consequence of increasing the unemployment rate.

Furthermore, Larkins pointed out that small businesses, which have high failure rates and low margins and that make up most of the businesses in the city, would have a particularly hard time absorbing the mandated higher labor costs.

In contrast to Flaming's assertions, most employers (34 percent) in an online survey commissioned by COBA stated that they would raise prices to deal with a higher minimum wage while 30 percent stated they would eliminate employees. Only 9 percent of respondents said they would cut costs internally.

The survey, which involved 408 respondents (355 businesses and 53 nonprofits) and was presented at the commission meeting by SGA President Stephen Groner, also found that support of a straight minimum wage increase was "very low," with only about 30 respondents stating they strongly support such a proposal and about 140 stating they are strongly against.

Adding mitigation strategies, however, "bolstered support" for a minimum wage hike, the survey concluded.

Still, some speakers challenged the validity of the survey, stating that conducting a survey online rather than through a random sample creates a high amount of bias in the findings.

Exempting Tipped Employees

Economic Development Commissioner Randal Hernandez, meanwhile, stressed the need for the city to take a leadership role in advocating changes to state legisla-



tion to allow the city to exempt businesses with tipped employees.

Restaurant owners have stated that raising the minimum wage on all businesses without exemptions would unfairly give servers a wage increase when they already make significantly more than minimum wage when their tips are counted.

The mandated higher labor costs may inadvertently force restaurants to ban tips altogether and go to a different business model, restaurant owners warned.

Hilary Habib, an attorney with Los Angeles-based law firm Sheppard Mullin, however, stated during the commission meeting that Long Beach would in fact have a legal right to exempt employers with tipped workers through a "total earnings exemption" model despite claims that such a provision would violate the state's labor code.

Habib argues that all earnings, including hourly pay, commissions, piece-rate earnings, bonuses, salaries or other taxable income, are "the employee's to save or spend as the employee chooses."

"This issue has inarguably not been litigated or resolved by any appellate court," she said, adding that including a total earnings exemption in the minimum wage policy for the city is "the most important issue for the over 1,000 restaurants in Long Beach."

Fiscal Impact On City

Prior to the commission meeting this month, city staff analyzed the potential impact that raising the minimum wage to \$13 an hour incrementally over three years would have on the city's budget in addition to potential costs of enforcement and incentives for small businesses.

In a memo dated December 31 from John Gross, Long Beach's director of financial management, city staff states that raising the minimum wage to such a level would increase costs for all city departments in Fiscal Year (FY) 2019 by \$850,303, \$798,254 of which would come out of the General Fund.

The increase in labor costs for businesses contracting with the city is estimated to be \$558,000 to \$1.2 million, \$115,000 to \$202,000 of which is expected for contracts purchased through the General Fund.

After evaluating options, city staff recommends that the city provide communications, outreach and support to employers and employees regarding a minimum wage policy but have the state labor commissioner provide enforcement, including issuing citations for noncompliance, instead of the city.

According to city staff, recently passed

laws expand the powers and mechanisms afforded to the labor commissioner and the State Division of Labor Standards Enforcement (DLSE), with regard to enforcing local minimum wage and overtime laws.

Costs to the General Fund by FY 2021 for this enforcement approach would range from \$430,500 to \$724,500, along with one-time costs for partial funding of staff in FY 2016, according to city staff.

Although not recommended by city staff, another option would be to create a whole new division to conduct communications, outreach and support as well as local enforcement. However, this approach is estimated to cost a total of \$1.28 million by FY 2021 in addition to \$404,833 for partial funding of staff in FY 2016 and the acquisition of some vehicles, city staff states.

With regard to whether the city will have more or less sales tax revenue as a result of raising the minimum wage, city staff concluded, "We do not have adequate information to assess the impact [of] a minimum wage ordinance on the City of Long Beach's general economic status."

City Council To Vote On Hiring Consultant To Study Feasibility Of U.S. Customs At Long Beach Airport

■ By **SEAN BELK**Staff Writer

The Long Beach City Council will decide at its meeting tonight, January 19, at city hall whether to hire a consultant to study the feasibility of adding a facility for U.S. Customs and Border Protection clearance at Long Beach Airport to allow international flights.

After receiving three responses to a request for qualifications (RFQ) issued last September, airport staff recommends the city council enter into a one-year contract with Jacobs Engineering Group of Forth Worth, Texas, that would conduct the study at a cost of about \$350,000, according to a city staff report.

Airport staff expects the study to be completed in July, after which findings will be presented to the city council.

Last July, the city council voted 6-3 to move forward with a study on the feasibil(Please Continue To Page 36)







Airport Customs

(Continued From Page 35)

ity of adding a Federal Inspection Service (FIS) facility to provide U.S. Customs clearance and allow international flights at the airport. Opponents to the approval were 4th District Councilmember Daryl Supernaw, 7th District Councilmember Roberto Uranga and 8th District Councilmember Al Austin.

The city council agreed that there would be at least two community meetings on the findings of the study, which would forecast

Air Carriers Have Until February 8 To Apply For Nine Additional Slots At Long Beach Airport

■ By **SEAN BELK**Staff Writer

Existing and potentially new air carriers to Long Beach Airport have until February 8 to declare interest in nine additional flight slots being offered, according to airport officials.

A recent noise analysis audit, conducted by an independent firm and confirmed through a second company, indicated that noise levels from aircraft have been reduced at the airport, requiring, under the city's Airport Noise Compatibility Ordinance, that nine additional flight slots be offered to air carriers. This increases the airport's slots from 41 to 50.

Under the city's Airport Noise Compatibility Ordinance, a legally binding decree that was approved in 1995 and signed off by the Federal Aviation Administration, the City of Long Beach is able to maintain local control of flights at the airport providing the city is reasonable with regard to flight activity and the national transportation system.

