

THIRD SECTOR REPORT

Fundraising During A Tragedy: A Word To The Wise

■ By **JEFFREY WILCOX**
EXCLUSIVE TO THE BUSINESS JOURNAL

For any compassionate person, when the powerful forces of Mother Nature devastate entire communities a natural reaction to help others beckons.

For most communities, the American Red Cross, United Way, community foundations and other recognized emergency relief and fundraising organizations have a contingency plan for managing the outpouring of generosity and distributing donated resources to where they are needed most.

What's more difficult to understand is how to respond when unthinkable levels of community devastation have been human generated. As a nation, we are stunned by the trail of bloodshed that spans from Columbine High School in 1999 and before to the worst massacre in U.S. history at Pulse nightclub in Orlando 17 years later.

America certainly isn't alone. The Istanbul and Brussels airports, a theater in Germany and multiple locations throughout the City of Paris have all been the stages of human-invoked tragedy, to name just a few.

Even in the disbelief, outrage and sorrow, the power of human compassion prevails that knows

(Please Continue To Page 38)

MORE PERSPECTIVES:

37 – Guest Commentary

Are Citizen Oversight Committees Really Able To Do Their Job?

38 – Inside City Hall

Does It Pass The 4-Way Test?

38 – Small Business Dollars & Sense

Declare Financial Independence!

39 – Effective Leadership

Grow Your Five 'Self's':

The Key To Personal Greatness

39 – Realty Views

The Impact Of Housing

On The November Elections

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Carnival Cruise Line hopes to grow its existing operations in Long Beach by replacing one of its current ships with a larger one and expanding its terminal within the dome adjacent to the Queen Mary. The firm operates three ships from Long Beach, including the *Carnival Inspiration*, pictured here behind Captain Vincenzo Miele. The Inspiration sails on three- and four-day cruises to Ensenada and Catalina. Carnival's other Long Beach ships are the *Carnival Imagination*, which also sails to Ensenada and Catalina, and the *Carnival Miracle*, which sails to the Mexican Riviera and Hawaii. (Photograph by the Business Journal's Larry Duncan)

Carnival Cruise Lines Seeks To Grow Its Successful Long Beach Operations – And The Sooner The Better

■ By **SAMANTHA MEHLINGER**
Senior Writer

Each year, Carnival Cruise Line brings about 500,000 visitors through Long Beach for its cruises to Hawaii, the Mexican Riviera, and Ensenada and Catalina. The cruise company

wants to expand on that number by replacing one of its three cruise liners in Long Beach with a larger ship, which would require expanding its terminal within the dome adjacent to the Queen Mary.

Carnival has wanted to expand for years, according to Carlos Torres de Navarra, vice president of

commercial port operations for the cruise company. In 2003, Carnival began operating in Long Beach with one cruise ship.

"We only occupy about 45% of the dome," de Navarra said. "The other 55% goes mostly unused year-round. You have some events like CHILL and at times other

things that the Queen Mary folks use it for," he noted.

"Currently, we have a total of

(Please Continue To Page 27)

City Elections – Why Did Results Take So Long?

■ By **GEORGE ECONOMIDES**
Publisher's Perspective

Imagine if Mayor Robert Garcia, city councilmembers and city staff had to wait 25 days to find out if their sales tax increase proposal had been approved by voters? They might have been a bit

(Please Continue To Page 37)

MID-YEAR ECONOMIC OUTLOOK – INCLUDING DEVELOPMENT PROJECT UPDATE

California Outpaces National Economic Growth, But International Uncertainties Cloud Outlook

■ By **SAMANTHA MEHLINGER**
Senior Writer

Despite economic uncertainties abroad, analysts expect the U.S. economy to continue to grow – albeit slowly – this year, with California continuing to outpace national growth.

Regional and national economists interviewed by the Business Journal have all lowered

their expectations for U.S. gross domestic product (GDP) growth in 2016, although not by much, citing international concerns as the primary cause.

Mark Vitner, senior economist

for Wells Fargo, has adjusted his outlook from 2% GDP growth to 1.9% growth. "That's pretty close," he said. "We put decimal points in there to humor ourselves."

(Please Continue To Page 4)



EEM Founder and CEO Christophe Ameeuw, right, is pictured with Matthieu Gheysen, director for the Longines Masters Series event to be held at the Long Beach Convention & Entertainment Center September 29 to October 2, and Anouk Blain-Mailhot, EEM's marketing and communications director. EEM is headquartered in Belgium. Long Beach is the first of three legs of the Grand Slam Indoor of Show Jumping, which also has competitions in Hong Kong and Paris. (Photograph by the Business Journal's Larry Duncan) See Story Page 29

"I feel really fortunate that, as someone who is a planner by education and profession, I had this magical opportunity for 10 years to be the councilmember of an area where planning and building are fundamental to its resurgence as an area and the resurgence of the entire city."

Suja Lowenthal
Vice Mayor-Councilmember
City of Long Beach
See Story Page 30

This Edition's Advertisers

Aquarium of the Pacific	33
Big E Pizza	27
Boulevard Cadillac/Signal Hill Police Foundation	2
Buono's Pizzeria	33
Bustamante, George/Warshauer, Steve/ Jacques, Cameron – CBC BLAIR WESTMAC	25
California Resources Corporation	17
California State University, Long Beach, Center for International Trade and Transportation	10
California State University, Long Beach, College of Continuing and Professional Education	5
Catalina Express	13
Chronic Tacos	27
City of Long Beach, Department of Financial Management, Purchasing Division	6
City of Long Beach, Gas & Oil Department	18
Coast Auto Care & Tires	29
Coldwell Banker Commercial BLAIR WESTMAC	25
Dignity Health, St. Mary Medical Center	9
Downtown Long Beach Associates	31
Evans & Silver Family Law Attorneys	35
Eye Physicians of Long Beach	8
Farmers & Merchants Bank	3
Glen Park at Long Beach	8
Grounds Bakery & Café	27
Holiday Inn Long Beach Airport	13
INCO Commercial	25
International City Bank	7
Irvine-Parker, Barbara – Coldwell Banker Coastal Alliance	33
Kafe Neo	11
Knightling	27
LB Walker Automotive	27
Long Beach Airport	14
Long Beach Convention & Entertainment Center	15
Long Beach Convention & Visitors Bureau	20-21
Long Beach Water Department	16
Mar Mel Inn	33
Michael Levy Gallery	11
Naples Rib Company	35
Pacific Gateway	19
Port of Long Beach	Back Cover
Sares•Regis Group	23
Volterra Dental	29
Whirlledge, Mary – Coldwell Banker Star Realty	25

Inside This Issue

4 Mid-Year Economic Outlook

- Overview, from Page 1
- Financial Services: 'Wiser Spenders And Better Savers'
- Health Care: How Covered California And The Affordable Care Act Are Impacting Health Care Providers
- International Trade: Cargo Outlook Mixed For Ports
- International Trade: Capital Projects Reshaping Skyline
- International Trade: Port Of Long Beach Attracts Conventions
- L.B. Airport: What International Flights Could Mean For City
- Utilities: Uncertain Past Means Preparation For Future
- Oil: Prices, Production, Production, Refining And Regulation – A Challenging Outlook For Oil
- Real Estate: Sales Of Former RDA Property Move Forward
- Real Estate: Projects Underway Or Planned In Long Beach
- Real Estate: Status Of Former RDA Properties
- Retail: Will Online Shopping Kill Brick-And-Mortar Stores?

27 Newswatch

- Carnival Cruise Lines, from Page 1
- Queen Mary Task Force To Share Progress With Public
- The Longines Masters Service Comes To Long Beach

30 Business Journal Interview

- Vice Mayor-Councilmember Suja Lowenthal

34 In The News

- New Ballast Point Location Gets A Warm Welcome
- DENSO North American Foundation Contributes To CSU Long Beach
- Terry Geiling Named '2016 Veteran Of The Year'
- Kaiser Permanente Opens New Signal Hill Medical Offices
- Cityology Opens In Belmont Shore
- Holiday Inn Long Beach Airport Celebrates Completed Renovations

37 Perspectives

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(Continued From Page 1)

Steven Cochrane, managing director of Moody’s Analytics, also predicted 1.9% GDP growth for 2016. Locally based economist Robert Kleinhenz, who serves as executive director of research for Beacon Economics, had a slightly better outlook, estimating national GDP could increase between 2% to 2.5% this year.

Slow growth in China’s economy and volatility in its equity markets were creating uncertainty in the states at the start of 2016, Cochrane and Vitner both pointed out. Now, news of the Brexit has created further uncertainty, playing into both of the economists’ adjusted GDP outlook.

Some have expected the Brexit to impact U.S. exports because, in the wake of Britain’s vote, the value of British currency dropped while the American dollar’s value increased. But Cochrane had a measured response to this concern. “Trade with the U.K. [United Kingdom]

“There’s really nothing exceptional about the performance of the [national] economy right now. We’re talking about an economy that’s doing okay, or it’s doing not badly, but nowhere can I say that the economy is doing great.

The exception to that statement would be that when we talk about the California economy there are some great things to say.”

Robert Kleinhenz, Executive Director of Research, Beacon Economics

is a small part of the economy and actually hits the East Coast more than the West Coast,” he said. Pharmaceutical companies on the East Coast export their products to Britain, he explained. “I don’t think California and the West have that much to worry about.”

In Cochrane’s view, the Brexit could actually help one aspect of the U.S. economy: real estate. In the wake of Brexit, interest rates – which are at historic lows

– are unlikely to increase, which means home “mortgage rates should fall and that should add a little kick to the housing markets,” he said.

Overall, the American consumer is the strongest cog in the wheels turning the economy right now, as Cochrane put it. Kleinhenz observed that consumer spending has increased by about 3% “on a rolling basis in the last four quarters.” In the first quarter of 2016, after adjusting for inflation, consumer spending increased 2.6%, he added.

While consumer spending continues to increase, the rate of increase has slowed, Kleinhenz noted. “There was a really torrid pace of purchases of consumer durable goods for quite some time as people had to replace automobiles they might have hung on to longer than they otherwise would have during the recession,” he said. “You saw huge increases in consumer durable goods that really drove a lot of retail spending for a period of time. But I think that’s tapered off.”

In 2015, U.S. GDP increased by 2.4%. National GDP has increased at an average rate of 2.1% per year during the past seven years of economic recovery, according to Vitner. “This has been a frustrating economic recovery from the onset,” he said. “Given how deep the recession was, a lot of folks were expecting the recovery to come roaring back. . . . Sometimes the harder you fall, the harder it is to get up. That has been the case.”

Vitner continued, “There are parts of the economy that have been doing very well, and there are other parts that have really been struggling to generate any growth at all. That’s what’s fueled all this anxiety about income inequality.”

Kleinhenz had a similar take. “There’s really nothing exceptional about the performance of the [national] economy right now. We’re talking about an economy that’s doing okay, or it’s doing not badly, but nowhere can I say that the economy is doing great,” he said. “The exception to that statement would be that when we talk about the California economy there are some great things to say.”

California’s economy has been outpacing the nation’s rate of recovery in multiple areas. “California was the fastest-growing state in the United States last year, with a 4.1% growth rate in gross state product year over year,” Kleinhenz said. As recent data from the International Monetary Fund illustrated, that puts California as the sixth largest economy in the world, surpassing even France.

“The fact of the matter is, for a state that gets beaten up all the time for having heavy regulations, high cost of business and high real estate prices, it’s good to see that it’s not just doing well but that it has outperformed the other 49 states and the U.S. as a whole,” Kleinhenz said.

While California’s May unemployment rate of 5.2% is higher than the country’s rate of 4.7%, the state is adding jobs faster than the nation, Kleinhenz pointed out. While the United States as a whole has been adding jobs at a rate of about 2% annually, California has been pacing at about 3% growth annually, he explained.

In Long Beach, the unemployment rate in May was 4.7%, down from 7.5% a year ago, according to Kleinhenz. “This is really good news for Long Beach,” he said. Major job-creating industries in Los Angeles County include retail, leisure and hospitality (more so eating and drinking places than attractions), and professional, scientific and technical services, he noted. In Long Beach, major contributors to job growth are the health care and transportation and warehousing sectors, he added.

International trade through the San Pedro Bay ports increased 4% from January through April compared to the same period in 2015, Kleinhenz said. If that rate of growth continues, the combined ports of Long Beach and Los Angeles could achieve a record year, he said. However, while the Port of Long Beach Chief Executive Officer Jon Slingerup expects growth to continue at his port this year, he has downgraded his forecast (see story in this economic outlook section.).

Despite international uncertainties causing a slight pullback in expected economic growth this year, Kleinhenz emphasized that the U.S. is largely driven by domestic factors. “It’s really important to note that the U.S. economy, however strong its linkages happen to be with the rest of the world, is still a fairly insular economy,” he said. “Those internal dynamics – domestic consumer spending, domestic business spending and domestic government spending – make up 85% or so of the overall economy. As long as those parts are going well, then the situation with foreign trade is not going to derail growth in the U.S. economy and it is certainly not going to be a source of recession anytime soon.”

While Vitner said a recession isn’t currently outlined in his forecast for the next few years, it doesn’t mean it won’t happen. “I am not trying to scare people, and I’m not trying to downplay the risk,” he said. “We are seven years into this economic expansion. Rarely has the economy gone as long as we have between recessions – and we don’t go into recession just because we’re due. But the further you get out into the business cycle, the more strains are likely to be present that could potentially trip us up and put us into recession,” he explained.

“At this point in the business cycle, the risk/reward relationship has changed to the point that, whenever we have some sort of shock in the global economy, it can have a surprisingly significant impact on business fixed investment,” Vitner continued. “And that’s one of the reasons that we are as concerned as we are about the Brexit. . . . It’s one of the reasons I’m concerned about the presidential election – because of where we are in the business cycle. So if someone were to say, when’s the next most likely time to have a recession? I’d say it’s somewhere in 2017 or 2018, even though it’s not in our forecast.” ■

Mid-Year Economic Outlook Interviews

Overview/Introduction

- Steven Cochrane, managing director, Moody’s Analytics
- Robert Kleinhenz, executive director of research, Beacon Economics
- Mark Vitner, senior economist, Wells Fargo

Financial Services

- J.C. Abusaid, president and chief operating officer, Halbert Hargrove
- Blake Christian, partner, Holthouse, Carlin & Van Trigt LLP
- Ryan Gordon, first vice president of investments, The Petrie Group of Wells Fargo Advisors
- Keith Kobata, Wells Fargo area president, North Orange County and Long Beach
- Nathan Lee, senior vice president of wealth management, Merrill Lynch.
- Valerie Magness, first vice president and branch banking administrator, Farmers & Merchants Bank

Health Care

- John Bishop, CEO, Long Beach Memorial Medical Center, Community Hospital of Long Beach and Miller Children’s and Women’s Hospital Long Beach
- Jay Lee, M.D., family medicine physician and associate medical director, practice transformation, MemorialCare Medical Group
- John Molina, chief financial officer, Molina Healthcare
- Joel Yuhas, president and chief executive officer, Dignity Health St. Mary Medical Center

International Trade

- Tony Gioiello, chief harbor engineer, Port of Los Angeles
- Ben Hackett, partner, Hackett Associates
- Mike Keenan, director of planning and strategy, Port of Los Angeles
- Duane Kenagy, senior executive, capital projects, Port of Long Beach
- Jon Slingerup, CEO, Port of Long Beach
- Kurt Strassman, logistics market leader, CBRE

Long Beach Airport

- Lou Anthony, general manager Long Beach Airport, JetBlue Airways
- Julie Buettner, general manager, Courtyard Long Beach Airport at Douglas Park
- Curt Castagna, president and CEO, Aeroplex/Aerolease Group
- John Tary, general manager, AirFlite

Oil Industry

- William Blair, director security and external relations, California Resource Corporation, Southern Operations
- Robert Dowell, director, Long Beach Gas & Oil Department
- Catherine Reheis-Boyd, president, Western States Petroleum Association

Real Estate Industry Development Projects

- Mike Conway, director of economic and property development, City of Long Beach
- Larry Lukanish, senior vice president, Sares-Regis Group

Retail Industry

- Rand Foster, owner, Fingerprints
- Rick Freeman, CEO, 2nd Street Beauty
- Stephen Holmes, director corporate communications, Home Depot
- Sean Moor, owner, Gatsby Books

Utilities

- Robert Dowell, director, Long Beach Gas & Oil Department
- Chris Garner, general manager, Long Beach Water Department
- Erik Takayesu, director, electric system planning and grid modernization, Edison



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people aren't going back to those same types of habits that got us into that recession to begin with."

Gordon adds that his clients are much less likely to use credit cards or accumulate credit card debt. Rather, he has seen clients delay large purchases and use cash instead of credit cards for purchases.

Kobata adds that he is also seeing a more cautious approach to credit, noting that there's an increased focus on paying down debt. "We're seeing a decrease in our customers who are late in payments or even defaulting, so [there's] much more control of credit spending," he says.

When considering purchases, local experts agree that consumers are more frequently engaging in comparison shopping in their search for the best deals – particularly with the increasing popularity of online retailers. "I think that's empowered the consumer in a lot of ways," Lee says. "That's definitely changed spending habits, because if you can't find what you're looking for in a retail type setting, you can always go to the Internet."

Businesses, meanwhile, are also searching for cheaper solutions for their business needs, says Kobata, who notes that he is seeing businesses opt for cloud source services in lieu of servers or choose to utilize online human resources services rather than a direct hire.