The noise ordinance stipulates that the airport conduct an annual analysis of noise levels. If the analysis declares that noise levels exceed an established ceiling, then flight slots must be reduced. Conversely, if noise levels fall below an established floor, then flight slots must be added.

Early last month, airport management declared that, based on an analysis and review of noise data for October 1, 2014, through September 30, 2015, the airport is currently operating below noise budgets for air carriers, and up to nine additional flight slots could be made available. The city council was briefed on the airport management's recommendations at its December 8 meeting.

Airport Director Bryant Francis issued a letter dated January 7 outlining protocols for air carriers to request additional slots. He noted that any new entrant air carriers requesting capacity would be awarded at least two flight slots.

Bryant noted that airport management will withdraw any flight slots allocated over the current 41 slots if, at any time in the future, airport management determines that the allocation of additional flights is "jeopardizing the noise limits at the airport."

the number of additional general aviation flights, including corporate and private jets that would utilize the FIS facility, assess potential legal threats to the airport's noise ordinance and consider additional security risks associated with international flights.

The study comes after JetBlue Airways, the airport's main air carrier for nearly 15 years, submitted a letter to the city last February, formally requesting that the city consider adding a FIS facility to the airport, as the airline foresees profitable growth potential in flights to Mexico and Latin America.

JetBlue, which holds 32 of the airport's 41 air carrier slots under the city's noise ordinance, meanwhile, reduced several unprofitable domestic flights from Long Beach last year, while Horizon Air, a regional air carrier, pulled out of the market entirely.

Lou Anthony, JetBlue's general manager at Long Beach Airport, said in an e-mail to the Business Journal last July that the airline has "evolved" its business model over the years and now focuses more on "international opportunities."

"We want to add international flying from Long Beach to that winning formula," he said.

Anthony noted that the number of domestic air carriers at the airport has declined significantly, noting that that many airlines have left Long Beach after going through multiple bankruptcy filings and consolidations.

He added that, "Competition, especially the low-fare competition that JetBlue delivers, is needed now more than ever before."

A group of homeowners adjacent to the airport, however, have opposed JetBlue's proposal of allowing international flights,

expressing fears that an FIS facility would only open up legal challenges to the city's noise ordinance.

On the other hand, airport officials have stated publicly that JetBlue does not plan to request more flights than it already has or intend to compromise the city's noise ordinance

Anthony echoed that sentiment, pointing out that adding international flights would be a boon for the local economy while the noise ordinance would remain intact.

"With our respect for the sanctity of the noise ordinance governing operations at the airport and our current underutilization of allocated slots, we can maintain our domestic network while adding exciting new business and leisure markets that will grow economic activity both at the airport and through the entire Long Beach community," he said.

U.S. Customs and Border Protection officials stated last year that it could take "a minimum of three years" before an FIS facility at Long Beach Airport is approved by required authorities and becomes operational.

In a phone interview with the Business Journal, Kevin McAchren, owner of Airserv, a provider of support services at the airport, said the process of studying and applying for an FIS facility should be "expedited," noting that international flights could help boost tourism and expand trade with Mexico and Latin America.

"I think you have a tremendous demand with the ethnic diversity in the Long Beach area for personal traffic and business traffic as well," he said. "This needs to be done as quickly as it can."

According to city staff, an evaluation

committee, including Airport Director Bryant Francis and other airport officials, determined that Jacobs Engineering Group, considered "one of the industry's leading providers of global, comprehensive aviation services," was most qualified to provide all aspects of the feasibility study.

"Drawing on more than 60 years of airport experience, Jacobs brings best practices and innovations from around the world to serve the Long Beach Airport and has proven qualifications to conduct a comprehensive feasibility study," city staff said, adding that the firm has provided consulting services to the city and other airports in the region.

Jacobs proposes to use in-house consultants and subcontracted consultants, including La Costa Consulting, Frasca & Associates, BonTerra, Psomas, Applied Research Associates, Lee Andrews Group and Jacobus & Yuang.

Components of the study are expected to include market analysis, airport scope and capacity, financial feasibility, economic impact, assessment of environmental impact and security risk assessment, according to city staff.

In addition, the city attorney's office is expected to conduct its own risk assessment of the potential threats to the city's noise ordinance and consider a plan to mitigate impacted neighborhoods and schools from environmental and health impacts should the noise ordinance become "invalidated," city staff said.

According to the city staff report, the airport is requesting an "appropriation increase" in the airport enterprise fund to cover the cost of the study that would be "offset by airport operating revenue."

Queen Mary Land Development Task Force Elects Bohn Chair

■ By **SEAN BELK**Staff Writer

At its first meeting, the newly established, 12-member Queen Mary Land Development Task Force elected Michael Bohn, design director of Long Beach-based architecture firm Studio One Eleven, as chair and Jeff Hoffman, owner of a global corporate citizenship, philanthropy and civic engagement firm, as vice chair.

The task force, comprised of representatives from downtown and experts in tourism, hospitality, architecture, economic development and historic preservation, also received and filed a presentation on tidelands restrictions during its meeting on January 6 at First Congregational Church's social hall. The task force's next meeting will take place at the same location at 5:30 p.m. on February 3.

Bohn has more than 20 years of experience as a licensed architect, focusing on environmentally responsible projects along with transit-oriented development, mixeduse urban infill, multi-family housing and education.

Hoffman is president of Jeff Hoffman and Associates who worked for the Walt Disney Company for 31 years and serves on the board of directors for Points of Light, the world's largest volunteer service organization, among other national non-profit organizations.

Long Beach Mayor Robert Garcia and Vice Mayor Suja Lowenthal established the task force last year as the city and the ship's new master leaseholder, Los Angeles-based Urban Commons, LLC, considers development proposals for more than 43 acres of land surrounding the attraction.