For larger scale expenditures requiring financing, such as a home or car, Gordon says consumers are increasingly paying attention to interest rates – and shopping around for the best rate.

Still, while interest rates are at historic lows, Blake Christian, partner at Holt-house, Carlin & Van Trigt LLP, notes that there's a shifting consumer mentality away from ownership.

"People are preferring to access assets on an as-needed basis, like an Airbnb instead of buying a vacation home, or using an Uber or ridesharing service," Christian explains. "And also, because there's such a transient workforce these days and younger people are looking at jobs as very temporary in most cases, they're not going to bother to buy a house in an area that they [may] move from in 18 months or two years because they get an assignment in another state or overseas. The Millennial mentality is they like to be mobile, and they look for other opportunities to expand their horizons geographically."

For many, conservative and careful spending contributes to building a healthy savings – something that local experts say has increased since the recession.

"People have learned that they have to ratchet down their expectations, especially around their spending expectations," Kobata says. "So they've really learned to be wiser spenders and better savers."

Kobata notes that he has seen an uptick in customers interested in building their emergency fund. "That's different from what we saw prior to the recession," he says. "People are much more cautious. They just don't want to be caught in a situation where they feel helpless in not having the emergency resources set aside."

"We've gone through this throughout our history, whether it was the Great Depression or a recession – people realize that savings is a must," adds Valerie Magness, first vice president and branch

banking administrator for Long Beach-based Farmers & Merchants Bank.

Still, she says, savings can be challenging. "With the economy the way it is, people find it hard to save – it's hard to put money away every month," she explains. "So we reach out to our clients and talk to them about savings for a purpose – saving for a life event or something they want to purchase rather than building up debt or using credit to purchase things."

Savings rates, in particular, are increasing among Millennials, Christian notes. "Part of that is they're not wasting their money on high-end cars and buying things, so they're a lot more liquid," he explains, noting that Millennials generally steer away from accumulating debt due to student loan burdens.

Gordon agrees, adding that he's seeing

Millennials opt for moving in with their parents after college rather than renting or buying their own home. "Even if they do have a job, they're being smarter with what they do with that income," he says. "They're using it to pay down debt before they go on and buy a house or a condo or a car. . . . So I think the recession not only affected the Baby Boomers and the older generations but also the younger generations who are coming out of college. I think it's impacted how they view debt."

Interestingly, Kobata says, there is an increasing desire among younger customers to build savings, including retirement accounts, and enhance their financial literacy.

"They may not fully understand what their parents went through, but they want to learn, they want to understand, and

they want to prepare themselves," Kobata says. "So we're seeing an increase in a need from schools and nonprofits asking us to have bankers come out and provide financial literacy classes."

The importance of understanding one's personal finances and individual goals, coupled with preparedness, experts say, is one of the biggest lessons learned from the recession – one that has helped shape the way consumers spend and save.

"Change can happen at any moment," Magness says. "I think we all saw how bad it can get, [and] we saw how the world can change within minutes. We should always try to be prepared. Savings is part of that preparedness and in being able to cope with anything that life throws at you. I think that's what really came out of [the recession]." ■



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the employment across the country because of the ACA – I'd say probably up to 150%," Molina said.

In Long Beach, Molina Healthcare has expanded its footprint. "We've got the Molina towers. We also have a few floors over at the World Trade Center. We have the two buildings at 6th [Street] and Pine [Avenue], and we have a building up at Hughes Way. That's not including the clinics we have here in Long Beach," he said.

To prepare for health care reform, MemorialCare Health System has been growing its local footprint for a decade, according to Bishop. "Years ago – well before ACA – MemorialCare began preparing for health care's transformation by building, expanding and adding physician practices, ambulatory surgery, urgent care, medical imaging and other outpatient centers," Bishop wrote. "Recently, we partnered to offer kidney dialysis centers as well throughout the region and expect to see tremendous growth in outpatient services."

MemorialCare's effort to "embark on a practice transformation model" to achieve the "triple aim" of the ACA – better care, experience and value – has opened up new opportunities for the provider, according to Lee.

"I believe the ACA has accelerated our ability to build capacity for practice transformation – manifested by our success in securing Accountable Care Organization contracts with health plans, the government and now the new Boeing contract to care for its employees and families," Lee said. In mid-June, MemorialCare announced that it was chosen to provide health care services through a special plan to most of Boeing's Southern California employees [refer to separate story in this edition].

Challenges

While health care providers lauded the expanded access to care created by the ACA, there have been issues associated with the rapidly increasing number of insured patients.

"While the ACA is critical for insuring more Americans, the primary care infrastructure isn't sufficient or sufficiently reimbursed at this time," Bishop wrote. "Too many of the newly insured also have not yet identified a primary care physician or have challenges finding one."

His colleague echoed this observation. "While the expansion of coverage is critical to patient health and family well-being (one in three Californians are covered by Medi-Cal)," Dr. Lee wrote, "it has also exposed the primary care workforce shortage and accelerated the need to modernize and build infrastructure for moving away from fee-for-service reimbursement towards value-based care."

Yuhas said the shortage of primary care physicians is "profound" in Long Beach. As a result, St. Mary Medical Center has seen an increase in patients accessing primary care services via its emergency department. Bishop made the same observation with respect to MemorialCare's hospitals.

"Our hospital emergency department currently has 23 beds, and we're working on a plan to expand to 47 beds in the upcoming years," Yuhas said. "And all that is borne about by additional demand for

primary care services and for emergency care services at our hospital."

MemorialCare has a "long-standing" program that helps patients in the emergency room find primary care providers, Bishop noted.

Molina said some universities and even health care providers are creating new medical schools to train more doctors and meet growing demand for primary care. University of California, Riverside is one such school, he noted. "It's going to be really challenging over the next 20 years to make sure we have enough doctors and mid-level practitioners to take care of everybody," he said.

The health plans offered through Covered California are also putting financial stress on hospitals, including St. Mary, according to Yuhas. "Our experience is that a lot of people who are accessing care

under Covered California plans are choosing the lower [tier] bronze and silver plans that are more affordable but are essentially catastrophic," he said.

"When you really have something serious that needs to be done, they have very high out of pocket co-insurances and co-pays," Yuhas said of these plans. "What happens is that people are not always able to afford to pay their co-insurances and co-pays, and as they are unable to pay them, they end up translating to an increased amount of bad debt for a hospital," he explained. "So we have seen an increase in our hospitals' bad debt reserves as a result of the Covered California program."

When asked what the strategy is to deal with this dilemma, Yuhas responded, "I don't know that we have one." But it's not just St. Mary that is unsure of how to ap-

proach the situation. "I don't know that hospitals have a plan B for mitigating bad debt associated with bronze and silver plans and the high deductibles," he said. "It's incumbent on hospitals to continue to work with our legislators to understand the impact of health reform and how that translates to the ability of hospitals to deliver care."

"One of the things we've seen some of our competitors do is they really increase the out-of-pocket costs in order to have the premiums lower," Molina observed. "Our preference is that people buy the silver plans because the bronze plans are designed to have high deductibles," he said of his company's health plan offerings. "We want to keep it affordable for them. But I can see how that might be a problem for some of the hospitals on the procedure side." ■

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Mike Keenan is the Port of Los Angeles's director of planning and strategy. He expects the port to experience an overall cargo traffic increase of 3% to 4% this year. (Photograph by the Business Journal's Larry Duncan)

2016 Cargo Outlook Mixed For San Pedro Bay Ports, But Consistent Growth Forecasted Long Term

By **SAMANTHA MEHLINGER**
Senior Writer

In the face of international uncertainties – the most recent being the United Kingdom's vote to leave the European Union in a move dubbed the "Brexit" – consumers appear to be reticent about spending, despite positive economic factors on the home front, according to Ben Hackett, partner of inter-

national maritime strategy and trade logistics firm Hackett Associates.

Hackett, whose firm produces the National Retail Federation's Global Port Tracker report, said this dynamic is behind his prediction that the San Pedro Bay ports should only expect to see a half percent growth in imports and a slight decrease in exports this year.

According to officials at the ports, who have somewhat higher expectations for the

year than Hackett, financial pressure on the shipping industry and slow economic growth in China are also at play in their own modest cargo forecasts.

Hackett referred to his half percent import growth projection as "not very good" for the San Pedro Bay ports but did note that he expected them to do better than West Coast ports overall. The issue isn't that cargo is moving away from the ports of Long Beach and Los Angeles, accord-

ing to Hackett. Rather, it's "weak trade" across the board.

Weaker than expected consumer demand has led to an imbalance in the inventory-to-sales ratio for retailers, which Hackett said is currently "dangerously high in terms of it possibly being a precursor to lead into a recession or [economic] weakness." The inventory-to-sales ratio is about 1.40, down from 1.41 in the first quarter, he noted. This figure means retailers have inventories that cost about 40 percent higher than the total revenues they're earning in sales.

There are several factors contributing to less than robust consumer demand, but all of them have one characteristic in common: uncertainty. This uncertainty is being spurred by a mixed bag of economic data that's making consumers unsure as to the nation's standing, instability in the Middle East, "the Trump factor," and most recently, Brexit, according to Hackett.

Hackett, who happens to be British, said the process of Great Britain leaving the European Union (EU) will take two to three years. "That allows time to negotiate the free trade agreements," he said. "Unless the EU wants to destroy its industries, it will enter into free trade agreements."

Jon Slangerup, CEO of the Port of Long Beach, has pulled back on his earlier forecast that the port would see 3% to 3.5% growth this year. Since the first quarter, he has readjusted his outlook to 1% or 1.5% growth in overall cargo volumes by the end of the calendar year, he told the Business Journal.

"It has an awful lot to do with the declining consumer demand around the world, particularly in non-U.S. markets," Slangerup said of his adjusted outlook. "The U.S. still has decent demand, but that's even way off. Almost all of the retail associations you might talk to, who had a pretty robust view four or five months ago, have a much more modest view for this year as a result of how everything shifted so fast."

Slangerup noted that while the inventory-to-sales ratio for national retailers is "still high," he expects inventories to diminish over the next month or so, with retailers then starting to replenish inventories starting in July. But the ratio doesn't indicate any red flags, in Slangerup's view.



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“They built up a tremendous amount of inventory because the growth rate was robust last year,” Slingerup said of retailers. Last year, the port nearly surpassed its best year ever for cargo growth, partially because the port experienced a surge in cargo traffic following its recovery from a prolonged period of congestion, he explained. “I think that it’s a healthy, normal cycle. But it’s just smaller growth numbers than we and the industry had predicted.”

Slingerup also pointed out that Chinese manufacturing has been slowing down, and because the country is responsible for a major chunk of the port’s business, the trend has been felt at the port. “The good news is that was picked up by some of the neighboring Asian economies, so on a net basis there’s the same amount of manufacturing going on,” he noted. Asian countries with expanding manufacturing sectors are largely clustered in the southeastern portion of the continent, including Vietnam, Thailand, Indonesia and Malaysia, he explained.

While the Port of Los Angeles typically budgets with the expectation of 2% to 3% cargo growth annually, this year the port is expecting an increase of 3% to 4%, according to Mike Keenan, the port’s director of planning and strategy.

Year to date, the Port of Los Angeles is pacing 8.6% of last year’s overall cargo traffic. Keenan attributed growth to the port’s efforts to optimize the flow of goods through the supply chain and to win back confidence following the period of congestion it experienced from late 2014 to early 2015.

In Keenan’s view, consumer confidence in the U.S. is “fairly good” but hasn’t caught up with growth and stability in the overall economy. “But the longer people keep waiting for the shoe to drop and it doesn’t drop, that confidence builds,” he said.

Keenan said the “downside risk” is that as the U.S. economy’s growth outpaces that of China and other trading partners, the dollar becomes too strong to support an increase in exports.

Brexit has already caused the U.S. dollar to gain ground over other foreign currencies, Slingerup noted. “We had actually seen some improvement in exports in the last few months. I just have a fear that, until things stabilize with this British withdrawal from the EU, it’s hard to predict,” he said. “But I don’t think, at the end of the day, that it means much at all for the U.S. in terms of import or export. It’s such a tiny number.”

Financial stresses on the shipping industry are more at play in Slingerup’s outlook. The prices shipping companies are charging to ship individual containers are at historic lows, he noted. These companies invested in megaships before the Great Recession, when the outlook for trade was strong, he explained.

“We’re seeing a structural issue related to capacity because all these ships that are coming online this decade were ordered when there were very robust views of what the future looked like,” Slingerup said. “So all this capacity was purchased, and it’s coming online at a time when demand is down.” With capacity exceeding demand, shippers have had to lower their prices considerably.

“It’s probably never been as bad as it has been right now in terms of the financial pressure on that segment of the business,” Slingerup said of the shipping industry. “It’s coupled with the fact that the railroads

are also recovering from some really serious shortfalls in volume and revenues and profits. So you have two major segments of the maritime business feeling tremendous financial pressure,” he explained. “And it has trickle down impacts on terminal operations. . . . It’s had a big impact.”

The shipping industry may look to major airlines for inspiration in solving this problem. “The obvious answer is the same answer that the airline industry struggled with over the last couple of decades and has now solved – and that is the ability to match capacity with demand,” Slingerup said. Airlines have formed alliances and consolidated, leveraging their combined resources to “cross-sell and manage capacity,” he explained.

In April, CMA CGM, China Cosco Shipping, Evergreen Line and Orient Overseas Carrier Line announced a new partnership called the Ocean Alliance. The move shook up existing alliances, leaving some shipping companies without partners.

“You’re seeing the realignment of alliances, which can cause problems for the ports in terms of which terminals are being called at,” Hackett said.

Another issue is that as more mega-ships are put into service, ocean carrier lines are going to have to reevaluate where to send them, according to Hackett. “They will show up on the West Coast just because there is nowhere else to put them,” he said.

Although the Panama Canal just reopened after an expansion to accommodate larger vessels, it is still unable to handle mega-ships able to carry more than 14,000 twenty-foot equivalent units (a twenty-foot-long container) of cargo, Slingerup noted. Many have speculated that the canal’s reopening might cause the San Pedro Bay ports and others along the West Coast to lose out on business, but Slingerup said any impact should be small. “The fear that a lot of people write about – that we’re going to see this big fall off in the West Coast business – is not based in reality,” Slingerup said.

Kurt Strassman, Southern California industrial and logistics market leader for CBRE, Inc., estimated that the San Pedro Bay ports might experience a 3% to 5% drop-off in business related to diverted trade through the Panama Canal. He called the decrease “nominal.”

“It’s interesting, you read so much about the East Coast ports benefiting from the Panama Canal expansion – and they certainly have benefited and will – but one of the things people sometimes overlook is that these ports just can’t handle one of these mega-ships . . . that are carrying large volumes of cargo,” he said. “You need port and business infrastructure, and that takes a long time. And the ports of Long Beach and Los Angeles have done a fabulous job of reinvesting to maintain a dominant market share in goods coming in to America.”

Although Slingerup’s projection for cargo growth isn’t as rosy as it was at the start of the year, he said that 2016 “is just a hiccup.” Moving forward, he expects 3% to 4% growth in the years ahead based on a long-term forecast recently completed by both ports. “Even with that modest rate of growth, we [will] more than double in 20 years, probably,” he said of cargo traffic.

Keenan also cited future estimated growth of about 4% a year, which he called “a fairly reasonable, very healthy growth rate for us to follow long term.” ■

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The Port of Long Beach is in the midst of a years-long project to replace the Gerald Desmond Bridge. The new bridge is being built alongside it. Its columns and towers have already surpassed the height of the existing bridge, and a moving scaffolding system has completed three segments of one of the bridge’s approaching ramps. The new structure is being built higher to let larger vessels pass beneath it. (Photograph by the Business Journal’s Larry Duncan)

Twin Ports’ Capital Projects Reshaping Skyline, Bolstering Competitive Edge

■ By **SAMANTHA MEHLINGER**
Senior Writer

From a towering new bridge to the installation of automated, clean-running equipment and the build-out of additional rail capacity, the San Pedro Bay ports are investing millions of dollars into upgrading their facilities on a daily basis.

Perhaps the biggest driving force behind these investments is the advent of mega-ships – vessels as long as the Empire State Building is tall. The dual port complex is now on the regular schedule of ocean carrier CMA CGM’s fleet of vessels able to carry 16,000 twenty-foot equivalent units of cargo each – the largest ships to ever call U.S. ports. Projects at both ports involve installing larger cranes and raising existing ones, deepening water and expanding cargo capacity to be able to accommodate these ships.

While bigger ships don’t necessarily translate to more cargo overall, it does mean much more cargo arriving at one time – a recipe for congestion, as both ports have discovered in recent years. The automated equipment and rail expansion projects at the ports are designed to help alleviate some of that congestion.

Port Of Long Beach Projects

Entering the port complex from any direction, it’s now impossible to miss the ris-

ing towers and columns for a new bridge over the Port of Long Beach. The future structure is replacing the existing Gerald

Desmond Bridge directly adjacent to it, and its columns are already starting to tower over the smaller bridge.

The design for the cable-stayed bridge includes three lanes each for westbound and eastbound traffic, as well as a bike path and pedestrian walkway named after the late Mark Bixby. The bridge’s support towers will rise 515 feet above the waterline, making it the tallest structure in Long Beach. To allow larger vessels to pass beneath it, the deck will have a clearance of 205 feet above the water. The existing Gerald Desmond Bridge has a 155-foot clearance.

“The towers are now taller than the existing bridge. Those are fantastic,” Duane Kenagy, the port’s senior executive lead overseeing capital projects, told the Business Journal. At this stage of construction, they are taller than 200 feet.

“This is a bridge of firsts: it’s the first cable-stayed vehicular bridge in California,” Kenagy said. “It’s obviously constructed in a dense port-operating environment, so that creates a lot of challenges. But we’re working through those issues.”

Due to unforeseen issues and some design changes, the project budget has been adjusted multiple times. The last increase was about a year ago, bringing the total to \$1.467 billion. “That budget is holding, so we’re within the revised budget,” Kenagy said.

“We’re basically at the midpoint of con-



Duane Kenagy, capital programs senior executive lead for the Port of Long Beach, oversees all the port’s capital improvement projects. The two largest ongoing developments are the Gerald Desmond Bridge Replacement Project and Middle Harbor Redevelopment Project. (Photograph by the Business Journal’s Larry Duncan)

The Port Of Long Beach’s Lesser-Known Economic Impact: Conventions

■ By **SAMANTHA MEHLINGER**
Senior Writer

The Port of Long Beach is known for being an economic engine for the city. With more than \$180 billion in trade moving through the Port of Long Beach every year, it is the second-busiest port in the United States. Its operations support regional transportation, warehousing and logistics industries. Its major ongoing capital improvement projects create thousands of construction jobs, and its ongoing

operations support more than 30,000 jobs in Long Beach alone, according to the port. The port also supports more than 316,000 jobs in Southern California and more than 1.4 million jobs nationwide.

Because of this regional and national impact, the port’s presence in the city regularly attracts conventions and groups to Long Beach. In 2016, the total estimated economic impact of groups visiting Long Beach because of the port is \$2.8 million, according to the Long Beach Convention & Visitors Bureau (CVB).

“We’re fortunate that the Port of Long Beach is a part of our city, and we’re also fortunate to have a really aggressive management team at the port that helps us find and close on conventions for the City of Long Beach,” Steve Goodling, president

and CEO of the CVB, told the Business Journal. Goodling’s staff works closely with the port to bring in this business for Long Beach, he said.

The following groups and conventions took place or are planned in Long Beach this year because of the port:

- **TPM 2016 The Journal of Commerce’s annual Trans Pacific Maritime conference** – February 28 to March 3; Estimated Economic Impact (EEI): \$930,000
- **North American Home Furnishings Association** – May 19-26; EEI: \$387,500
- **Agriculture Transportation Coalition** – June 14-17; EEI: \$310,000
- **California Construction Expo** – July 28; EEI: \$434,400
- **Cargo Logistics America**, presented by Informa – October 10-12; EEI: \$775,000

- **Worldnet Associates** – October 17-20; EEI: \$38,750

The following are groups scheduled for 2017 and beyond:

- **TPM 2017** – February 23 to March 22, 2017; EEI: \$1.5 million
- **IANA 2017, Intermodal Association of North America** – September 17-19, 2017; EEI: \$1.9 million
- **AAPA, American Association of Port Authorities** – October 1-4, 2017; EEI: \$1.3 million
- **TPM 2018** – March 4-6, 2018; EEI: \$1.5 million
- **IANA 2018** – September 16-18, 2018; EEI: \$1.9 million
- **IANA 2019** – September 15-18, 2019; EEI: \$1.9 million. ■

struction now in terms of what’s been built,” Kenagy noted. A mobile scaffolding system is being used to construct the west approach of the bridge without traditional wooden scaffolding. The equipment inches along above ground, supported by the new bridge’s columns, to build the deck.

“The contractor has successfully built the first three segments of the west side approach using the mobile scaffolding system. . . . They’re now working on the fourth segment,” Kenagy said. A second mobile scaffolding system to build the east approach of the bridge is set to arrive in the next month or so, he noted.

The westbound lanes are set to open before the eastbound lanes, so for a while traffic will flow on both the new bridge and the old one. “We’re now projecting that we’ll have traffic both directions on the bridge by the end of 2018,” Kenagy said.

The second phase of the Middle Harbor Redevelopment Project is also underway at the Port of Long Beach. The project involves combining two aging terminals and equipping them with electric, automated equipment built to handle the largest ships in the world.

The first phase was completed in April, and the tenant, Long Beach Container Terminal (LBCT) – a division of Orient Overseas Carrier Line – is now in business. The facility features taller, automated electric cranes, automated guided vehicles for cargo movement on the docks, and deeper water at berth.

Phase Two of the Middle Harbor project involves expanding the terminal’s wharf, container yard and intermodal rail yard, Kenagy said. The container yard expansion is currently under construction, he noted. A new administration building for LBCT, which will be built to meet LEED (Leadership in Energy and Environmental Design) standards, as well as a new southern gate entrance, are also planned.

“We do have some schedule issues,” Kenagy said. “We’re working through those with LBCT and working on completing the project as close to the original schedule as possible.”

There were some “lessons learned” in the development of the first phase of Middle Harbor that might shift plans for the second phase, according to Kenagy. For example, a second battery exchange building – a facility where the batteries for the automated guided vehicles are recharged and replaced – might be built. Although the first building is completed and was meant to serve the whole facility, another might be necessary, he explained.

The Middle Harbor Redevelopment Project should be finished by the end of 2019, Kenagy said. Until then, it’s responsible for generating 1,000 construction-related jobs. When both phases of the project are live, 14,000 more jobs are expected to be created by the additional trade the facility will accommodate, according to a port spokesperson. The Gerald Desmond Bridge Replacement Project is generating about 3,000 construction-related jobs.

Aside from these two massive endeavors, the port has 200 capital projects underway, ranging in scope from a small utility upgrade to new fireboats, the expansion of a rail yard at Pier B and the new port headquarters in Downtown Long Beach.

Port Of Los Angeles Projects

The Port of Los Angeles (POLA) also has two major capital improvement projects underway, both of which aim to upgrade and modernize port terminals to accommodate larger ships.

The expansion project at the TraPac terminal is the larger of these projects, with the port’s share of investment totaling \$510 million, according to Tony Gioiello, chief harbor engineer for POLA. About 80% of the project has been completed, including the installation of electric, automated equipment similar to that implemented in the first phase of Long Beach’s Middle Harbor project, he noted.

“It’s fully automated, pretty sophisticated stuff,” Gioiello said. Longshore workers are still operating the cranes that move cargo from ship to shore, but the stacking cranes that move the cargo on the dock are fully automated, he explained. The terminal also has automated guided vehicles to deliver containers from stacks to trucks.

About two months ago, the terminal’s intermodal rail yard was completed, and with it, the port reached a milestone – all of its terminals now have

on-dock rail, Gioiello noted. “It was actually very critical for them to have an on-dock facility for a competitive advantage,” he said of the TraPac terminal.

The TraPac terminal project upgrades are being undertaken as part of a new 30-year lease with the terminal operator, Gioiello noted. Phillip Sanfield, a port spokesperson, said TraPac desired the improvements to stay competitive and be able to efficiently handle mega-ships.

The five-year TraPac project is on schedule for completion at the end of 2017 and is on budget, Gioiello said.

A smaller, \$67 million project to upgrade the Yusen terminal is also underway at the port. The project involves deepening the water at berth to allow for larger ships, as well as strengthening portions of the berth itself, according to Gioiello. A larger crane is also being installed, he noted. That project, which began construction about a year ago, is on schedule for completion in 2018.

The port is wrapping up a \$383 million transportation infrastructure improvement program this year. The program’s end goal is to reduce the impact of port truck traffic on public roadways. It includes the following projects: the South Wilmington Grade Separation, \$72 million; Berth 200 Rail Yard Project, \$120 million; and construction on various I-110 Freeway interchanges and connectors, \$101 million.

The port recently committed to heavily investing in projects to benefit public waterfront spaces at the port, including \$50 million for the revitalization of Ports O’-Call Village in San Pedro and \$52.7 million for the redesign of the Wilmington waterfront at Banning’s Landing. “Everything is in the design phase right now,” Gioiello said of the community projects. ■



The TraPac terminal at the Port of Los Angeles (POLA) is undergoing a modernization project. It has been outfitted with automated cranes and vehicles to move cargo around the dock. The equipment is all-electric. (Photograph provided by POLA)

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What International Flights Could Mean For Long Beach

■ By BRANDON RICHARDSON
Staff Writer

With JetBlue leading the charge and a feasibility study nearing completion, airlines, surrounding businesses and Long Beach as a whole are beginning to think about what international flights would mean for the city.

“I hope that the community sees the benefits,” Lou Anthony, the general manager for JetBlue at Long Beach Airport (LGB), said. “I know that an international city like Long Beach, with a very vibrant port, should have a vibrant airport as well to support the international activity and growth. This a beautiful community and I think international travel is in the best interest of all.”

In January, the city council approved a \$349,845 contract for the feasibility study to Texas-based Jacobs Engineering Group Inc., which also has carried out consultations for John Wayne Airport in Santa Ana and Los Angeles International Airport. The



Julie Buettner, the general manager of Courtyard Long Beach Airport, hopes that international flights will be approved for LGB. She thinks that the decision would increase business for her hotel and many other businesses around the city, boosting Long Beach’s economy. (Photograph by the Business Journal’s Larry Duncan)

study, which will determine the impacts of international flight capabilities in tandem with a U.S. Customs and Border Protection Federal Inspection Station, is scheduled for completion and to be presented to the city council by the end of July.

Anthony has some ideas about destinations that JetBlue may consider, though he said it is all speculation on his part as the company is not likely to look into the matter until the feasibility study is complete. “I would guess that, probably, Mexico would come into play immediately. Potentially Costa Rica and some of the Central American countries,” he said.

In Los Angeles County, there are 4.9 million people of Hispanic origin according to

the 2010 U.S. Census. The census estimated the population of Long Beach to be 474,140 people in July 2015. Of that, Long Beach residents are 40.8% (193,449) Hispanic, which means nearly 4% of the L.A. County Hispanic population resides in Long Beach alone.

Therefore, flights heading south of the border would be a great convenience for a large portion of Long Beach residents, as they would not have to travel to John Wayne Airport or LAX to fly.

“We talk a lot about maintaining the quality of life in the Greater Long Beach area, and I think our noise ordinance does that,” Curt Castagna, president and CEO of the Long Beach-based Aeroplex/Aerolease Group, said. “But having customs at Long Beach would also create an efficiency of operations where aircraft don’t have to stop in other destinations – Tucson, Duluth, Alaska, Hawaii, anywhere else that might be coming to the L.A. or Long Beach area – first. By allowing customs services here, we also maintain the quality of life issues in those neighborhoods, too.

“Instead of airplanes having to stop and create more noise pollution and issues there, they can overfly and keep going because the airplane has the range to do so. And do we have a responsibility to do that? I think so.”

Earlier this year, nine daily slots were added to the initial 41 commercial flights allowed by the LGB noise ordinance – Southwest Airlines being the newest addition with four daily flights to Oakland, which began June 5. Commuter flights remain limited to 25 flights per day.

With additional flights, major airlines and surrounding businesses hope the feasibility study will shed light on what they say they already know: international flights would not infringe upon the current LGB regulations as they pertain to noise pollution, number of daily flights and the curfew, and that more flights mean more jobs and more people spending money in Long Beach.

“We’re authorized for 35 flights regardless of where they fly,” Anthony said. “A flight to Portland takes up the same landing slot as a flight to Cabo San Lucas would. Right now, we’re flying between 24-26 flights a day, so if we’re able to operate international flights, the additional flight activity would be filled within those slots.”

Aside from the number of flights and where they originate or end up, using more daily flight slots would have economic ben-

efits, not just for the airport but the city as a whole.

“[We would] be able to attract corporate aircraft operators – Fortune 500, Fortune 10 operators – who might then look at Long Beach as an attractive venue in order to base their operations inside the Greater Long Beach area,” Castagna said.

John Tary, the general manager for Air-Flite, said, “Being a Toyota-operated entity, our flights that come from overseas into the L.A. area usually choose to land at LAX and stay there, instead of putting the additional time on the aircraft and [using] additional fuel. So for AirFlite, Toyota wants to come in here and do business in Long Beach. But since international [flights] cannot come into this airport, it makes it more difficult to visit this city.”

With so much available land in Douglas Park, there is plenty of space for international businesses to set up operations in Long Beach. The city has already seen success from the Mercedes-Benz occupation of the former Boeing Company 717 plant.

“With the economic . . . growth in the Long Beach area, adding this capability would just increase the ability to do business, which would then increase the need for a larger workforce,” Tary said. “I can’t imagine – especially the tourism industry in general would benefit so much from the airline portion of this. Again, bringing people into our city would translate to direct revenue for the city.”

Julie Buettner, the general manager for Courtyard Long Beach Airport at Douglas Park, agrees, saying that Long Beach is ideal for international tourism because it is centrally located to tourist attractions such as Disneyland and Universal Studios Hollywood. Because of this, travelers would find staying in Long Beach and driving to these popular destinations convenient, which would translate to more money being spent in Long Beach.

“Usually, when you bring in international people to any city, they’re going to spend money somewhere,” Buettner said. “They’re going to go to the stores, they’re going to go to the malls, they’re going to go downtown, and they’re going to go to the restaurants. So I do not see where this would be a negative on the economy in any way.”

For her hotel specifically, international flights potentially means more occupancies. “The busier we are, the more people we can employ,” she said. “Hypothetically, I hope this happens.”

When asked what international flights could mean for tourism in Long Beach, Steve Goodling, president and CEO of the Long Beach Area Convention and Visitors Bureau, said, “On issues like this, I have been asked not to speak because this is a political issue that needs to be worked out through the council.”

Both SkyWest Airlines, which operates flights in and out of Long Beach on behalf of Delta Air Lines, and Southwest declined to comment on international flights based solely on speculation. An American Airlines representative was unavailable for comment.

Castagna of Aeroplex/Aerolease Group echoed the sentiment that there would be no disadvantages to the airport allowing international flights, “unless you think not driving to LAX and going out of that airport is a disadvantage.” ■



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Utilities And Growth: Uncertain Past Means Preparation For Future

■ By **MICHAEL GOUGIS**
Contributing Writer

For years, decades in some cases, utilities have been urging Southern Californians to conserve. We forgo requesting a glass of water when we sit down at a restaurant. We turn our air conditioning thermostats a degree higher than we'd like. We purchase high-efficiency water heaters. The payoff is that the utilities that serve the Greater Long Beach area all say that thinking about future growth – in terms of the number of people or the number of homes – doesn't cost them many restless nights. Reduced demand, plentiful supplies and ample infrastructures mean that water, gas and electricity should be available to meet the needs of the region for years to come. Long Beach's population is expected to grow from about 462,200 in 2008 to 491,000 in 2020 and 534,100 in 2035, according to a 2012 study by the Southern California Association of Governments.

The number of households is anticipated to grow from 163,500 in 2008 to 188,900 in 2035, according to the same report. Robert Dowell, director of the Long Beach Gas and Oil Department, says that increasingly efficient new construction and efficient new appliances have reduced the amount of natural gas consumed by Long Beach residents and its businesses. Because there are no vast tracts of undeveloped land in the city, growth is anticipated to be relatively slow, and the existing system is more than capable of meeting the projected increases in population, he says. "The advances in building codes and energy standards have really, over the past several years, led to a reduction in the amount of gas going through the system," Dowell told the Business Journal. "The system was designed to anticipate future growth and usage. And coupled with the decline in consumption, there's plenty of pipeline capacity available for any growth that's anticipated now and for many, many years into the future. Supply would never be an issue. We've seen a steady decline at least over the last 10 years, as have all gas utilities. We have plenty of gas for any growth, whether on the commercial side or the residential side." Similarly, water conservation has reduced the demand in Long Beach for water, ensuring that the existing system has more than enough capacity to meet future population growth, says Chris Garner, general manager of the Long Beach Water Department. In addition, agriculture and heavy industry are not large segments of the city's profile, so the large amounts of water needed to support those industries are not "Today, Long Beach as a whole is using less than – or equal to – the amount of water it was using back in the 1960s, despite the large increase in the population." Chris Garner, General Manager Long Beach Water Department needed in the city. Residential use largely defines the city's water needs. "One of the good things that the Long Beach Water Department has done an excellent job of for quite a long time, well ahead of the curve in terms of California, is water conservation," Garner says. "Today, Long Beach as a whole is using less than – or equal to – the amount of water it was using back in the 1960s, despite the large increase in the population. "It's the result of conservation and more efficient use of water. I think people are much more cognizant of the need to use it wisely, use it efficiently and not waste it. We don't have the agricultural uses – it's residential that is the larger consumer of water." And expanding the use of reclaimed and recycled water increasingly frees up potable water for residential needs, he says. "What you're seeing is a greater use of recycled or reclaimed water. That helps expand the supply. Every drop of reclaimed or recycled water we use is a drop of potable water that would otherwise be used. We're trying to maximize that." And as new construction takes place, the

newer units are more water-wise than the ones they are replacing, Garner adds. "We're putting in more and more units, but they're more and more efficient," he says. Electricity is perhaps the utility where future change is likely to be most dramatic. Southern California Edison is looking forward to that change by modernizing and increasing its emphasis on renewable and clean sources of power. In addition, there are now choices for locating the generation of electricity – take a look at the roofs in your neighborhood. And that can help the utility meet future demands for electricity, says Erik Takayesu, director of electric system planning and grid modernization team lead for Edison. "There always will be some level of growth on our system, population growth and customers moving in. We also see Edison providing more electric transportation options. We see that as a sustainable trend. When we think about reducing carbon emissions, it's not just the generation of electricity that matters but also other sectors like transportation," Takayesu told the Business Journal. "Eventually we will do two things. One is we will need to invest in the system to modernize it. The second thing we want to do is to offset the needs to build more infrastructure. In the traditional energy system, we have these very far away power plants and long transmission lines to bring that power to our customers. What we're seeing now is where more generation is happening locally. That creates an interesting dynamic." ■

Prices, Production, Refining And Regulation: A Challenging Outlook For Oil

■ By **MICHAEL GOUGIS**
Contributing Writer

Continuing low prices for crude oil, large reserves real and potential, and a tight regulatory environment in California make the outlook for the petroleum industry challenging in the short term, experts and industry members say. "The commodity price environment remains the greatest challenge facing the industry both here in California and nationally," William Blair, director of security and external relations for California Resources Corporation (CRC), Southern Operations, told the Business Journal. The spot price for West Texas Intermediate (WTI) crude, used as a benchmark for monitoring oil prices, is expected to remain below an average of \$43 per barrel in 2016. In 2017, it is expected to recover to only slightly more than an average of \$51 per barrel, according to the U.S. Energy Information Administration. In comparison, WTI averaged more than \$93 per barrel in 2014.