Michael Bohn, right, design director for Long Beach-based Studio One Eleven, has been elected chair of the newly established, 12-member Queen Mary Land Development Task Force. With Bohn is Jeff Hoffman, owner of a global corporate citizenship, philanthropy and civic engagement firm, who was elected vice chair. (Photograph by the Business Journal's Larry Duncan)

Candidates Throw Hats In The Ring For Long Beach April 12 Primary Election

Supernaw Unopposed In 4th

■ By **SEAN BELK**Staff Writer

By the close of the day January 15, the deadline for submitting nomination papers, a total of 10 candidates had qualified to run in the Long Beach primary nominating election set for April 12 in which four city council seats are up for grabs. A termedout incumbent also confirmed he's running as a write-in candidate.

For District 2, the candidates are businessman Eric Gray, labor advocate Jeannine Pearce and businesswoman Joen Garnica.

For District 4, incumbent Daryl Supernaw is running unopposed.

For District 6, candidates are U.S. Navy veteran/community activist Robert Harmon, local nonprofit director Erik Miller and small business owner and volunteer Josephine Villaseñor. Incumbent Dee Andrews said he will seek a third term as a write-in candidate.

For District 8, candidates are incumbent Al Austin, aerospace manufacturing executive Wesley Turnbow and Laurie Angel, a long-time community activist who works at California State University, Long Beach.

To qualify, candidates had to provide at least 20 valid signatures from the district they are running in. Andrews has from February 15 to March 29 to officially file as a write-in candidate.

To win in April, a candidate must receive 50 percent plus 1 vote. If not, a runoff occurs in June of the top two vote-getters.

Candidates also filed papers for available spots on the Long Beach Unified School District (LBUSD) Board of Directors and the Long Beach Community College District (LBCCD) Board of Trustees.

For LBCCD Trustee Area 2, candidates are appointed incumbent Irma Archuleta and college professor Vivian Williams Malauulu. Archuleta was appointed last year to fill out the term of Roberto Uranga who was elected to the city council.

For LBCCD Trustee Area 4, candidates are incumbent Doug Otto and high school teacher Davina Keiser.

For LBUSD Board District 2, candidates are Parent Teacher Student Association Chair Jessica Vargas-Alvarez and incumbent Felton Williams.

For LBUSD Board District 4, incumbent Jon Meyer faces off against local teacher and school administrator Rosi Pedersen.

Late last year, the Business Journal announced four endorsements for incumbents Supernaw, Otto, Williams and Meyer.

A candidate forum for Long Beach City Council District 2 candidates is scheduled for 6:15 p.m. on January 20 at the Aquarium of the Pacific. The forum is being organized by the Sierra Club in partnership with other environmental groups and focuses on environmental and related health issues.

A forum for all candidates seeking a Long Beach office has been announced for 5-8 p.m. on February 23 at the Long Beach Main Library. The event is presented by Leadership Long Beach, the Long Beach Community Action Partnership, Public Access Digital Network and PalacioMagazine.com in partnership with the mayor's office. RSVP: Oscar Cosby at o.cosby@leadershiplb.org.

Long Beach Police Department's East Division Relocating To New Facilities This Month

■ By **SEAN BELK**Staff Writer

By the end of the month, Long Beach Police Department's (LBPD) east patrol division will be fully relocated to a new substation, a former United States Army Reserve Center once called Schroeder Hall at Willow Street and Grand Avenue, police officials said

"We're excited about it," said East Patrol Division Commander Liz Griffin, who has been with the LBPD for nearly 23 years. "It's new. It's expanded. It's bigger. It's more workspace for the officers and more parking for the black-and-whites."

The two-story, 24,500 square-foot brick building has been renovated to "meet the 21st Century needs of the police depart-

(Please Continue To Page 38)



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Formerly known as Schroeder Hall, a two-story brick building located at Willow Street and Grand Avenue will be the new home of the Long Beach Police Department's East Patrol Division, which is relocating from its substation on Los Coyotes Boulevard near the Traffic Circle. The division is moving into the building, once used as a United States Army Reserve Center, by the end of the month. (Photograph by the Business Journal's Larry Duncan)

New Police Station

(Continued From Page 37)

ment," said Seyron Foo, spokesperson for the Long Beach Public Works Department, who added that the city chose to preserve the history of the 56-year-old building through adaptive reuse.

The new substation, which will also house a juvenile investigations and booking facility, is expected to include office space, renovated locker areas, showers, restrooms, gym facilities, an elevator, public waiting and reception areas and a multi-purpose community room, according to city officials.

The East Patrol Division's current substation, which the city leases on Los Coy-

otes Boulevard near the Traffic Circle, has been considered by the LBPD to be "undersized and outdated," with no room for expansion or upgrades.

"The facility we're in right now was never really intended to be a police station," Griffin said. "We were always looking for a facility that can house a police station to be comfortable and provide some kind of expansion and upgrades that would meet our needs, which is 21st Century-type policing."

Foo said the city contracted with Rialtobased RC Construction Services, Inc. for the \$6.12-million renovation to the former Schroeder Hall building.

The 4.7-acre site was given to the city

after it was declared surplus property in 2005 under the federal Base Realignment and Closure (BRAC) process, which was designed to increase U.S. military efficiency by reorganizing bases.

The U.S. Department of Justice along with the U.S. Housing and Urban Development approved a no-cost public benefit conveyance of the facility in 2010, providing a savings to the city of more than \$3.5 million, according to city officials.

This contract, however, was held up for years because of controversy over a requirement that the former U.S. Army facility be provided with the stipulation that the city arrange a site to accommodate homeless individuals.

Residents fought a proposal that once sought to locate a mentally ill homeless treatment facility on a one-acre site close to the Schroeder Hall facility and near the Long Beach Health and Human Services Departments off Willow Street.

In 2013, however, the city struck a deal to help Mental Health America (MHA) acquire a site on Long Beach Boulevard and adjacent to a Los Angeles County mental health facility to provide a health-care access program to deliver services to homeless people.

A year later, Long Beach city officials accepted the deed for Schroeder Hall from the U.S. Army Reserve. ■

Long Beach Seeks Funding To Cover \$2.8 Billion In Public Infrastructure Needs Over The Next Decade

■ By **SEAN BELK**Staff Writer

After receiving a report that the City of Long Beach has \$2.8 billion in unfunded public infrastructure projects to complete over the next decade, the city council at its meeting on December 22, 2015, requested that city staff explore new options for generating revenue.

During the meeting, City Engineer and Deputy Director of Public Works Sean Crumby presented a report on the condition of streets, bridges, sidewalks, alleys, public safety facilities, storm drains, community centers, parks, energy efficiency and technology.

The report states that the city in Fiscal Year (FY) 2015 spent \$113.5 million on public infrastructure. For FY 2016, the city has budgeted a total of \$67.6 million for public infrastructure projects, including those funded by federal, state and regional grants.

Still, the city needs \$212.4 million more annually to bring public infrastructure up

to par over the next 10 years, according to the report.

"Despite the progress that's been made, there remains a lot more to do," said Crumby, who was hired in August from the City of Seal Beach. "Long Beach is at a critical juncture with aging infrastructure and facilities."

In March 2015, a report entitled "State of Our Streets," indicated that the current average pavement condition index (PCI) for the city's network of streets is 60, a "Fair/Good" rating. The city's major road-

ways are in "good" condition with a PCI score of 63 while minor roadways are in "fair" condition with a PCI score of 56.

However, according to city staff, there is currently a 20 percent backlog of street repairs. City staff note that backlogs that exceed 20 percent tend to be "unmanageable" from a funding point of view unless "aggressively checked through larger rehabilitation."

"The cost of repair and maintenance of streets increases as the condition becomes (Please Continue To Next Page)



In early February, renovations will begin on the Long Beach Fire Department's Fire Station 4, located at 411 Loma Ave., including upgrades to the station's laundry room, pictured at left. Station 4, built in 1964, has four firefighters and two basic life support (BLS) personnel. Other renovations include adding separate restrooms for genders. Currently, men and women firefighters and personnel share the same restroom by switching out a sign on the door. The station's roof is also being replaced. Renovations will take about eight weeks to complete, during which time Engine 4 will work from Station 8 in Belmont Shore, and the BLS unit will be assigned to Station 14 by the Colorado Lagoon. Next in line for repairs are Fire Stations 2 and 22, followed by Fire Station 10. (Photograph by the Business Journal's Larry Duncan)

worse," Crumby said. "Without adequate funding to reduce that backlog, needs increase every year."

A "fix-all" solution to eliminate the backlog of street repairs would require \$170 million for major roadways and \$250 million for local and residential streets over the next 10 years, according to city staff.

In an interview with the Business Journal, Crumby said maintenance of public infrastructure has been deferred mainly because of the Great Recession as the city has struggled to deal with budget deficits.

"We have invested in our city's infrastructure, and we've done a tremendous amount, but one point I'd like to make is that we've just gone through this Great Recession," he said. "The city has weathered a fiscal situation, and there has been a tremendous amount of deferred maintenance through that period. That deferred maintenance definitely takes a toll."

In addition, the condition of more than 400 civic buildings, including fire stations and park facilities totaling more than 6.8 million square feet citywide, received a rating of "poor," according to the recent report, which Crumby said took about three months to compile, mostly using master planning documents.

Overall, the city needs funding for \$1.4 billion in transportation projects, \$1 billion in civic infrastructure projects and \$400 million in maintenance over the next decade, according to the report.

Despite projected budget deficits in coming years because of declining oil revenue and rising labor costs, 8th District Councilmember Al Austin said upgrading public infrastructure should be a priority for the city.

The councilmember made a motion for city staff to come back to the city council in coming weeks with new options for generating revenue.

Crumby pointed out that the city is prohibited from using oil revenue for infrastructure maintenance costs because of state restrictions.

While oil revenue might be able to cover some capital improvement projects, 7th District Councilmember Roberto Uranga noted during the meeting that tough financial times might be ahead as the price of crude oil continues to drop.

Mayor Robert Garcia said the city should continue advocating that state and federal lawmakers seek more transportation dollars for cities, adding that the legislature and Congress have done "very little" to help cities pay for street repairs.

Speaking at his "State of the City" address on January 13, Garcia stressed the need to rebuild and maintain infrastructure that he said suffers from "decades of neglect."

Stopping short of calling for tax hikes, the mayor said the coming weeks will be critical for the city to have an "honest and constructive conversation" about the need to "invest" in the city's infrastructure.

"What kind of city do we want to live in?" Garcia asked. "Or as my predecessor Mayor [Bob] Foster liked to say, what kind of city will we leave for the next generation? And what are we willing to invest to ensure that happens?"



VIEWS! VIEWS! VIEWS!