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(Continued From Page 16)

The low prices are good for consumers, but in a city and state where a significant part of the economy relies on the production, refining and sale of oil, low prices are a mixed blessing, Robert Dowell, director of the Long Beach Gas and Oil Department, says.

“Price recovery would spur some activity on the drilling side. Oil fields decline as they produce. And new drilling offsets some of that decline. If we could get some price recovery, that would be the thing we’re all keeping our fingers crossed for and are hoping to see,” Dowell told the Business Journal.

“On a tax base, there are more dollars assigned to the value of the crude in the ground, so there are higher taxes paid to the county. There’s more spending. There’s more activity. It’s really beneficial to everyone, not just the city on the sale of the oil, but there are several other entities that get hit on a reduction in commodity.”

Price recovery, however, is anticipated by experts to be a long process.

Production in the U.S. is declining, with crude oil production falling from 9.43 million barrels per day in 2015 to 8.19 million barrels per day in 2017. And demand has been higher than anticipated in the first half of 2016.

But inventory remains high, with U.S. crude oil stockpiles at 519.8 million barrels in June. (During the past five years, June stocks have ranged between 355.8 million barrels and 470 million barrels.) And oil is a global commodity. Wildfires in Canada temporarily halted substantial production earlier this year, while political instability in places like Nigeria and Libya have “shut-in” produc-



Robert Dowell is director of the Long Beach Gas & Oil Department, which services about 500,000 people and businesses in Long Beach and Signal Hill. (Photograph by the Business Journal’s Larry Duncan)

tion there, according to the International Energy Agency’s (IEA) latest oil market report.

The potential for a downturn in increased demand, as well as the possibility of suddenly increased production joining the higher-than-normal stockpiles of crude, means that experts are predicting slow growth in prices, and they aren’t even confident about that.

“There are large volumes of shut-in production, mainly in Nigeria and Libya, that could return to the market, and the strong start for oil demand growth seen this year might not be maintained,” the IEA report

stated. “In any event, following three consecutive years of stock build at an average rate close to one million barrels per day, there is an enormous inventory overhang to clear. This is likely to dampen prospects of a significant increase in oil prices.”

CRC says the outlook for its company is brighter than the outlook for the industry as a whole.

“CRC has a high level of operational control, meaning that we effectively operate all of our assets, which allowed us to quickly reduce capital investments this year when prices declined and favorably posi-

tions us to grow in a strengthening commodity market,” Blair said. “CRC is committed to living within our means, and we fund our capital budget internally with operating cash flow.

“By focusing on our core operations, we have sustained significant oil and natural gas production at lower operating costs without the need to drill new wells this year,” Blair continued. “We have also devoted our capital investments this year to our core facilities so that we are prepared for increased activity when commodity prices rebound.”

But not all are as confident. Catherine Reheis-Boyd, president of the Western States Petroleum Association, says the regulatory environment has created challenges for new production in California – despite reasonable, if pragmatic, policies from Gov. Jerry Brown.

“The governor has been rational about the need for California to produce crude oil. His approach has been practical – we’d be better off producing it here rather than shipping it in by rail or by tanker,” Reheis-Boyd says. “But there have been so many regulations placed on new production that it has been, in effect, a moratorium.”

Add it to discussion and debate about the future of the state’s climate change control policies, regulations on hydraulic fracturing and other elements of well stimulation techniques, and she calls the outlook challenging at best.

“It’s not a pretty picture for refiners in this state. It is not, in my opinion or the industry’s opinion, trying to strike a reasonable path forward. The math just doesn’t add up,” she says. “There needs to be some realism brought into the conversation.” ■

A wide-angle photograph of the Long Beach Convention Center at dusk. The building's colorful, angular architecture is illuminated and reflected in the water of the harbor. Palm trees line the waterfront, and many sailboats are docked in the marina in the background. The sky is a mix of orange, pink, and blue.

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The logo for the City of Long Beach Gas & Oil Department, featuring a stylized blue flame above the text "Gas & Oil" in a large, bold font, with "DEPARTMENT" in a smaller font below it.

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Photograph by Hartono Tai of Long Beach

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A photograph of a large, modern event space, likely a ballroom or banquet hall. The room is filled with numerous round tables, each covered with a white tablecloth and surrounded by purple chairs. The tables are set with glassware, plates, and centerpieces. In the background, there is a tall, illuminated orange pillar and a stage area with a white canopy and string lights. The overall atmosphere is vibrant and festive.

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This Long Beach Business Journal photograph from March 2016 shows completed projects at Douglas Park, north of the Long Beach Airport. Among the current projects are Pacific Pointe East (not pictured, located south of Lakewood Boulevard and south of Mercedes-Benz USA facilities), a 465,000-square-foot, three-building project that is in its grading phase and is currently for lease by Sares-Regis Group. Grading has begun on a Hampton Inn/Homewood Suites project (A on the map and also pictured below). A 270,000-square foot retail project by Burnham USA Equities Inc. is planned at the corner of Lakewood Boulevard and Carson Street (B on the map). Sares-Regis Group is also planning a Pacific Pointe North development in the near future (C on map).

Four Unanimous Votes Approve More Property Sales

■ By **BRANDON RICHARDSON**
Staff Writer

Developers continue to buy up property around the city for new residential, commercial and mixed-use spaces, while previous projects move forward.

In four unanimous votes, the city council approved the sale of four former Long Beach Redevelopment Agency properties for more than \$11.5 million at its meeting on June 21.

The first approval was for a property located at Broadway and Long Beach Boulevard. Raintree-Evergreen LLC, a Delaware limited liability company, was approved to buy the land for \$7.3 million. The company plans to turn the temporary parking lot into a 44,849-square-foot modern luxury apartment complex and retail space in Long Beach’s 2nd District.

The project is filed for a California Environmental Quality Act (CEQA) Class 12

exemption, which means the city does not need to identify any potential environmental impacts the proposed project would have.

Warren Blesofsky, a 2nd District resident and president of Citizens Against Downtown Long Beach Giveaways, said the city is using exemptions for projects around the city that should not be eligible. “When you post the CEQA exemption tomorrow, we can head down to the recorders office, take a picture of it and we’ll be filing another lawsuit against this development.”

Blesofsky made similar comments at the May 17 meeting regarding the recent approval of the sale of property at 100 E. Ocean Blvd. to American Life Inc. for a 25-story hotel and business center.

Vice Mayor Suja Lowenthal said implying the council is taking part in any wrongdoing through its sales of property is disrespectful to anyone who spent time updating the downtown plan over the last seven years.

She went on to explain how the approach of these sales means that the properties will not simply go to the highest bidder but rather to a company with a plan that fits the best interest of the community. “So I’m not only thankful for the process, but I’m actually very proud of it,” she said.

The next sale to be approved was for

property at Anaheim Street and Walnut Avenue to BRIDGE Housing Corporation and The Children’s Clinic “Serving Children and Their Families,” both California-based, for \$2.5 million.

The property in the 6th District would create 408 temporary jobs and 42 permanent jobs, according to the district’s councilmember, Dee Andrews.

“[The district’s greatest] need would be housing for our aging community and affordable health care clinics for our children and our families,” Andrews said. “I do appreciate the fact that the developers understood the importance of our Cambodian community in the areas by providing space for two active non-profit organizations in serving the Cambodian community, as well as housing and a small-business development center. It’s nice to see services in our neighborhoods outweigh the mighty dollar.”

The third development site, located at Anaheim Street and Lime Avenue, was approved for purchase by CJDT Development Group LLC, a California limited liability company, for \$500,000.

Also in the 6th District, Andrews said the project would create 10 temporary jobs and 24 permanent jobs, positions which he

hopes will be filled by residents of the district. The ground floor of the building will house two restaurants, including a contemporary Asian noodle eatery.

During the public comments section for this project, Charles Lewis, the project manager, said, “We want to take one minute to thank you for the opportunity to participate in what we think is the fastest-growing and best city in the state. We are excited to see what we can do with the location.”

The last property voted on is located at 4800 Long Beach Blvd. In the 8th District, City Ventures LLC, a Delaware limited liability company, was approved to buy the land for \$1.25 million with plans to build a condominium complex.

A major project approved for sale by the council at its June 14 meeting was a 52,500-square-foot lot on the northeast corner of 3rd Street and Pacific Avenue to Ensemble Investments. The company paid \$6 million for the land and plans on building an 18-story tower, which will include 229 apartments, as well as a seven-story apartment building with 96 units. The proposal by Ensemble also includes 25,000 square feet for retail space.

Approved sales by the city council in May included property at The Promenade



The site for the Hampton Inn and Homewood Suites dual hotel by Costa Mesa developer Nexus is currently in its grading phase. The Hampton Inn portion of the hotel will consist of 143 rooms, while Homewood Suites will have 98. The facility will also include a lounge area, a gym, an outdoor pool and a recreation area. (Photograph by the Business Journal’s Larry Duncan)

(Continued From Page 23)

1,455 square feet of retail space. The project is currently in plan check with the city.

• **495 Promenade North** – The Residences at City Place project includes a four-story mixed-use building with 20 residential units and 5,220 square feet of commercial space on the ground floor. The project is currently in plan check with the city.

• **635 Pine Ave.** – The project includes 156 residential units in a 22-story building. The conceptual site plans are in the review process.

• **810 Pine Ave.** – The project includes 64 residential units in an 11-story building. The conceptual site plans are in the review process.

• **Anchor Place** – The five-story complex will include 75 units reserved for homeless veterans and 45 units set aside for extremely low-income residents located within the Century Villages at Cabrillo campus in West Long Beach. The ceremonial groundbreaking was in April.

• **City Place Shopping Center** – Local design firm Studio One Eleven plans to redevelop the City Place Shopping Center in Downtown Long Beach and move into a former Nordstrom Rack building that is also slated for redevelopment. The project is currently under construction.

• **Golden Shore Master Plan** – The development agreement for residential condominiums and office, retail, hotel and

parking space on a 5.87-acre site at Ocean Boulevard and Golden Shore. The city is awaiting site plan review applications for individual development sites.

• **Ocean Center Building** – An adaptive reuse project proposed by the property owner, Santa Monica-based Levy and Associates, will convert office space at the historic Ocean Center Building at 110 W. Ocean Blvd. into approximately 74 residential units with retail and restaurant space on the ground floor. The project is currently in plan check with the city.

• **Olympix Fitness Center** – This adaptive reuse project by property owner Kurt Schneider of Maverick Investments will turn the former Yankee Doodles bar and ad-

joining salon at 4100 E. Ocean Blvd. in Belmont Shore into a fitness center. The project is currently under construction and estimated for completion in October.

• **Pacific Lofts** – The project, located at 140 W. 7th St., includes 36 residential units in a five-story building. The project site plans are in the review process.

• **Parc Broadway** – The project, located at 245 W. Broadway, the site of a former office building, includes 222 residential units with 8,500 square feet of retail space on the ground floor, including an art gallery, cafe and “bike kitchen.” The project is currently in plan check with the city.

• **Pine Square/Pacific Court** – The project involves converting the former

Status Of Former Long Beach Redevelopment Agency Properties

Property Type	Address	Lot Size (Sq. Feet)	Status	Buyer	Cost	Proposed Use
Mixed-Use	101 E. Willow St.	221,285	Property to be marketed in 2016			
Mixed-Use	233 Willow St.	70,131	Property to be marketed in 2016			
Mixed-Use	251 Willow St.	18,920	Property to be marketed in 2016			
Mixed-Use	271 Willow St.	23,671	Property to be marketed in 2016			
Mixed-Use	281 Willow St.	24,488	Property to be marketed in 2016			
Mixed-Use	141 Willow St.	182,516	Property to be marketed in 2016			
Parking Lot	1130 Locust Ave	7,400	Escrow Canceled. May relist			
Parking Lot	1124 Locust Ave	7,400	Escrow Canceled. May relist			
Parking Lot	1112 Locust Ave	7,400	Escrow Canceled. May relist			
Lot/Land	540 E. Willow St.	12,170	In escrow. COE (close of escrow) 9/14/16	Davila Properties	\$1.1M	Residential
Lot/Land	558 E. Willow St.	9,410	In escrow. COE 9/14/16	Davila Properties	Included above	Residential
Lot/Land	1827 Pacific Ave. @ Pacific Coast Hwy.	16,000	Offer pending		In negotiations	
Lot/Land	325 Daisy Ave.	3,750	COE 3/3/16	Urban Pacific Multi-Housing, LLC	\$90,000	Residential
Lot/Land	605 W. 4th St.	1,308	COE 11/24/15	Loren Sextro	\$30,000	Residential
Parking Lot	825 E. 7th St.	8,750	COE 8/1/16	East Village Investments, LLC	\$630,000	Mixed Use
Parking Lot	339 Pacific Ave.	7,500	COE 9/29/15	Urban Hotel Group	\$112,000	Parking
Lot/Land	4th St. & Elm Ave	3,875	COE 12/4/15	Ravinder Singh	\$233,000	Mixed Use
Public Building	1934 Atlantic Ave.	6,000	COE 10/21/15	Mkott Pich, LLC	Included below	Mixed Use
Public Building	1900 Atlantic Ave.	24,000	COE 10/21/15	Mkott Pich, LLC	\$1.8M	Commercial
Parking Lot	140 W. 7th Street	7,500	COE 9/15/16	Urban Pacific Multi-Housing, LLC	\$1.2M	Residential
Parking Lot	650-56 Pacific Avenue	3,750	COE 9/15/16	Urban Pacific Multi-Housing, LLC	Included above	Residential
Commercial	213 E. Broadway	4,100	In escrow. COE 6/30/26	Temple Creative Realty	\$268,000	Commercial
Parking Lot	107,111 & 155 N. Long Beach Blvd.	1,800	COE 4/11/16	Yogesh/Minal Patel	Included below	Hotel
Parking Lot	243 E. 1st St. & 101 N. Long Beach Blvd.	6,450	COE 4/11/16	Yogesh/Minal Patel	\$1.3M	Hotel
Commercial (Bldg)	5372 Long Beach Blvd.	2,730	COE 2/10/16	Robert J. Younger	\$280,000	Commercial
Commercial (Bldg)	5368 Long Beach Blvd.	2,730	COE 2/10/16	Robert J. Younger	included above	Commercial
Lot/Land	5705 Lime Ave.	4,700	Sale Pending	Lab Holding, LLC	In negotiations	Commercial
Lot/Land	5715 Lime Ave.	4,700	Sale Pending	Lab Holding, LLC	In negotiations	Commercial
Lot/Land	5709 Lime Ave.	4,700	Sale Pending	Lab Holding, LLC	In negotiations	Commercial
Lot/Land	5721 Lime Ave.	4,700	Sale Pending	Lab Holding, LLC	In negotiations	Commercial
Commercial (Bldg)	620 E. South St.	10,575	Sale Pending	Lab Holding, LLC	\$1,205,000	Commercial
Commercial (Bldg)	5365 Long Beach Blvd.	4,320	COE 1/13/15	Brett/Mary Walker	\$225,000	Commercial
Commercial (Bldg)	5371 Long Beach Blvd.	5,750	COE 1/13/15	Brett/Mary Walker	\$175,000	Commercial
Parking Lot	5301 Long Beach Blvd.	11,430	Property to be marketed in 2016			
Commercial (The LAB)	5564 Atlantic Ave.	4,400	Sale Pending	Lab Holding, LLC	\$220,000	Commercial
Lot/Land (The LAB)	N/A Atlantic Ave. (5564)	4,400	Sale Pending	Lab Holding, LLC	Included Above	Commercial
Commercial (Bldg)	5641 Atlantic Ave.	4,100	Sale Pending	Lab Holding, LLC	In negotiations	Commercial
Commercial (Bldg)	5645 Atlantic Ave.	4,100	Sale Pending	Lab Holding, LLC	\$368,800	Commercial
Commercial (Bldg)	5649 Atlantic Ave.	4,100	Sale Pending	Lab Holding, LLC	\$363,000	Commercial
Commercial (Bldg)	5661 Atlantic Ave.	4,100	Sale Pending	Lab Holding, LLC	\$397,300	Commercial
Commercial (Bldg)	5701 Atlantic Ave.	4,100	Sale Pending	Lab Holding, LLC	\$238,200	Commercial
Commercial (Bldg)	5616 Atlantic Ave.	4,100	Sale Pending	Lab Holding, LLC	\$313,200	Commercial
Commercial (Bldg)	5640 Atlantic Ave.	2,050	Sale Pending	Lab Holding, LLC	\$287,700	Commercial
Commercial (Bldg)	5644 Atlantic Ave.	2,050	Sale Pending	Lab Holding, LLC	Included above	Commercial
Lot/Land	5648 Atlantic Ave.	4,100	Sale Pending	Lab Holding, LLC	Included above	Commercial
Commercial (Bldg)	5708 Atlantic Ave.	4,100	Sale Pending	Lab Holding, LLC	\$234,800	Commercial
Lot/Land	306 E. Home St.	6,750	Re-Listed	Cherry South, LLC, MYK Properties	\$198,500	Residential
Commercial (Bldg)	635 E. South St.	4,400	Sale Pending	Lab Holding, LLC	In negotiations	Commercial
Lot/Land (Choppin)	2136 W. 16th St.	4,880	Re-Listed	Verinder Mehta	\$550,000	Business parking
Lot/Land (Choppin)	2136 W. 16th St.	1,626	Re-Listed	Verinder Mehta	Included above	Business parking
Lot/Land (Choppin)	2144 W. 16th St.	6,506	Re-Listed	Verinder Mehta	Included above	Business parking
Commercial/SFR	2021 W. Gaylord St.	9,758	In escrow. COE 6/30/16	Nicholas Loloee	\$450,000	Investment
Lot/Land	1565 Santa Fe Ave. 1	2,753	In escrow. COE 10/31/16	Atlas Marine	\$557,777	Business parking
Lot/Land	1565 Santa Fe Ave. 4	2,753	In escrow. COE 10/31/16	Atlas Marine	Included above	Business parking
Lot/Land	1545 Santa Fe Ave.	2,753	In escrow. COE 10/31/16	Atlas Marine	Included above	Business parking
Lot/Land	1551 Santa Fe Ave.	5,505	In escrow. COE 10/31/16	Atlas Marine	Included above	Business parking
Lot/Land	1478 Cota Ave.	3,252	COE 12/7/15	Infrancisca Partners, LP	\$260,000	Industrial

Source: City of Long Beach Economic and Property Development Department. Current as of late June 2016.