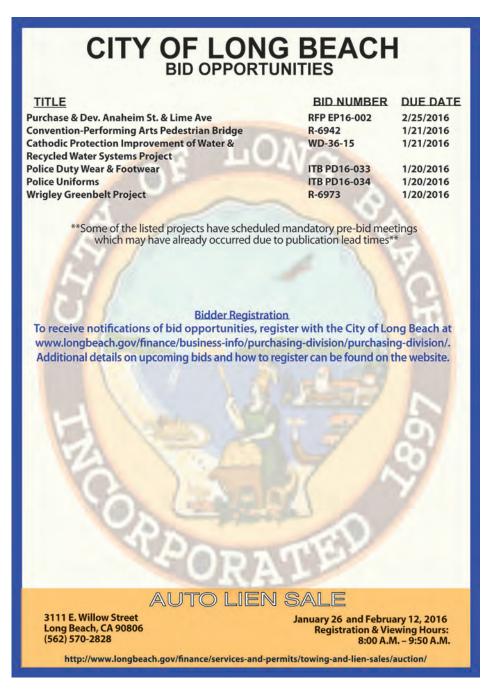
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New Life To Historic Property

Pizzanista, a pizza restaurant founded in 2011 by professional skateboarder Salman Agah and his wife, art consultant Price Latimer Agah, in Downtown L.A., opened a second location in Long Beach late in 2015. The couple, pictured, purchased a historic 1911 craftsman home formerly home to Italian restaurant La Rizza's at 7th Street and Gardenia Avenue in 2014, and spent months remodeling it. Since opening, the owners report business has been "unbeliev-

> York-style pizzas. The menu also includes starters, salads, beer, wine and desserts. 1837 7th St.; 562/591-6929. (Photographs by Business Journal's Larry Duncan)

Halal Guys Opens In Long Beach

Halal Guys, a Middle Eastern fast-casual dining franchise, recently opened its second West Coast location in Long Beach at 1804 Ximeno Ave. The company, which began as a food cart operation in New York, debuted its first West Coast storefront in Costa Mesa in 2014. Fifty locations are planned throughout Southern California. The menu features gyro sandwiches with a signature white sauce, and chicken and rice platters. Franchise part owner Paul Tran said he



wanted to open the location in Long Beach partially because he is a former California State University, Long Beach student, and he believes the brand will appeal to the area's student customer base. Pictured, from left, are: Kym Kanow, training manager; Tran; Ashley Henry, assistant manager; and Marc Giarratano, general manager. 562/986-9038. (Photographs by the Business Journal's Larry Duncan)



ACI Last Mile Network Celebrates 50 Years

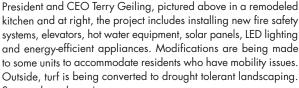
ACI Last Mile Network, a Long Beach-based home delivery distributor of newspapers including the Los Angeles Times, The Miami Herald and others, recently celebrated its 50th anniversary. The third-generation family-owned company was started in 1965 by father and son Ben and Bob Somers, and their business partner, Jack Meyers. In recent years, the company has adapted to the 21st century by expanding its services to benefit e-commerce firms and parcel shippers in addition to publishers. It was also the first newspaper delivery company to use GPS technology to help verify delivery and improve services, according to a company statement. Pictured at their Downtown Long Beach headquarters are, from left: Jack Klunder, president and chief operating officer; Keith Somers, CEO; and Bob Somers, founder. (Photograph by the Business Journal's Larry Duncan)

Brian Jersky, Ph.D., has been named provost and senior vice president for academic affairs at California State University, Long Beach (CSULB). He begins on June 1, replacing David Dowell, who is retiring. For the past four years, Jersky has served as dean of the College of Science at California State Polytechnic University, Pomona. Other previous employment includes work at Macquarie University in Sydney, Australia, Saint Mary's College of California and Sonoma State University, where he spent 15 years. He holds master's and doctorate degrees in statistics from Cornell University. (Photograph courtesy of CSULB)



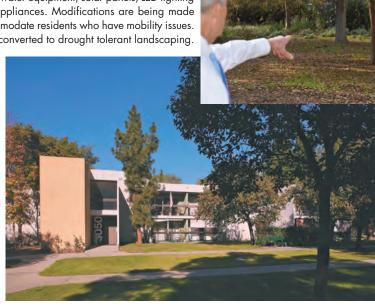
Renovation Begins At American Gold Star Manor

American Gold Star Manor in West Long Beach is beginning a major renovation project, funded by a \$56 million tax-free bond loan and a \$38 million tax credit transition, on its residential units. The manor provides affordable housing for U.S. veterans, seniors and members of American Gold Star Mothers, an organization of women who lost children in U.S. military service. Residents have been relocated to vacant apartments onsite while the three-vear renovation takes place. According to American Gold Star Manor



Sensors have been installed to regulate water use for landscaping based on air temperature and humidity. When complete, the manor will be one of the greenest housing facilities in Long Beach, Geiling said. The manor is located at 3021 Gold Star Dr. (Top two photographs by the Business Journal's Larry Duncan; photo at right provided by Adobe Communities)





Playing Around With The Brown Act



■ By **Gerrie Schipske** Contributing Writer

Twice in the past couple of months, the Long Beach City Council has been accused of violating the Ralph M. Brown Act and has had to re-vote the 66-year Queen Mary

year Queen Mary lease and a recommendation to name the North Long Beach library in honor of Michelle Obama.

In the matter of the Queen Mary lease item, it was alleged that the council had failed to provide sufficient notice to the public that it was being discussed in closed session. Recently, a councilmember admitted to lining up votes via Twitter on the idea to name the library in honor of the First Lady.

The Brown Act requires city councils and other legislative bodies to conduct business in a way that safeguards the public's right to know and to participate in the decisions made. The idea behind the law is that "the people do not yield their sovereignty to the bodies that serve them. The people insist on remaining informed to retain control over the legislative bodies they have created."

There are limited exceptions when an item can be discussed out of the public view in what is called "closed session." These exceptions include: personnel matters, labor negotiations, real estate transactions, pending litigation and threats to public security. However, a description of the items for closed session must be placed on the agenda and the public allowed to speak on the items before the council goes into closed session. Any actions taken in closed session must be publicly announced.

The Brown Act also requires that meetings be publicly noticed and that agendas list-



ing items to be discussed be made available at least 72 hours prior to the meeting. Councilmembers are not allowed to use a series of communications, "to discuss, deliberate, and take action on specific legislation, outside of a noticed and public meeting." The use of Twitter and other social media to communicate on specific legislation would be prohibited and a violation of the Brown Act.

Failure to follow the Brown Act can result in a private citizen demand to "cure and correct" (which is what happened regarding the Queen Mary lease) or the County District Attorney can file misdemeanor charges in some instances. A citizen can also obtain a court injunction that requires the council to publicly make "an unconditional commitment to

cease, desist from, and not repeat the past action."

The Brown Act also requires that the public have an opportunity to speak at council meetings on each item on the agenda and to be given the materials on these items. The public even has the right to criticize or make unflattering comments about city government and those who serve in it.

There are organizations and attorneys such as Californians Aware (www.calaware.org) dedicated to enforcing the Brown Act. They have successfully sued several cities over Brown Act violations.

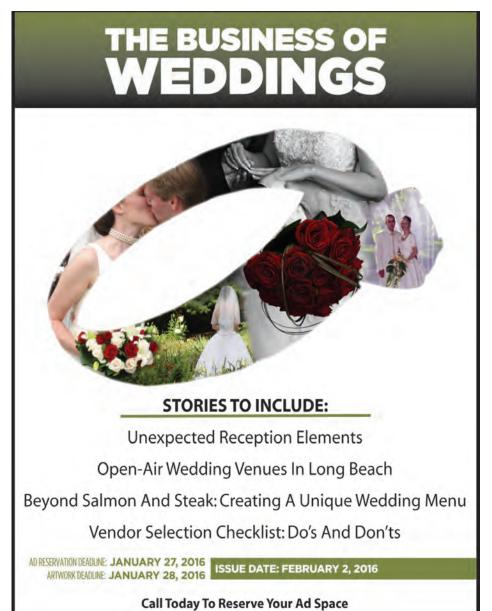
The California Attorney General has published a guide on the Brown Act requirements: http://caag.state.ca.us/publications/2003_Main_BrownAct.pdf.

Playing around with the Brown Act in Long Beach not only invites lawsuits but lessens the trust that the public has in its elected officials.

Next column: Why So Few Run for Public Office.

(Gerrie Schipske is a native of Long Beach, an attorney, registered nurse practitioner and full time instructor at CSULB Department of Health Care Administration. She was elected to both the Long Beach Community College Board of Trustees and the Long Beach City Council. She is the author of several books on Long Beach history and her blog, www.longbeachinside.blogspot.com.)





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HealthWise

What You Need To Know About Flu Season Five Tips For Hispanic Business

nfluenza (the flu) is an infection of the nose, throat and lungs caused by influenza virus. These contagious viruses cause significant illness, hospital stays and deaths



By David Michalik, DO

in the U.S. each year. The flu can be very dangerous for children. Each year nearly 20,000 children younger than 5-years-old are hospitalized from flu complications, like pneumonia.

Flu illness can vary from mild to severe. The flu can be serious even in people who are otherwise healthy, and especially dangerous for young children and children who have certain chronic health conditions, including asthma (even mild or controlled), neurological and neurodevelopmental conditions, chronic lung disease, heart disease, blood disorders, endocrine disorders (such as diabetes), kidney, liver and metabolic disorders, and weakened im-

mune systems due to disease or medication. Children with these conditions can have more severe illness from the flu.

Most experts believe that flu viruses spread mainly by droplets made when people with the flu cough, sneeze or talk. These droplets can land in the mouths or noses of people who are nearby. Less often, a person might get the flu by touching something that has flu virus on it and then touching their own mouth, eyes or nose.

People with the flu may be able to infect others by shedding virus from one day before getting sick to five to seven days after. However, children and people with weakened immune systems can shed the virus for longer and might be still contagious beyond the five to seven days of being sick, especially if they still have symptoms.

Symptoms of the flu can include fever, cough, sore throat, runny or stuffy nose, body aches, headache, chills, fatigue and sometimes vomiting and diarrhea. Some people with the flu may not have a fever.

It's recommended that everyone ages 6 months and older receive a flu vaccine each year. Getting a flu vaccine is the best way to protect your children and everyone around you from the life-threatening virus. For caregivers of children younger than 6-months-old, or children with long term health conditions, vaccination is crucial.

To protect babies, pregnant women are urged to receive a flu vaccination. Research shows that this gives some protection to the baby both while the woman is pregnant and for a few months after the baby is born.

A new flu vaccine is made each year to protect against the three or four flu viruses that research indicates are most likely to cause illness during the next flu season. Flu vaccines are made using strict safety and production measures. Over the years, millions of flu vaccines have been given in the U.S. with a very good safety record.

By getting plenty of sleep and exercise, eating healthy foods and drinking plenty of fluids, you can give your family's immune systems a serious, flu-fighting boost. Taking everyday preventive actions to stop the spread of germs — such as avoiding close contact with sick people, frequent hand washing, staying home for at least 24 hours after a fever if you are sick with flu-like symptoms and covering your nose and mouth when coughing or sneezing — will help you maintain good health.

(David Michalik, DO, is a pediatric infectious disease physician at Miller Children's & Women's Hospital Long Beach)

Small Business Dollars & Sense

Five Tips For Hispanic Business Owners To Start Their Business



By BEN

As we begin a new year, it's a good time to recognize and reflect on the many contributions of Hispanic small business owners. According to the U.S. Small Business Administration, there are 3.2 million Hispanic-owned businesses in the U.S., contributing more than \$468 billion to our economy each year.

From our experience working with successful Hispanic business owners, here are five tips for starting a business:

Develop a business plan – Developing a business plan is a key step for business success. A plan helps prioritize how to spend time and money, set measureable goals, identify obstacles, and can help obtain business financing.