Construction continues on the City Place Shopping center on the corner of 3rd Street and North Waite Center. The 350,000-square-foot retail center in downtown is in its first year of a four-year, three-phase, multi-million dollar renovation. The center, which stretches along 3rd Street, 6th Street, Pine Avenue and Long Beach Boulevard, will also be renamed with the help of the public. (Photograph by the Business Journal's Larry Duncan)

AMC Pine Square movie theater at 245 Pine Ave/250 Pacific Ave. into 69 loft-style apartment units with new retail space on the ground floor. The project proposes 112,079 square feet of new residential space at Pine Avenue, 3rd Street and Broadway. Construction of this project is nearly completed and a temporary certificate of occupancy has been granted by the city, allowing tenants to move in.

• **Riverwalk** – Orange County-based developer Integral Communities proposed a residential development on 10.56 acres at 4747 Daisy Ave., formerly the site of the Will J. Reid Boy Scout Camp. The project includes 131 single-family homes in a gated community. Entitlements for this project are completed.

• **Security Pacific National Bank Building** – An adaptive reuse project at 110

Pine Ave. will convert office space at the 13-story building into 118 residential units above The Federal Bar. The project is currently in plan check with the city.

• **Shoreline Gateway** – The project by Anderson Pacific, LLC includes a 35-story condominium tower at Ocean Boulevard and Alamitos Avenue with 315 residential units. Entitlements for the project are being processed.

• **Steel Craft** – At the corner of Long Beach Boulevard and Bixby Road, the project by developer and general contractor Howard CDM is repurposing shipping containers into a multi-tenant commercial retail park. The project is currently in plan check with the city.

• **The Breakers** – The adaptive reuse project includes 138 market-rate residential units. Project site plans are in the review process. ■



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Rand Foster, owner of Fingerprints record store on 4th Street in downtown's East Village, does not foresee a future where record stores will be forced out of business by online shopping or corporate retail stores. His store stocks new and old music releases on various formats, books and even has a conjoining restaurant, Berlin Bistro. (Photograph by the Business Journal's Larry Duncan)

Will Online Shopping Kill Brick-And-Mortar Stores?

■ By BRANDON RICHARDSON
Staff Writer

As technology progresses and society needs human interaction less, opting for a text-don't-call approach, retail stores see more and more business being done online. For local brick-and-mortar stores, this can mean being forced to close their doors for good.

"When I think of shopping online, I think of cultural deforestation," Sean Moor, owner of Gatsby Books, said. "The clear-cutting of local jobs and the small businesses that give our town its character and continuity."

Moor is not far off. Around Long Beach and across the nation, vacant storefronts are not an unusual sight – with certain locations seeming to be a revolving door for business after business to fail – as more and more small businesses are forced out by the likes of Walmart, Target and heavy-hitting online retailers such as Amazon.

"Right now there is a popular trend of unimaginative people who shop online, date online, get a college degree online and count their friends by the number of likes they have when they die," Moor said. "If your life is simply a trail of analytic data to be scooped up and bought and sold by corporations, then you're not being human enough."

The 2016 eCommerce Industry Outlook report by Criteo, a digital advertising company, illustrates this growing trend by comparing the two heaviest shopping days in the United States: Black Friday and Cyber Monday. In 2013, Cyber Monday sales reached \$2.3 billion nationwide, while Black Friday sales were only \$1.2 billion. Fast forward to 2015, and, while both days saw growth, Cyber Monday saw more – reaching \$3 billion, while Black Friday only grew to \$1.7 billion.

Though ecommerce sales made up less than 8%, or \$92.8 billion, of total retail sales during 2016's first quarter, according to the U.S. Census Bureau, it is still not good news for small businesses, which typically do not have full web stores.

Rick Freeman, chief executive officer of 2nd Street Beauty, has noticed a decline in foot traffic at his three Long Beach locations and his Seal Beach store since ecommerce has been on the rise. He admits that only 50%-60% of his inventory makes it onto his web store, though some of the products do not reach the site because vendors have asked for them to be sold in-store only.

But whether his products are in-store or online, competing with online retailers that can slash prices lower than a brick-and-mortar store's cost has reduced business noticeably over the years. He said that the downside to the ever-growing tendency for shoppers to purchase goods online is most of the products are not guaranteed and customers will get "burned" when their expectations are not met.

"[Amazon] is the largest retailer in the world, not much else to say about it," Freeman said. "They cater to certain people that don't care about customer service. We are education-driven. Our people are on a continual education program. So, people who want to be serviced and want to be helped, that's our customer."

Freeman said that his stores are still "come-in-and-see-us" family businesses and that 97% of sales are conducted face-to-face. The small chain of beauty shops offer its customers tips and tutorials on products and how to use them – something that Freeman prides himself on, since online retailers do not offer such personalized service. That's not to say that he does not wish to be just as helpful to his online customers, who he said are typically out of state.

"We're working very diligently to get our education to these online customers," Freeman said. "We do now give a lot of tips and a lot of tutorials, but we need to do more and that's our big emphasis online, education to the online buyer."

For his team's knowledge to reach and educate online shoppers, 2nd Street Beauty has a blog linked on its website where they post beauty tips, video tutorials, how-to guides and product reviews.

Much like Freeman's effort to provide

hands-on service, record stores are notorious for giving their customers an ambiance that is impossible to provide online. Music is always playing and there are often like-minded people browsing the shelves to start conversations with.

"We try to inject value that you don't get in an online experience," Rand Foster, owner of Fingerprints record store, said. "I think we can fill those kinds of voids. We all, speaking for the other stores in town, try to create a place that's a reflection of the community and gives people a space that they can go and meet people and talk about Beatles versus Stones, or whatever their passions are."

Foster recalled the '90s and what it was like for record stores competing with big-box retailers such as Best Buy and Target. He mentioned that these stores would get "preferential pricing" and be able to sell new releases for less than local shops could buy them.

Regarding online shopping, Foster seems hopeful saying, "We've overcome in the past. I'm certainly putting our money on us, but I think ultimately it's going to come down to consumers. Do people value the experience they get when they come into their local store?"

The difference in mentality for companies with deep pockets seems to be drastic. These companies have the monetary means and workforce to keep up with technology and demands and take risks on new ventures.

"We've been able to look at it in terms of an opportunity. It's been a significant strategy shift that we began making back in 2007," Stephen Holmes, the Home Depot director of corporate communications, said. "Interconnecting the digital and the physical space, where our online supports our stores and our stores support online, has been a key driver in that strategy."

For Home Depot and other large, nationwide retailers, their online presence isn't just beneficial for online sales but also to stock more products than they could possibly store physically in their facilities.

"It's the expanded aisle," Holmes said. "We have about 35,000 SKUs [products] in the typical store. Online now we have more than a million SKUs."

Retailers who are strictly online have the ability to stock an outlandish number of products. Amazon, for example, currently

stocks upwards of 450 million products – a number that no brick-and-mortar store can fathom and national chains with booming web stores cannot come close to.

However, for omnichannel stores (utilizing in-person, online and mobile markets) an online presence also means easy price comparison before shoppers set foot in their stores, advertising new products which can bring new customers and getting customers into the store for pickups and purchases, which could lead to more sales.

"About 40% of our online orders are completed at the store," Holmes said. "Of that 40%, about 20% of customers buy something else while they're in that store."

Home Depot's greatest challenge with the rise of online shopping's popularity and the introduction of its Buy Online Deliver From Store program, according to Holmes, is keeping up with demand. He also explained that being able to store Buy Online Pick Up In Store purchases is a challenge due to space and trying to make the experience as convenient as possible for customers.

According to the Year Ahead 2016 report by Bloomberg Intelligence, "The growing use of technology by consumers is driving major changes in consumption, inventory management and delivery in the retail industry. Traditional brick-and-mortar retailers are being pushed by Amazon.com and ecommerce peers to invest in technology and enhance omnichannel capabilities, from content to payment, to boost sales, while margins may be pressured."

"Our average store is 105,000 square feet," Holmes said. "No one's pretending it's simple to find anything in the store, but with the Home Depot app, you can literally say to your app 'faucets' and it will show you where the faucets are – what aisle and where in the bay that particular product is."

Getting into the online shopping universe seems to be an easier transition for large, nationwide retailers. It opens up new opportunities for sales and they have the funding to try new things and not go bankrupt if these new ideas fail. But for small local shops, which add character to communities, it's becoming more and more difficult to keep up.

"It's an existential choice," Gatsby Books' Moor said. "You can sell out or buy in. Let's buy into our local communities and make the place where we live better." ■

Carnival Cruise Lines

(Continued From Page 1)

three ships doing five calls a week,” de Navarra said. Carnival would like to replace the largest of these ships with an even bigger one, which would translate to more passenger movements through Long Beach. “What is a passenger movement? You get on the ship and you come off the ship, so for the purposes of economic benefit and fees and all that, they are counted twice,” he explained. “So it’s about 1.2 million guests per year that we bring through the terminal, in and out.”

In 2009, Carnival brought a larger ship to Long Beach but was unable to negotiate taking up the remainder of the dome to expand

its terminal, de Navarra recalled. “What we decided was to build shade structures outside to act as a quasi two-way terminal,” he said. “But after several years of trying that, we realized that it just didn’t work for us. There wasn’t enough space.” So, Carnival swapped its larger ship for a smaller one.

About two years ago, Carnival approached its landlord, Garrison Investment Group, to again discuss taking up the remainder of the dome. Garrison wouldn’t act on the request, so Carnival moved on to discussions with the City of Long Beach, the owner of the property. “We went to the city and we said, look, we’d like to grow. Whatever you guys decide to do in the future, please keep in mind we’d like the other side of the dome,” he recalled.

Shortly thereafter, Garrison transferred its lease to the Los Angeles-based firm Urban Commons. “There was an understanding – this is all public information – that the city had put onto Urban Commons not a demand but a preference that Carnival be given the other side of the dome with commensurate new lease terms,” de Navarra said. “But for whatever reason, when the transfer happened there wasn’t an amendment at that time.”

After the lease was transferred to Urban Commons – which controls the entire site, including the Queen Mary – Carnival staff met with key city staffers to discuss their desires yet again. “We met with [City Manager] Pat West and [Economic and Property Development Director] Mike Conway . . .

as well as with Mark Taylor, who is the mayor’s chief of staff, in a separate meeting.”

Carnival “couldn’t be happier” with its relationship with the city, de Navarra said. “In the past, if we’ve ever requested anything, they have been more than accommodating. They understand the value of our business. So there are no issues,” he said. “The purpose of my meeting with them was to say thank you for the relationship, and also to say, look, we’re still having some issues with the new landlord and the city’s timing in terms of getting our approval to move forward with the improvements . . . to allow for this two-way terminal and thus to allow for a larger ship.”

Carnival’s desire is to expand sooner
(Please Continue To Page 28)

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Carnival Cruise Lines

(Continued From Page 27)

rather than later, de Navarra said. Considering that cruises are planned up to a year and a half in advance, the firm needs a decision made soon in order to plan where to deploy its assets in 2018.

“[Neither] the city nor the landlord would be on the hook for any type of terminal improvements inside the dome,” de Navarra said. “That would be all coming through us. So it seems like a win-win.”

While de Navarra said the city seems to understand Carnival’s desire to move quickly, he speculated that Urban Commons’ efforts to master plan the area may be holding things up. “Like with anything, these decisions and processes take four years or more to get completed, so it doesn’t necessarily correlate with our immediate desire to grow the business,” he said.

Another issue for Carnival has been that it hasn’t had a say in the Queen Mary Land Development Task Force’s visioning process for the site. de Navarra said that when the mayor was forming the task force he asked for his company to have a representative included in the group.

“For whatever reason, we never got the invitation and we never received any inquiries from the task force in terms of what is our long-term outlook for Long Beach from a cruise perspective,” de Navarra said. “I just wish that they had maybe spoken to us at some point just to get some feedback in terms of what our experience has been and what we see for the future of our business there, which is a big percentage of the land that constitutes the Queen Mary property.”

He added, “It would be interesting to see what they say to that question – why hasn’t Carnival been asked to participate in some of these meetings or been asked its opinion on things?”

Jeff Hoffman, vice chair of the task force, told the Business Journal that Carnival hasn’t presented at a meeting simply because “they didn’t ask to come and speak.” He added, “I mean, if they wanted to speak, we would have been happy to have them. But it was as simple as no one approached us from Carnival expressing an interest to come talk to us.”

Michael Bohn, chair of the task force, said Carnival’s expectation of receiving an invitation to speak before the group “sounds like a reasonable request.” He noted that city staff schedules presenters for the meetings. “Typically folks that have interest, when I have gotten [their] calls, I direct them to the city and the city will schedule those folks to either appear on the agenda or come to one of our public meetings to speak,” Bohn explained. “I can’t speak for the task force, but I can speak for myself that they are a major stakeholder and we would like to understand how they see themselves fitting in to the site.”

When asked if the task force has ever invited a party to speak at a meeting, Bohn said no, but that city staff has set up some presentations by some “key” people.

“Now, we have gotten a lot of information about Carnival Cruises and the increased capacity that they’re seeking,” Bohn said, referring to taking over the dome. “But if they have any other ideas or expansion or any plans, we would definitely be interested in hearing them.” In a follow-up e-mail to the Business Journal, he encouraged Carni-

val to reach out to him or to Hoffman if they would like to present at a meeting.

Regardless of whether Urban Commons moves on Carnival’s request in the near future, the cruise company has a long-term lease and is here to stay. “We’re not going anywhere. We like our business there,” de Navarra said. “Like I said, we’d love to grow our business there in Long Beach.”



Michael Bohn, Queen Mary Land Development Task Force chair, left, and Jeff Hoffman, task force vice chair, stand in front of the iconic Long Beach landmark. Bohn and Hoffman are “excited” for the task force presentation of its progress to the public on Saturday, July 9, at 11 a.m. at the First Congregational Church. (Photograph by the Business Journal’s Larry Duncan)

Queen Mary Task Force To Share Progress With Public

Briefing This Saturday, July 9

■ By **BRANDON RICHARDSON**
Staff Writer

Months after celebrating the 45th anniversary of the Queen Mary’s arrival, Long Beach city officials may finally have viable plans for more than 43 acres of land surrounding the iconic ship.

The Queen Mary Land Development Task Force has been brainstorming ideas for the land since January and will share its progress with the public on Saturday, July 9, at 11 a.m. at the First Congregational Church located at 241 Cedar Ave.

“All of our meetings have been public, but we’re really hoping, now that we have some ideas and some stronger, developed language, that a broader group of the community will come out and respond to those ideas,” Michael Bohn, task force chair, told the Business Journal.

After hearing the praises and concerns of the community, the task force will amend and formalize its ideas before sending them to the mayor and city council for review.

Both Bohn and task force Vice Chair Jeff Hoffman described one of the greatest challenges the project faces as the location’s connectivity to the rest of the city and even within the site itself. The area’s connection to Downtown Long Beach is very narrow and is only accessible by the Rainbow Harbor Bridge or the 710 Freeway.

While there are no statistics available, it is known from local hotel managers that many passengers drive or fly in from as far away as Utah and spend at least one night at a Long Beach hotel. Others combine the shorter cruises with a longer vacation in Southern California.