Set up your finances – Financing is the fuel that can help your business run. That's why it's good for businesses to start building a strong credit history, which is essential for future borrowing. To begin, a business owner should establish dedicated business accounts separate from personal accounts. Some other dedicated financial tools for new businesses can include: Checking account; savings account; business credit card; payment processing; online banking

Get credit-ready — One of the most important things you can do before pursuing financing for your business is to get credit ready. Before applying for a small business loan or line of credit, your bank will want to see that your business generates steady cash flow, has low levels of debt, and is in a strong financial position in order to manage debt payments. The more you know about what bankers want to see in a credit application, the more prepared you will be to pursue credit for your business.

Seek support from experts — Guidance from experienced peers and professionals such as a CPA, an attorney, and a marketing expert can help lead you to success. Your accountant can advise you about tax requirements and exemptions, and how to keep detailed financial records to help streamline the bookkeeping process. An attorney can help you determine legal protections, and help you decide what legal entity is best for your business. A marketing expert can help create a tailored marketing plan that fits your business goals, as well as help you build your business brand online with your social media presence. You also may want to consider working with a business banker for support in getting your business up and running.

Take advantage of networking and free resources – There are numerous free resources available that can offer advice, training and assistance. The SBA.gov website is a great place to start. It even offers a version of its site in Spanish. Additionally, Minority Business Development Centers (MBDCs) connect Hispanic business owners with training courses, one-on-one assistance and other services to help them succeed. Last, the U.S. Hispanic Chamber of Commerce (USHCC) has more than 200 local chapters designed to support ambitious Hispanic business owners.

Starting a business is no easy feat. It involves careful planning, making key financial decisions and above all, a strong commitment. While the statistics surrounding start-up success are sobering – only half of new businesses survive five years – careful planning can help set aspiring entrepreneurs on the path to success.

Here's to success in 2016!

(Ben Alvarado, a 25-year veteran of Wells Fargo, is the president of the bank's So. Calif. Region, which stretches from Long Beach to Orange, Imperial and San Diego counties.)

Effective Leadership

5 Ways To Simplify Your Life And Get Back Control In 2016



By Mick Ukleja

Start 2016 with a clean slate. How? Clean up the clutter. Clutter creates confusion.

Clutter is stuck energy. It impacts us like an unresolved issue that we let linger. When you clear things out - a wallet, drawer, old news items, the closet, desk, or even the refrigerator - you are clearing energy that is stuck and

creating space for something new. Uncluttering the space has the same effect as taking care of an unresolved issue.

Here are 5 tips that will help you simplify your life and take back control.

1. Start small. Like most, you are not sure where to

stuff and begin. Don't look at the whole elephant. Zero in. Maybe it's your desk. Clear it. Is it your closet? Organize it. It could be your email inbox. Empty it. Stick with just one thing until you're done. You will feel a freedom and a motivation for the next "small" project. Set one goal – and achieve it.

2. Work smarter. There's a place for everything. It's called a home. Make sure your stuff gets home. Putting things on your desk or the kitchen counter only adds misery to your life. It's easy to shortcut the "put-it-where-it-belongs" principle. The result? We create piles that end up making no sense. Investing a small amount of time putting something where it should live will come back 10 fold. Turn it into a routine. Make it habitual. It's a sure proof way to ward off the clutter gremlin.

3. Sort it out and throw it out. Two areas to start sorting and throwing are your mailbox and your closet. With mail, don't wait! Sort the junk from the personal . . . quickly. Then separate out the bills. Put them in a "bills to be paid" basket. When it's time, pay them at one sitting. Beware of the magazine monster. If you aren't going to read it soon, toss it! Be as drastic as possible.

With your closet, if you haven't worn it in a year, why do you still have it? Because it might come back in style? That's a rationalization. And even if it does, it will still look dated. If they don't fit, bless someone's life and donate them. Do you really love it? If you did you'd wear

- begin. So you don't! Pick one spot on that mountain of it. Before you organize you have to prune. Just like most stuff and begin. Don't look at the whole elephant. Zero construction projects, you have to blast before you build.
 - **4. Ascribe a value to your possessions.** I don't mean for the purpose of insuring them. What are they really worth to you? You live in southern California where on occasion fires break out that threaten homes. I have had friends who lost their homes. Listening to what they ascribe value to and what they did and didn't replace is a lesson I've taken to heart. What would I grab after the people and pets were safe? If something isn't worth taking, then perhaps it's not worth keeping. If it doesn't have functional or aesthetic value, consider making it available for someone else's pleasure.
 - **5. Discover that less is freeing.** Chasing after perfection and happiness is the consumer's trap. Simplicity leads to freedom. De-cluttering is practical. Yet it is also philosophical. I am discovering that being mindful about what I purchase and collect is a liberating feeling. The side effect is an inspiration to enjoy the life I have.

Your sense of control will grow. You will be energized and inspired.

Discover the delight in de-cluttering.

(Mick Ukleja keynotes on topics related to leadership and personal productivity. He's president of Leadership-Traq, and author of several books. His clients have included Fortune 500 corporations and nonprofit organizations. Check his weekly blog at www.leadershiptraq.com.)

Realty Views

The Impact Of Interest Rates On Real Estate



By Terry Ross

The Federal Reserve ended 2015 by raising the federal funds rate in mid-December for the first time in over seven years by increasing the borrowing rates for banks to between 0.25 and .5 percent – signaling that the Open Markets Committee that sets rates felt that going into the New Year the economy was on an uptick and likely to expand in 2016.

While this move is a reflection on economic gains over the past couple of years, the meaning and the actual impact of this decision have been bandied about in both real estate and financial markets with many differing views.