Currently, Carnival Cruise Line offers cruises year-round through Long Beach

aboard the *Carnival Imagination*, *Carnival Inspiration* and *Carnival Miracle*. The latter is the largest of these ships, weighing 88,500 tons with a 2,124-passenger capacity.

The Queen Mary Land Development Task Force is holding a public meeting to discuss the future of the Queen Mary site this Saturday, July 9, 11 a.m. to 1 p.m., at the First Congregational Church, 241 Cedar Ave. ■

Suggestions on how to ease the problem of connectivity are being included in the presentation by the task force, as well as solutions to other problems such as parking.

“Parking is obviously a huge driver, and one of the thoughts is to consolidate parking,” Bohn said. “Right now, most of that site is just surface parking and it’s not very pedestrian friendly. If you were to go to Carnival Cruises and you had a few hours to spend, it’s very hard to maneuver through the site.”

Another challenge the task force must overcome is the fact that the site sits on tidelands and all projects must fit into the restraints of State Lands Commission and California Coastal Commission regulations. However, neither Bohn nor Hoffman seemed to think this would hinder any potential projects.

Hoffman said some of the project ideas to be presented Saturday are a hotel and different types of restaurants and retailers than those located across the water in downtown. Also, to keep in line with Mayor Robert Garcia’s request that task force ideas be bold and engage the community, Hoffman described art galleries where residents and visitors could see artists at work or even take art classes, and possibly cooking classes connected to the new restaurants.

“Maybe some type of food-hall market complex that resembles the type of stores such as you would see at Pike Place Market in Seattle or the Ferry Building in San Francisco,” Hoffman said. “Something that we currently don’t have in Long Beach that we think would be a draw and where residents would like to go.”

Bohn also noted that making sure the project is not “overly privatized” is a priority, as the task force wants residents and visitors to be able to enjoy the new space without having to pay.

Most importantly, Bohn added that the plans must be “appropriate to Long Beach

and, at the same time, complement the Queen Mary. We don’t want to overrun its stature and its prominence within the city and the shoreline.”

According to Hoffman, the task force has not been presented concepts by Urban Commons, a Los Angeles-based real estate investment and development firm, which holds a new 66-year lease on the site. “We saw the ideas that Garrison, the previous lease holder, had put together, but we have not had any type of presentation by Urban Commons,” he said.

However, on Thursday, June 23, Dan Zaharoni, president of Aegis Development Services in Los Angeles, which represents Urban Commons, presented a potential concept to the board of the Long Beach Area Convention and Visitors Bureau. Steve Goodling, president and CEO of the bureau, described the presentation as “innovative” and said that the board was both impressed and excited by the concept.

“They’re excited in that it’s a new form of entertainment – more active-oriented,” Goodling said. “A lot of action sports, a lot of high-octane type of events. It will appeal to a younger market and I think it also will round out and add to what Long Beach has to offer.”

Through the years, several proposals have been brought to the City of Long Beach for attractions that would accompany the Queen Mary. From a marine park by Disney to a science fiction museum, each idea sank decade after decade. However, both the task force and the bureau are confident that, with the help of Urban Commons and public support, the land can finally be utilized to its full potential.

Regarding Urban Commons, Goodling said, “The nice news is that they have the bandwidth, both financially and talent-wise, to be able to execute these dreams, these visions.” ■

The Grand Slam Indoor Of Show Jumping: The Longines Masters Series Comes To Long Beach

■ By **MICHAEL GOUGIS**
Contributing Writer

They are the best riders, the best show jumping horses, in the world – Olympic champions and world champions. They face off in internationally-televised competitions in Paris, in Hong Kong, and for the first time, in Long Beach.

The Longines Masters Series, billed as the Grand Slam Indoor of Show Jumping, is set to take place September 29-October 2 at the Long Beach Convention Center. Long Beach landed the event after its first two editions took place in Downtown Los Angeles, and the city is set to host the next several editions of the three-day equestrian event.

The series is the creation of Christophe Ameeuw, founder and CEO of EEM, which is the creator and operator of the Longines Masters series. Ameeuw has been an equestrian enthusiast since childhood, and today he is the owner of the horse training, trading and breeding facility Ecuries d'Ecaussinnes in Belgium.

The series is the embodiment of Ameeuw's passion for the sport and his desire to revive it as a high-level worldwide sporting event – and as a platform for high-level networking and B2B opportunities.

"Show jumping, with the best in the sport," Ameeuw says. "This will be very unique, a chance to showcase this amazing

sport. It will be fashionable, very glamorous. It is a show with the best riders, the best horses. But it is not only this."

Friday will feature the speed challenge, a timed competition with 16 jumps in which riders are penalized for failing to cleanly navigate the jump. Saturday is a charity event with amateur and professional riders teaming up for performances. And the Grand Prix jumping event is slated for Sunday.

More than 250 horses and 120 riders are expected to compete and participate, says Matthieu Gheysen, Los Angeles event director for EEM. And there are ancillary events focusing on art, fine dining and entertainment that provide additional attractions during the weekend-long festivities and competitions.

"A key component of the event is that, besides the sport, there are all the different aspects – the art, the entertainment, the kids' events," Gheysen says. "It offers a very unique experience to everybody – everybody in the community and everybody coming from elsewhere for the event. It is a meeting point for everyone traveling internationally, everyone traveling nationally, but we want to make sure that the Long Beach community is part of the event. Everybody has something to enjoy."

Putting on the event is a horse-sized task of its own. To transport the real stars of the show – the horses – from Europe, EEM

leases a Boeing 777 set up as, in effect, a flying stable carrying 52 horses in comfort and safety. "They travel business class, because they are very precious," Ameeuw says.

But the publicity also is significant. The event is broadcast in 100 countries around the world and reaches an audience of approximately 500 million households in Europe, the Middle East, South America and Asia, says Anouk Blain-Mailhot, marketing and communications director for EEM. That is a massive amount of exposure to a high-end clientele for the city.

"We are talking about the best horses and the best riders in the world. It is really the top, top end of the show jumping world. You have the champions here – that is the level we are talking about," she says. "The broadcast is very important for us. Since the beginning of this concept, broadcast always has been a big priority."

And as Ameeuw points out, staging three events over three continents ensures continued publicity for Long Beach over several months, not only as the event is taking place.

Equally significant are the B2B opportunities for the local business community, Blain-Mailhot says.

"I think it is important that people in Long Beach, the different businesses, the community, know that this can be a great platform, a great experience. It's a great platform for entertaining, for networking," she says.

"It [Long Beach] is, for me, like a postcard. I think we will be a very good ambassador for Long Beach. Here in Long Beach, this is only the beginning of the story. It will get better and better."

Christophe Ameeuw, Founder & CEO, EEM
Creator and Operator of the Longines Masters Series

"You have people from all over the world coming here, a lot of decision-makers, a lot of very influential people. We invite the people of Long Beach to use the event as a networking opportunity."

Long Beach provides exactly the backdrop that EEM was looking for when it came to the Los Angeles event, Ameeuw says.

"We come to Long Beach because the venue is amazing. We come here because we receive the red carpet. We are very happy and very proud to come to Long Beach because it is very international – and it is very California!" Ameeuw says.

"We have the palm trees, we have the beach, we have the harbor – we are in California. It is, for me, like a postcard. I think we will be a very good ambassador for Long Beach. Here in Long Beach, this is only the beginning of the story. It will get better and better." ■

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Suja Lowenthal Reflects On 10 Years Leading The 2nd District

■ By **SAMANTHA MEHLINGER**
Senior Writer

A few weeks before turning over her seat in council chambers at Long Beach City Hall to the next 2nd District councilmember, Vice Mayor Suja Lowenthal stood in the center of a vast pit of dirt that was once a Los Angeles County courthouse and realized – for the first time, she said – that in her 10 years in office she has helped re-shape the downtown skyline.

In several years, that pit will be transformed into a gleaming new civic center, complete with a new city hall, port headquarters, library, retail and more. After she posed with shovel in hand for the Business Journal’s photo, she sat down in her office – full of stacks of paperwork and empty boxes waiting to be packed – and explained that when the civic center is completed, when a new hotel is built at Pine Avenue and Ocean Boulevard, when the second tower of the Shoreline Gateway project at Alamitos Avenue and Ocean Boulevard comes on line, and when many other developments are completed, all those projects will have forever changed the skyline of the City of Long Beach.

“In visible ways like that, the city is much better off than when I first arrived,” she said. “I do believe the city as a whole is better off today than when I first came into office.”

Before running and winning a special election for the Long Beach City Council 2nd District seat in 2006, Lowenthal served in another elected role on the Long Beach Unified School District Board of Education. She has also served as an alternate on the California Coastal Commission and is currently on the board of directors of the Metropolitan Water District of Southern California. She is also a boardmember of the water quality advocacy organization Heal the Bay.

Professionally, Lowenthal has held positions as the coordinator of the domestic violence unit in the Los Angeles City Attorney’s Office and at the City of Los Angeles Department of Aging. An urban planner by trade, she currently manages the planning and community engagement team within the City of Santa Monica’s Big Blue Bus department.

“I have a deep passion for the city that took root long before I decided to run for council,” Lowenthal reflected. “When we moved here in ’97, it was dicey. We bought the most expensive residential property in a multi-family structure, and I think people thought we were fools,” she recalled. Back then, people – especially those living in East Long Beach – rarely visited downtown “because you just didn’t,” she said. “But we knew when we moved down here that it was really at the precipice of something happening.”

That “something” turned out to be what Lowenthal and many others have come to refer to as the “downtown renaissance” – a more active downtown area thanks to new restaurants, bars and other businesses, and what has now become an onslaught of investment from private developers.

As Lowenthal tells it, her push to revise the Downtown Plan, the planning docu-



Vice Mayor and 2nd District Councilmember Suja Lowenthal stands before Long Beach City Hall on the site of the new civic center – a development she said will alter the city’s skyline. (Photograph by the Business Journal’s Larry Duncan)

ment for the Downtown Long Beach development area, was crucial in moving this renaissance forward.

“None of this would be possible if we didn’t spend five years revising the code for the downtown planned development area,” she said. “Our codes, if left alone, would have required that every single project that’s appropriate for a thriving downtown would have had to be done on a variance and an exception because the old codes didn’t allow for this kind of density and height.”

Without this foundational work to revise the city’s planning code, none of the high-rise residential developments planned or underway in the downtown area would have been possible, she explained. “That’s a big deal,” she said. “I feel really fortunate that, as someone who is a planner by education and profession, I had this magical opportunity for 10 years to be the councilmember of an area where planning and building are fundamental to its resurgence as an area and the resurgence of the entire city.”

Another visible change Lowenthal’s efforts have made in the district – although visitors might not notice it so much as the new developments underway – is creating more parking opportunities. “The immediate need that I heard when I was running for

office for the 2nd District 10 years ago was parking,” she said. “The parking reform plan brought forward 1,300 to 1,400 spaces without building a parking structure.”

To accomplish this, Lowenthal and her team canvassed her district, forming verbal contracts with business owners who agreed to let residents park in their lots overnight so long as the cars were gone before business hours. Parking lots on the beach were opened to residents, and perpendicular parking was implemented to create more spaces on city streets.

“The 2nd District is not better off if we take vacant parcels and just build a parking structure,” Lowenthal said. “No good downtown in any great city in the United States or around the world does that. . . . It actually is like this Midas effect of drawing more need. In that regard, I think we have definitely done a great job and have moved the city forward in thinking about what solutions exist outside of building parking.”

Urban planning elements – like the Downtown Plan and new parking – have created a visible mark on her district, but Lowenthal noted that she is also leaving behind a less visibly apparent, but still impactful, legacy in the way of policy change.

One such policy change was making the city’s shopping cart ordinance enforceable. “My staff commented today that 10 years

ago there were shopping carts all over the 2nd District because there was no incentive for the markets to pick them up,” Lowenthal said. “Now, there’s a huge fine if you don’t pick them up and you don’t collect them. You hardly see them in the 2nd District.”

The vice mayor has also been a long time champion of improving the city’s water quality. “When I joined [the city council], Heal The Bay pretty much gave us D’s and F’s across our entire coastline,” she said.

So Lowenthal took action. “I asked the mayor to transfer the city manager’s water quality task force to a mayoral task force because I think having that sort of backing of the political body of the city takes the effort to a different level,” she said. “I worked on that group and made sure the city was actually working with Heal the Bay and scientists and firms that actually do this type of work to point out where our weak points were and what we could do to improve our water quality. Ever since then, it’s always been A’s and B’s.”

Pushing for and succeeding in passing an ordinance to ban plastic bags has also helped the city’s water quality, she noted.


Policies like these have benefited the entire city, Lowenthal pointed out. “When we look at the animal care reform, that was a sweeping set of reforms,” she said as an example. These reforms included mandatory spaying and neutering of cats and dogs, requiring cat owners to license their pets, funding a city veterinarian, and expanding subsidies and vouchers to make spaying and neutering more affordable. As a result of these reforms, the number of animals euthanized by the city has decreased, she noted.

There are some things Lowenthal wasn’t able to see through in her time on the council that she’d like her colleagues to take up in the future. One major project would be creating “the next generation” of the city’s Southeast Resource Recovery Facility (SERRF), a plant where refuse is converted to electricity via combustion. The facility is nearly at its maximum output, and because a new combustion facility or expansion wouldn’t be permitted, the city needs a new solution, she explained.

“It’s something I worked on for a couple of years, initially,” Lowenthal said. “So that’s something I would love for the next councilmember or the city to pick up. It has to be done.” She added that because the city doesn’t have the funding for such a project, a public-private partnership similar to the one being used to build the civic center would likely be necessary.

Another issue the city has yet to resolve is how – and if – to allow and regulate the sale of medical marijuana. Lowenthal has spearheaded ordinances in the past, one of which was approved and then repealed. “I feel I worked on that so long – six or seven years,” she said. “Then there was a ban. Then we tried it again with this new council. And then last week, it was on the [council] agenda.”

“A couple of councilmembers brought forward an item to have a competing measure alternative to what signature gatherers believe they have enough signatures [for] to put on the ballot,” Lowenthal continued. “That was the last straw for me. I said, ‘We’ve had our chance, we failed miser-



"Cities
have the capability
of providing something for
everybody, only because, and only when,
they are created by everybody."

- Jane Jacobs

Thank you, Suzia!



A vast dirt pit is all that remains of the former Los Angeles County Courthouse in Downtown Long Beach, which was recently demolished to make way for the city’s new civic center. It’s a project for which Vice Mayor Suja Lowenthal – pictured in the distance at center – has strongly advocated. (Photograph by the Business Journal’s Larry Duncan)

Suja Lowenthal

(Continued From Page 30)

ably, and we don’t get to now go against voter intent.’ If you have 35,000 to 37,000 people who signed to have this put on the ballot, you don’t now get another bite at the apple to say, ‘Oh, but we have an alternative for you.’

“Is there a way to improve what might be going to the ballot? Absolutely . . . but the way to do it wasn’t the item that was brought forward last week. So we voted that down.” She added, “I don’t think it’s over just yet. I have two weeks left.”

Medical marijuana regulation is among one of several policies Lowenthal advocated for while in office that have drawn ire from certain constituencies. The plastic bag ban was another, as was an ordinance to regulate motorcycle noise. Oddly enough, in her view, policies to expand urban agriculture rules as well as the requirement to license cats also caused some heated debate – although Lowenthal said she’s glad the dialogue took place.

But it was the motion Lowenthal least expected that ended up coming back to haunt her later on – not that she regretted it. “You know, it’s interesting. Sometimes you do things because it’s the right thing to do, and it will come back and sink you somewhere else,” she said.

In 2011, Lowenthal brought forward an item to the city council to discourage the dental use of mercury fillings. It wasn’t an ordinance or policy – just a statement by the city council that it was their preference that mercury not be used in fillings, Lowenthal explained. In essence, the state-

ment was, “You still have a choice, but just know that your city leadership would prefer if you phased out mercury,” she said.

Fast forward two years later. Lowenthal was running for state assembly, and the groups who came out hardest against her were those she least expected – the state’s dental association and the California Medical Association. “That brought this onslaught. I mean, the negative, misog-

are legacy changes. Just like civic center. . . It is for generations ahead.”

Upon preparing to leave her position as vice mayor and councilmember for the 2nd District, Lowenthal is most proud of her community development work. “I didn’t just do large scale development. I believe if you do the corridors right, everything else fills in,” she said. Lowenthal used one-time funds to finance visioning studies,

“This will probably be the first time where I’m gladly walking down a path of uncertainty knowing that purpose can be wherever you show up. I think a lot of times we decide that purpose is here and only here. But you can just show up and find purpose. I’m looking forward to doing that.”

Suja Lowenthal, Vice Mayor-Councilmember, City of Long Beach

nistic mail pieces that came out in that campaign from a team of medical professionals. . . . I just didn’t expect that. But it was a favor done to me to kind of know the realities of how politics, financing and policy kind of collide.”

Passing the mercury filling-related resolution, the bag ban and other controversial policies was worth it, Lowenthal said. “I would not do that differently. Being vilified personally, being called names, having campaign pieces against me because somehow all my policies seem liberal, that’s fine,” she said. “Because having passed those measures, they’re not just for the next five or six years. That’s a lifetime. Those

conducted by professionals, to revamp the Broadway, 4th Street, 7th Street and 10th Street corridors. The first three of these have been completed, and the 10th Street study is about to wrap up.

“It’s for physical space improvements, treatments to the street and corners of the sidewalks, lighting. All the little pieces that make the public space much more relevant to the community that’s living there now,” Lowenthal said. For each of these studies, Lowenthal provided seed funding to kick-start initial projects. And now that Measure A, the sales tax increase to fund citywide infrastructure and public safety, has passed, the visioning

plan for Broadway is likely to be funded through that source, she noted.

Lowenthal has also played a major role in growing the city’s bicycle infrastructure, from separated bike lanes to the creation of the Bicycle Master Plan, she noted. The city has since been recognized nationally for its bikeability.

Now that she’s leaving the council, Lowenthal does have some advice for her colleagues on what they’ll need to look out for in the years ahead. “In the next few years, when we look at the price of oil, we will . . . have hit a hurdle,” she said. “This city council will have to remember its fiscal prudence history and be disciplined about it.”

So, what’s next for Suja Lowenthal? “As radical as this sounds, I am going to try one full-time job for a change,” she said. “My son starts high school this fall, and that will be exciting for him and for me. And it will be great to not be so pressed in the evenings and the weekends.”

Asked about political ambitions, she said, “I don’t have my eye on a higher office. I would love to serve in a capacity that I think taps into what expertise I may have.” While she hasn’t spoken with the mayor about serving on any commissions, she noted, “I would be honored to serve in whatever capacity he requested.”

“This will probably be the first time where I’m gladly walking down a path of uncertainty knowing that purpose can be wherever you show up,” Lowenthal said. “I think a lot of times we decide that purpose is here and only here. But you can just show up and find purpose. I’m looking forward to doing that.” ■

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Whit Latimer, CFO of Bancap Commercial Real Estate Services, left, stands with Tim Hass, the general manager of the new Ballast Point Tasting Room and Kitchen, on the upstairs outdoor patio. The business opened June 30 at Alamitos Bay Landing in Southeast Long Beach, with about 85 employees, 3 bars and 118 taps. (Photographs by the Business Journal's Larry Duncan)

New Ballast Point Location Gets A Warm Welcome

By BRANDON RICHARDSON
Staff Writer

With the popularity of craft beers booming, Long Beach welcomes the Ballast Point Tasting Room & Kitchen to Alamitos Bay Landing.

The opening of its 6th location – the first in Los Angeles County – on Thursday, June 30, comes more than seven months after its billion-dollar partnership with Constellation Brands, the producer of such beers as Corona, Pacifico and Modelo.

“It was a very fun and exciting day for us here,” Tim Hass, the general manager of the new location, said. “We really enjoyed having the public . . . come out to see our new location and to really enjoy the craft beer scene here in Long Beach.”

Hass said that the soft opening met his expectations. The brewery was bustling from open to close, with some in attendance reporting lines to get into the location and long wait times due to the number of bar-goers.

“We’ve grown a lot in the Orange County and L.A. areas and we felt like we wanted to open a location that was closer to our fans up there so they don’t have to travel all the way to San Diego to be able to try our beer and our food,” Hilary Cocalis, vice president of marketing for Ballast Point, said.

The 22,000-square-foot facility, formerly Khoury’s Restaurant, houses a full kitchen, brewery and tasting room, and it is capable of accommodating events and private dining. The location is open from 11 a.m. to 11 p.m. seven days a week.

“We saw the site and saw that it was right on the water and thought that it was perfect for us with our whole nautical theme of the



brand,” Cocalis said. “So we renovated the building – it has a two-level outdoor patio and deck with a great view of the water.”

About 85 employees tend three bars with 118 taps, according to Hass. He and Cocalis said the Long Beach location will be focusing on expanding Ballast’s sour beer line.

“We thought it would be a great opportunity to have a dedicated sour brewery where we can focus on expanding our sours. We can’t do that in full at any of our existing brewing locations because of the risk of contamination with brewing sour beers next to our regular beers.”

Cocalis said the company is not targeting a specific demographic at its new location in Long Beach. “Our target audience is anyone who appreciates drinking good beer,” Cocalis said. “Our philosophy is we make what we like to drink and hope that others will too. We’re excited to officially have a footprint in Long Beach.” ■

People In The News

Ace Robinson Dignity Health St. Mary Medical

Ace Robinson has been appointed executive director of the C.A.R.E. Program for Dignity Health St. Mary Medical Center. The program, founded in 1986, helps meet the needs of those affected by HIV. Robinson previously served as AIDS prevention director at the David Geffen

School of Medicine at UCLA and at Gay Men’s Health Crisis in New York. He holds a masters from University of Cape Town in South Africa and a bachelors from Duke University.

Karen M. Johnson
Easy Choice Health Plan

WellCare Health Plans, Inc. has named Karen M. Johnson as chief operating officer for its Easy Choice Health Plan located in Cypress. Easy Choice serves medicare-eligibles in nine California counties. Johnson is responsible for the overall plan operations, including strategic direction and development of new programs. She has more than 25 years of experience in the health care industry, and earned her juris doctorate from Michigan State College of Law and her bachelors from the University of Michigan.

Deborah Harrington
First Bank

Deborah Harrington has been named first vice president, wealth advisor for First Bank’s Wealth Management Group in Newport Beach. She has 30 years of experience in the financial services industry and most recently served with

James Capital Partners. She earned her masters from Claremont Graduate School and her bachelors from USC.

Lisa Farley
City National Bank

Lisa Farley has joined City National Bank as a senior vice president and senior private client advisor with the bank’s private client services division. Based in the South Bay, she “advises and counsels wealthy individuals and families, professional service firms and nonprofit organizations on a full range of financial solutions and expertise.” She most recently served with UBS Private Wealth Management. She earned her masters from Columbia University and her bachelors from UC Santa Barbara.

Misty May-Treanor
Long Beach City College

Olympic gold-medalist Misty May-Treanor has been named director of volleyball operations at Long Beach City College. She will oversee the college’s men’s and women’s volleyball program and serve as head coach for the indoor women’s volleyball team and the newly created women’s beach volleyball team being launched in the 2016-17 school year. May-Treanor earned a masters from Concordia University Irvine and a bachelors from CSU Long Beach. ■



College Of Engineering At CSU Long Beach Receives Donation From DENSO North America Foundation

The DENSO North America Foundation (DNAF) awarded more than \$1 million to 24 colleges and universities across North America on June 20. California State University Long Beach was among the recipients, receiving about \$50,000, which will be used to buy equipment for instructional and research laboratories at the university, according to Dr. Forouzan Golshani, dean of CSULB's College of Engineering. "DENSO has been instrumental in enabling the college to improve the instructional laboratories at our college," Golshani said. "Over the past 10 years, they have been a consistent contributor for laboratory reinstrumentation and acquisition of state-of-the-art equipment by which we can better prepare graduates for the workforce." The DNAF is part of the DENSO Corporation, an automotive parts manufacturer headquartered in Kariya, Aichi, Japan, with the DENSO Products & Services operation located in Long Beach. "The Foundation not only focuses on engineering programs, but also skilled trades and robots as these are becoming increasingly important in the automotive and technology industries," Mike Brackett, member of the DNAF Board of Directors and senior vice president at DENSO Manufacturing Tennessee, said. "Many students have an incorrect image of what manufacturing is today. It's very high tech, interesting and exciting!" Pictured at DENSO's Long Beach location are, from left: Richard Shiozaki, DENSO senior vice president; Dean Golshani; and Peter Cavallo, DENSO manager of robotics sales and planning. (Photograph by the Business Journal's Larry Duncan)

Terry Geiling Named 2016 Veteran Of The Year

Lt. Commander Terry Geiling, right, was recognized by Assemblymember Patrick O'Donnell on the floor of the State Assembly on June 29 as the "70th Assembly District's 2016 Veteran of the Year." The award was presented as part of the 9th Annual Veterans Recognition ceremony in Sacramento. Geiling, who is president and CEO of American Gold Star Manor in West Long Beach, served from 1960 to 1975 both at the Long Beach Naval Station and the Pearl Harbor Naval Base, where he was stationed aboard the USS Bluegill and USS Remora. Following his active duty service, Geiling was the commanding officer of a U.S. Naval Reserve Unit and served as a military intelligence officer with IBM. According to a statement, "Assemblymember O'Donnell presented Geiling with an Assembly Resolution for a lifetime of achievements that have cemented his reputation as a visionary business and community leader, philanthropist, family man and proud veteran." (Photograph provided by Assemblymember O'Donnell.)





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Kaiser Permanente Opens New Signal Hill Medical Offices

Kaiser Permanente celebrated the completion of its new Signal Hill Medical Offices with a ribbon-cutting and tours on June 22. The health care provider serves more than 75,000 residents in Signal Hill and Long Beach, according to Kaiser. The 20,000-square-foot facility at 845 E. Willow St. opened on June 29 and includes the following services: adult primary care, pediatric care, obstetrics-gynecology, behavioral health, nurse clinic, X-ray, pharmacy, laboratory and video appointments. A statement from Kaiser indicated that its Long Beach Medical Offices at 3900 E. Pacific Coast Hwy. are undergoing renovations and will start offering behavioral health services in August. “We’re excited to offer more care delivery options than ever before, bringing health care to our members when and where they need it,” Dr. Barbara Carnes, Kaiser’s area medical director, stated. Pictured from left are: Janice Shim, outpatient pharmacy director, Kaiser Permanente South Bay; Anthonia Chugbo, RN, department administrator, Signal Hill Medical Offices; Vy Trinh, outpatient pharmacy supervisor, Kaiser Permanente South Bay; Dr. Diana Shiba, ophthalmology, Kaiser Permanente Southern California; Ozzie Martinez, chief administrative officer, Kaiser Permanente South Bay; Dr. Timothy Stocker, assistant physician in charge, Signal Hill Medical Offices; Dr. Wadie Marcos, physician in charge, Signal Hill Medical Offices; Dr. Barbara Carnes, Area Medical Director, Kaiser Permanente South Bay; Lesley Wille, RN, senior vice president and area manager, Kaiser Permanente South Bay; Dr. Doug Killion, chief compliance officer, Southern California Permanente Medical Group; Jeff Moses, assistant medical group administrator, Kaiser Permanente South Bay; Stephanie Wally, project manager, Kaiser Permanente South Bay; and Sun Kim, outpatient pharmacy supervisor, Kaiser Permanente South Bay. (Photograph by the Long Beach Business Journal’s Larry Duncan)

Cityology Opens In Belmont Shore

Cityology is the newest addition to the line of shops on 2nd Street in Belmont Shore. The store is located at 4718 E. 2nd St. and co-owned by Donna Gurr (pictured) and Angela Jakum. The new shop is an expansion for the pair who own City Lights Streetwear, also on 2nd Street. Whereas City Lights focuses on women’s fashion and accessories, Cityology offers contemporary gifts, as well as clothing for men and women. Handmade leather journals, countless candles, hygiene products, art and yoga apparel are just some of the products that shoppers can find at Cityology. The store hours are Sunday-Wednesday from 10 a.m.-7 p.m., Thursday from 10 a.m.-8 p.m., Friday from 10 a.m.-9 p.m. and Sunday from 10 a.m.-8 p.m. For more information, call the store at 562/386-8292 or to shop online visit www.city-ology.com. (Photograph by the Long Beach Business Journal’s Larry Duncan)



Holiday Inn Long Beach Airport Hotel And Conference Center Celebrates Completed Renovations

Fifth District Councilmember Stacy Mungo, Long Beach Area Convention & Visitors Bureau President & CEO Steve Goodling and local businesspeople came out to celebrate recently completed renovations at the Holiday Inn Long Beach Airport Hotel and Conference Center with a ribbon-cutting ceremony on June 29. At the event (far left photograph), Mungo, presented Robert Smit, vice president of operations for YHB Hospitality Group and general manager of the hotel, with a certificate of recognition for the Holiday Inn’s 48-year service to the Greater Long Beach community. In a recent interview with the Business Journal, Smit said all the guest rooms, meeting spaces and public areas were renovated. Work to revamp the hotel’s top-floor restaurant will take place from September through December, he estimated. Pictured, from left, are: Tawana McCallister, community relations liaison for JetBlue Airways; Terry Rodgers, a realtor with Coldwell Banker and representative of the Signal Hill Chamber of Commerce; Tiffany Allen, front office manager for Holiday Inn Long Beach Airport; Bess Cruz, director of sales for the hotel; Randy Gordon, president and CEO of the Long Beach Area Chamber of Commerce; Mungo; Joshua Castellanos, president and CEO of the Greater Lakewood Chamber of Commerce; Smit and Goodling. The hotel is located at 2640 N. Lakewood Blvd. For more information, call 562/597-4401. (Photographs by the Business Journal’s Larry Duncan)

City Elections – Why Did Results Take So Long?

(Continued From Page 1)

anxious and upset, don’t ya think? You know they would have been on the phone asking, “Why the heck is it taking so long to count the ballots?” But they had no worries about the tax proposal because the outcome was never in doubt from the first reporting of absentee ballots.

The decision on another important vote on the same June 7 ballot, however, wasn’t so clear cut and did take 25 days to certify a winner: the runoff for the 2nd District City Council seat.

City officials from the top on down should be embarrassed at how the ballots for the city council race were handled, especially for a city which touts itself as being tech friendly and one that always wants to maintain local control.

Think about these items:

- Despite having two measures associated with the proposed Long Beach sales tax increase on the ballot, and the 2nd District runoff, the city chose to have the Los Angeles County Registrar handle all the ballots and the counting.

- We were unable to find a city council agenda item following the April 12 primary recommending the city use the county, nor a report explaining why they did so. In past elections when the county was used, options were presented showing a cost savings or some other reason.

- On Election Day, the county reported it had processed 1,438,909 ballots county-wide. By the final day of counting on July 1, the number processed grew to 2,026,068. The disparity in those figures boggles the mind.

- On June 26, the Registrar’s office located another 40,000 ballots that had to be processed, which included ballots cast by Long Beach 2nd District residents.

- On Election Day, June 7, there were 6,980 votes processed and counted for the 2nd District City Council race. By July 1, the total had grown to 11,090. The race remained close the entire time, ending with a separation of 322 votes between eventual winner Jean-nine Pearce and opponent Eric Gray. *That means that 37% of all ballots cast for the district race were not counted on Election Day.* Unheard of.

- On June 21, despite a close race and just 225 votes separating the two candidates and with more votes to count, candidate Pearce posted a picture on her Facebook page showing the “Long Beach City Council Briefing Binder” that someone at city hall gave her. The picture came down soon after the Business Journal posted a story about it. Why would that occur? Who made the decision to give her the binder?

- The Business Journal received many complaints from 2nd District residents about voting issues (see adjacent list for some of them). The issues should be reviewed and resolved prior to the next city election.

The city, from the mayor on down, needs to correct the flaws in our local election system – including keeping the vote counting local. There is zero excuse for the way this past election was handled. That’s why local control is vital. That starts with the city clerk, who is hired by the city council.

That person is Maria de la Luz Garcia, who was hired last July from a field of more than 30 candidates. We understand she even beat out the person being groomed for the position by the former city clerk, Larry Herrera-Cabrera, who was highly regarded. “This is the best staff the clerk’s office has ever had,” he told the Press-Telegram in a January 2015 interview.

In a press release announcing her appointment, Mayor Garcia said: “Maria Garcia is an outstanding choice for City Clerk, and the council and I have full confidence that she will provide strong and inclusive leadership at the Clerk’s office. Her extensive experience in

Are Citizens Oversight Committees Really Able To Do Their Job?

Guest Commentary By Elizabeth Thomas, Long Beach Resident

Long Beach voters passed measures A and LB, increasing taxes to pay for billions of dollars in infrastructure, safety and building projects for the city and Long Beach City College.

Taxpayers were promised that Citizen Oversight Committees (COC) would assure their money was being spent wisely.

But upon closer scrutiny, there are serious doubts that these supposedly independent Citizens Oversight Committees can do the job. COCs are supposed to be an independent “watchdog,” reviewing all spending and protocols to ensure funds are used as promised, and used efficiently.

Looking at what has happened at Long Beach City College (LBCC), it is doubtful that appointed members of the LBCC COC would be impartial or are even qualified to do the job. Apparently all have been hand-selected by the college administration and are likely pre-disposed to favor college management without question.

Bylaws state the committee should have: one student enrolled in the district, one active in the local business community, one active in a senior citizen’s organization, one in a “bona-fide taxpayers association,” one in a support organization for the college and two members of the community at large.

Sounds fine. Unfortunately the COC for LBCC’s Measure E (2008), for \$440 million in building projects, met only twice a year. How can anyone oversee building projects so dynamic that the original budget of \$440 million ended up with “adjustments” of over \$200 million – an over 45% increase? There would be no time to raise concerns and have them acted upon.

In fact, when looking at auditor’s reports delivered to this COC for review, the professional auditors only verified that money was being used per the language of the bond. There is nothing that addresses how well the money was managed – nor is there any kind of target budget process that makes it possible to track expenditures.

The new LB Bond, that will cost taxpayers nearly \$1.9 billion, is supposed to finish the projects that Bond E failed to do. But already the process is flawed.

election oversight, voter outreach, and the use of technology is a perfect fit for Long Beach.”

What he did not say is that she had experience in running an election. Because it appears she does not.

When Herrera-Cabrera was hired in 2002, he brought with him years of experience to the office, most of it with Santa Barbara County. He was assistant county clerk and recorder for the county and in charge of – again, in charge of – elections. He had a solid background of “clerking,” which residents would expect for one of the largest cities in the state and country.