Of course the early knee-jerk reaction was that this would put a crimp in many real estate markets since it increased the cost of borrowing and ownership. And although a slight increase such as this will not have a lot of meaning for income properties and business, the effect on consumers will be the real test of whether this change is going to be a healthy one or not.

The Fed normally makes these kind of decisions trying to dampen inflation, together with clear indications that the increase will not harm the economy – and after the recessionary times of the recent past, the jury is still out on how robust the recovery is and will be moving forward.

Federal Reserve Chair Janet Yellen pointed to a slight increase in the projected Gross Domestic Product for 2016, decreased energy prices and gains in the labor market – although many will debate the issue of how positive these gains are.

"The stance of monetary policy remains accommodative after this increase, thereby supporting further improvement in labor market conditions and a return to 2 percent inflation," Yellen said in announcing the increase. "The committee expects that economic conditions will evolve in a manner that will warrant only gradual increases in the federal funds rate; the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run."

Bankers, of course, have varying views on the increase and how it will impact their business and the greater economy.

Bob Braswell, CEO of Carolina Bank Holdings, said that any chilling effect from rate hikes "depends on the pace of increases," where a sudden or haphazard series of hikes could affect markets, but a steadier increase could provide "opportunities" for the banking industry.

Scott Anderson, chief economist with Bank of the West, is more pessimistic. He believes that there will be some chilling effect in loan demand, particularly for big consumer purchases, but growth will probably remain moderate next year.

"Mortgage rates will start moving higher. That's going to take some of the expansion potential away from 2016," Anderson noted. "Some of these big ticket items, like autos and houses, you might see relatively bigger impacts. [Borrowers] are used to very low interest rates."

For the housing sector, this initial small increase is unlikely to create a negative impact, according the National Association of Realtors (NAR)

Lawrence Yun, chief economist for the association, said that increasing rates – especially by such a trivial amount – could act as a stimulant to the economy by signaling to the markets that the Fed thinks it is growing at a steady and reliable pace and can handle a slightly tighter monetary policy. Anyone who was going to borrow in 2016 isn't going to defer because the Fed raised rates by 25 basis points, he said.

"The raising of short-term rates could be more of a confidence play to the market – it provides a signal that the economy is strengthening, and to the degree that the Federal Reserve is providing [that signal] and the lenders believe that, it may actually provide more lending opportunity for the banks," Yun said. "As a borrower, even for the short-term borrower, what difference does it really make whether one is borrowing at 0.1 or 0.2 percent, when the Fed Funds Rate is historically at 3.3 or 3.5 percent?"

The prevailing theory is that the Fed will slowly inch the Federal Funds rate up to 1.25 to 1.5 percent by the end of this year and from around 2 percent to 3.5 percent by 2017. Of course this is all conjecture and subject to how the economy actually performs over the next 12 to 24 months. As we have seen early this year with the stock market's wild ride, tensions in the Middle East and of course the election year that we are in – anything and everything is possible.

(Terry Ross, the broker-owner of TR Properties, will answer any questions about today's real estate market. E-mail questions to Realty Views at terryross1@cs.com or call 949/457-4922.)



By Jeffrey
Wil Cox

THIRD SECTOR REPORT

Community
Organizations:
The Success
Factors

(Continued From Page 1)
priceless commodity called people. People

who are enthusiastic, engaged, committed, and contributing.

This well-documented reality comes at a

time when communities have fewer people volunteering for leadership positions or taking out memberships. Baby boomers are being outnumbered by other generations, and a call for results over rhetoric is being heard louder than ever before.

Survival of the fittest is an economic reality whether for profit or not. And, the resulting emotion-laden question that is being asked with growing frequency in board rooms is "How sustainable is our organization in its current form?"

The name of the game today is success planning. And, until a community organization is able to articulate to its community or its constituents the measured successes it is aggressively pursuing on a time-defined basis, the prognosis for attracting par-

ticipants, pennies, and podiums to add to its success equation is pretty bleak.

What can be difficult to understand for business leaders who assume leadership positions in community pursuits is that success is driven by what happens outside of the organization, not within it. Boards and leaders who are preoccupied with an organization's internal workings are focusing on the means while most of the outside world is interested in the "ends."

Success planning forces leaders to create and commit to a picture of what the land-scape for a community, group, or member could or should look like in a year or in several years if the combined efforts of people and resources are mobilized. Success planning says, "We are committed to having a measured result," and it positions the organization as the center of a campaign for people to bring their time, talent and treasures to make it happen.

A picture of success typically commits an organization to four or five deliverables. Some deliverables are somewhat lofty and "big picture," such as a measured deeper appreciation for the arts or environment, lower rates of crime in a neighborhood, a higher graduation rate, or increased foot traffic in a business corridor.

Other deliverables aren't as sexy, but extremely important to communities and constituents, such as adding hours of available service, or increasing participation in something of value by a stated amount. In some cases, maintaining current levels is lofty and important enough.

Deliverables by an organization define its committees, task forces, meeting agenda, and the case for support. Deliverables establish priorities and send a clear message about an organization's demonstrated purpose and worth. Deliverables attract people who want to be a part of a strategy rather than an infrastructure.

Success planning is not an easy process because it can call beloved programs and tradition into question, potentially vacate venues, and shift jobs. Success planning can force leaders to question quantity in the face of quality. Taboo subjects such as dissolution or consolidation can surface.

When a community benefit organization puts the successes of others as their primary responsibility, the joy of leading a successful community organization is virtually guaranteed.

<u>The Next Third Sector Report:</u> The Necessary Evils of Leading Successful Community Organizations.

(Jeffrey R. Wilcox, CFRE, is president and CEO of The Third Sector Company, Inc. Join in on the conversation about this article at the Long Beach Business Journal website www.lbbizjournal.com.)

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