We hope the City Clerk Garcia is the right person for the job, and she certainly deserves every opportunity to prove it. However, Long Beach should not serve as an election training ground. Experience matters. It is the responsibility of the mayor and city council who selected the city clerk to ensure the voters she, indeed, is the right person.

We call on the city council’s election committee to conduct a public debriefing of the June 7 election to review mistakes and complaints, and other items related to the election. After all, the right to vote is one of the most cherished rights people have. It should not be hindered by inexperience, poor staffing, cost, bad decisions, lack of communication or anything else.

Which right appears most often in the text of the U.S. Constitution? It’s the right to vote.

A Few Voter Comments About Their Voting Experience In The 2nd District

- Long Beach city government has long been advocating that we residents give up our cars in favor of biking and walking. Well, many Ocean Boulevard residents have done this; walking to grocery stores, shops, restaurants, hair salons, etc. is within easy walking distance. Consequently, there are many seniors that no longer drive. Then for both the April primary and the June election, those living south of Ocean Boulevard are provided a voting location at 240 N. Pine Ave. This is 10 blocks for those living in International Towers at Ocean and Alamitos, and slightly less distance for those living farther west on Ocean. Many residents were discouraged from voting by the distance to the poll. For most elections the polling place is located on Ocean and many have gotten use to this; thus they have not bothered with absentee ballots. What is amazing is that there were polls in the Villa Riviera – for others – and at the corner of Atlantic and 1st – for others. For many of us these locations are both only one block away, instead of 10.
- My neighbor informed me that he was in line at 7:15 a.m. at the Villa Riviera. There were approximately 15-20 people ahead of him in line. When he informed the poll worker of his name, she gave him one ballot. As you may know, there were two ballots due to the 2nd District race. He asked her where was the other ballot which included the city council candidates. She said, something to the effect of, “Oh, I guess there is another ballot, just a moment.” She then proceeded to give him the additional ballot. Did the other people in line receive the council candidate ballot? Additionally, when he went to cast his city council vote, there was no way for him to indicate his choice. It didn’t work like the other ballot. He mentioned this to the poll worker who said, “Oh, I guess I need to give you a pencil.” Later in the day I asked another poll worker at the Villa Riviera if this occurred and she informed me it did and the poll worker was not aware of the process.
- The young man at the table handing out ballots didn’t know why I handed him my ID. I asked him if he had been asking for it from the incoming voters, he said no, and he didn’t know what to do with it. I told him to verify who I was and where I lived. Some people working there looked homeless or mentally challenged. I swear this is true. Police were giving tickets and harassing anyone pulling over to drop a handicapped person. There were no handicap accommodations, nothing. The voting booths had no signs or the signs were in the floor. One voter next to me said she was given a ballot that did not allow her to vote for the person she wanted. She tried to complain and they told her, that’s the only ballot she can use. Actually a few echoed her same complaint. I went with a friend, and he was pretty upset on what was going on. And this was the second place we were sent to, to vote. At both places, everyone was clueless, except that one person, both rude and wouldn’t even look up to help. .. at both places?
- My voting location was the Villa Riviera. When I handed my completed ballot to the clerk, I noticed that she immediately put it in a “provisional voter” envelope rather than run it through the voting machine, and set it on her table. I questioned her, and adamantly told her I was indeed a registered voter at my correct polling place and was not casting a provisional ballot. She responded that she had to do that because the machine was not working properly (it was not releasing the voter’s stub receipt when the ballot was run through). I have worked polling places myself, and I explained to her that I was very concerned that my ballot was just sitting in the provisional envelope on a table and would not be counted. She said she called the County and was waiting on a new machine and that was all she could do. My experience left me with an uneasy feeling regarding our democratic process.

Three new LBCC COC members were appointed on June 28, 2016, and three existing committee members’ term were extended.

There was no defined process for the candidate selection – and in fact, the candidates were determined entirely by the superintendent’s office without input from the LBCC Board of Trustees (elected by voters) or anyone else.

Only one trustee (the Board of Trustees consists of five members) questioned the process: Sunny Zia, the only no vote on a rushed approval vote.

A debate at the meeting revealed that neither the trustees nor district were provided candidate biographies before the vote. (Interestingly, qualifications do not require experience in managing building projects.)

The public was not even invited to apply, and none of the applications were made available to the public. Although Zia requested the vote be postponed, it could not, because candidates had to be in place by July 1, 2016.

So this rushed, disorganized and closed process has resulted in new appointees Eric Berg (Senior Citizens Organization), Randy Gordon (Local Business Community), and Stella Ursua (Community at Large).

Since being elected, Zia has been pressing for more fiscal transparency and videotaped board sessions reveal the animosity other members of the board have for her outspoken insistence. Interestingly, Stella Ursua was Zia’s opponent in the election for the LBCC’s Second District.

More discussion regarding Measure E construction updates ensued at the June 28 meeting, and revealed even bigger flaws.

Several in the audience noted that important building industry project management best practices did not seem to be in place:

- One was the lack of budget targets, i.e., a budget for the work actually completed by a specified date. Known as Earned Value Management, it is a project management technique for measuring project performance and progress in an objective manner;
- Project risks, issues or problems, and project red flags were also not reported in the meeting, although typically they are a source of project failures; and
- Change control boards are another critical project management practice to ensure stakeholder visibility and control of project requirements and scope changes.

In summary, although the college says it is committed to fiscal responsibility and transparency it was not apparent from the Trustee Board Meeting of June 28.

Inside City Hall

Does It Pass The 4-Way Test?



By GERRIE SCHIPSKE

City government could take a page from the Rotary International and adopt the “4-way test” that was developed in the 1930s by Herbert Taylor, who was attempting to change the ethical climate of a business which was facing bankruptcy. This test has survived because it is a simple 24 words that serve as a guide for behavior of Rotary members, but it also “has been used successfully around the world in business, government and schools as an effective measuring stick for conduct.” Rotarians promote the 4-way test because they believe that it can help people evaluate the ways they do things and help discover if there are any inconsistencies. It also assists organizations in shaping policy and planning decisions. Finally, it develops and maintains high ethical standards in human relations.

Many organizations have adopted the 4-Way Test because it is so simple but complete. Often corporations utilize a lengthy “code of conduct” when, in fact, ethical behavior is not that complex. The 4-Way test is simple and can be applied to the things the city government says and does:

1. Is it the TRUTH?
2. Is it FAIR to all Concerned?
3. Will it build GOODWILL and BETTER FRIENDSHIPS?
4. Will it be BENEFICIAL to all concerned?

Why are these 4 tests important to city government?

- Truth builds trust and the ability of meaningful communication. It also provides the ability of citizens to make their own decisions because they can weigh accurate information.
- Fairness, according to ethicist Michael Josephson, “requires that the process of decision making reveals a conscious concern with reaching a fair, just and equitable result.”
- Paying attention to people, communicating openly, and appreciating each other are just some of the ways to build goodwill and better friendships which results in community support.
- Because there are so many interested parties in the outcome of government decisions, figuring out how something can be beneficial to all concerned is perhaps the most difficult to determine in government and requires an elected official to think long-term and beyond the next election.

The League of California Cities provides a much more robust list of things local government can do to promote an ethical culture:

- Understand public service ethics and laws.
- Engage the public in decision making.
- Foster community traditions of public engagement.
- Reach out beyond the usual participants – seek those who don’t usually attend meetings.
- Ensure authentic engagement, not just going through the motions.
- Support responsible and conscientious participants in the community’s information infrastructure – watchdogs keep local government honest
- Utilize staff members that the training, expertise and access to peers who help them give the right answers, make hard choices and speak truth to those in power.
- Understand the reality of public administration is that the public is entitled to virtually all information related to how the city conducts the public’s business.
- Make ethics a priority in elections and in hiring city employees and then enforce them. Walk the walk.

I urge you, every time the mayor and city council says or does something, to take a piece of paper and write down the 4-way test and ask yourself, do they pass?

Next column: Why Does Long Beach Have Both a City Attorney and City Prosecutor?

(Gerrie Schipske 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. Her blog is www.longbeachinside.blogspot.com.)



By JEFFREY WILCOX

no international borders. In the aftermath of tragedy, communities have been overwhelmed by the outpouring of support and, freely admit, were ill-prepared to manage it. The Nonprofit Quarterly reported that fundraising efforts in the aftermath of the Orlando massacre generated \$4 million from 87,000 people within a day of the attack. Five days later, more than 300 campaigns raised in excess of \$6 million.

A natural question for many would be, ‘How could 300 different campaigns spring up as a result of a single tragic event?’ The answer is simple if one understands a technique called “crowdfunding.” People and organizations can set up fundraising vehicles very quickly on over 2,000 websites like GoFundMe, Razoo or CrowdRise. Shared links, mined contact lists and a compelling

purpose can mobilize people and money at lightning speed. Crowdfunding is a recognized science in the fundraising business. Great organizations, websites, software and marketing firms have been established to help charitable causes develop legitimate viral strategies for building community engagement and support through crowdfunding techniques. But just as the crimes against the living have escalated so have the crimes against the giving. While crowdfunding – originally a sweeping capital-sourcing strategy for entrepreneurs – is catching the attention of those desiring to be charitable, it’s also catching the attention of the Internal Revenue Service, state administrations and shysters. Unfortunately, the raising of money during tragedies is among the leading causes of American distrust in charities. Allegations of misuse of charitable funds have made headlines as part of the aftermaths of hurricanes, college campus tragedies and 9/11 in New York City.

Everything happens quickly. A media drama unfolds; and thankfully, in the moment of truth, human generosity, kindred spirits and community bonding prevail despite these proven criticisms. The volume of fundraising requests and campaigns pop up from more points of origin than ever before. Individuals create campaigns, organizations mobilize giving and a floodgate is opened that can find the well-connected barraged with giving choices.

The purveyors of less than above-board fundraising cam-

Small Business Dollars & Sense

Declare Financial Independence!



By BEN ALVARADO

Independence Day is over, but I encourage small business owners, who are many times too busy thinking about business to consider their own personal finances to set aside a few minutes. It’s time to make sure you have declared financial independence. Financial independence means different things to different people. Maybe it’s having a certain amount of money in the bank, retiring early or becoming a homeowner.

Regardless of our personal definitions, a common factor that can help us on our journey to financial independence is having strong credit. Responsibly managing your credit will impact much more than just borrowing. It can also affect your day-to-day personal and business matters.

A 2015 survey revealed that 51 percent of Americans are proud of their credit score, yet at least 41 percent grade their overall understanding of their credit score a “C,” “D” or “F.” Since having a good credit score and understanding how it works is an important step in achieving your financial independence, here are five ways in which you can take control of your credit:

1. Monitor your credit reports: It is important that you review your credit reports at least once a year with all three national credit bureaus: Equifax, Experian and TransUnion. Doing so can help you ensure that the information is accurate. Reviewing your credit reports can also catch errors or fraud and correct them before they could impact your credit history.
2. Pay your bills on time: Your payment history makes up approximately 35 percent of your credit score, so making timely payments is important. One way to stay on top of your bills is to prioritize and schedule your monthly payments, and to pay at least the minimum balance every month on all your accounts.
3. Keep track of your credit balances: Always try to stay on top of how much you’ve borrowed against your credit and make sure to stay within your budget and credit limits. One way to manage your balances is to use online banking to view your monthly statements.
4. Manage your debt-to-income ratio: Lenders use your debt-to-income (DTI) ratio to assess your ability to pay back any new debt. By keeping your payments much lower than your income, it can help ensure a lower DTI ratio, which can make it easier for you to qualify for new credit.
5. Avoid maxing out credit accounts: Always make sure that you’re not exceeding or maxing out your credit line, since it can reflect negatively on your credit report. Most lenders offer different types of alerts (such as e-mail and mobile) and other services to remember upcoming payments.

Credit plays such an important role in everyday life and your financial independence which is why certain institutions and nonprofits, including Wells Fargo, offer free access to FICO® Scores and experts to help you see factors that impact your score, an interactive history chart of past and recent FICO® Scores, along with credit tips.

So as you celebrate our nation’s independence this year, think about small steps you can take to declare your own financial independence. Even small changes can easily turn into habits that can have a big impact.

(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.)

paigns prey on the sympathetic emotions and urgency that accompany tragedies. It’s also difficult to get answers to typical fundraising questions in the moment as requests go viral. Those who take advantage of the good-heartedness of people to act in the moment want there to be an awkwardness about asking such questions in the aftermath of devastation.

In the short term, give generously but give wisely. A little digging into a tragedy-related appeal would be prudent: Which platform is being used? Who is behind the campaign? Don’t simply go with the crowd.

For the long-run, however, it’s time to reconvene the organizations who hold the plan for how our community will receive, manage, distribute and acknowledge public outpouring of support during times of natural and human-generated disasters. The discussion of how a managed and thoughtful crowdsourcing approach can be immediately launched in front of so many private and questionable campaigns is just plain smart if we truly want to make sure our citizens get the donated resources from around the world that they deserve in any tragedy.

It’s a meeting that needs to happen and a plan that should never have to be enacted.

(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.)

Realty Views

The Impact Of Housing On November Elections



By TERRY ROSS

Although the nominating conventions are still weeks away, many in the real estate industry are already weighing in on how much housing may influence the presidential races this November.

The 24-hour news cycle is overheating with endless insults being hurled from both camps of the probable nominees. But occasionally some hard information about what the voters are thinking comes out and lends some kind of indication as to what the American populace wants in their next leader.

When it comes to homes and finance, it appears that the candidates' policies on these subjects may have more impact on how people vote than many realize. How the candidates address these issues in the months ahead may have a lot to do with who occupies the White House come next January.

According to a survey conducted by LoanDepot, one in five Americans could base their vote on the housing and finance policies given by the candidates – but 36% of those polled indicated that these candidates were not doing a very good job of providing and explaining their positions in these areas. Twenty-one percent of those surveyed said that the stated policies will influence how they vote.

"People across the nation told us they want to hear more from the presidential candidates about their housing and financial policies on issues like income, access to credit, interest rates and affordable housing," said LoanDepot Chairman and Chief Executive Anthony Hsieh. "The candidate who does a good job in communicating their policies moving forward has an opportunity to influence millions of potential voters."

This comes as the housing market is having one of its best years in a decade, with home sales in May at a pace not seen in almost 10 years and the median price approaching almost his-

toric highs, according to the National Association of Realtors. Sales are up 4.5% from May of last year and are at their highest annual pace since February of 2007 – pre-housing bubble – despite very limited inventory.

With the election in November and housing on the upswing, the LoanDepot survey showed that half of both Democrats and Republicans wanted interest rates to remain low going into the next year. In fact, when asked about the preferred priorities for the next president, 37% wanted to see an increase in home affordability for middle and lower income families, 34% wanted interest rates to remain low and 11% wanted to see increased credit for small businesses.

Most respondents, however, were pretty much resigned to things not changing drastically. Sixty-six percent expected their own situation to remain the same, while 24% expected things to get worse. Only 6% believed that the next president would improve conditions.

The poll did comment that voters' beliefs don't always match up with statistics. According to the Federal Reserve, the denial rate for purchase loan applications reached 18% in 2008, while it was only 13% in 2014 (the latest year for which statistics are available). Given what we know about today's loan programs and requirements compared to almost a decade ago, these numbers do not seem to bear out the current state of the industry. In the survey, 38% said that they thought it was harder today, which is pretty much the consensus in the industry. One explanation could be that there were so many more loan applications back in 2008, when it was pretty much expected that if you had a decent credit score and a job you could get a loan. Today it is much different. Most likely, you have a much smaller pool of applications because those that are marginal just don't bother to apply as they did then.

With more than four months until the election, there is still time for the candidates to elaborate on where they stand regarding these important financial issues that impact the majority of Americans. And it could be that whoever does the best job of stating their case on this topic will help themselves dramatically at the ballot box.

(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.)

Principle – Be *self-motivated* instead of *self-absorbed*.

4. Self-Differentiation. This is the balance between the force for "togetherness" and the force for "separateness." Knowing where you end and others begin is the key to healthy living. These forces are powerful. They can cause people to get enmeshed with others and fall into group think, or what some refer to as the herd instinct. On the other extreme it can cause people to disconnect from others and lose important feedback loops – the keys to learning. When we self-differentiate we take responsibility for who and where we are. Response-Ability means we have the ability to respond. This powerful skill gives us increased choices and freedoms. It strengthens our immune system to the opinions and actions of others. To not do this is to become the victim of needless suffering.

Principle – Practice *self-differentiation* instead of *self-pity*.

5. Self-Love. This might sound narcissistic, but nothing could be further from the truth. You cannot give what you don't have. If we are to "love our neighbor as our self", then I will submit that your love for others cannot and will not exceed your love for yourself. To "love" others without loving yourself is often an act of desperation to seek someone's approval. As a result it says more about the "senders" needs than the needs of the "receiver." Sometimes wanting the best for others can involve pain. And wanting the best for yourself includes telling yourself the truth. And who, at times, hasn't found that to include some pain? There's a reason why the airline's safety instructions tell you to put the oxygen mask on yourself before helping others. You'll be no good to them without it. You can't give what you don't have.

Principle – Be *self-loving* instead of *self-serving*.

These five self's will help you discover and express what you want. They lead to clear communication and help avoid drama, regret, sadness and misunderstanding. How have these worked for you?

(Mick Ukleja is an author, speaker and generational strategist. He keynotes across the country on leadership, generational diversity and personal productivity. He is co-author of the best seller, "Managing The Millennials, 2nd Edition." Check his weekly blog at www.LeadershipTraQ.com.)



By MICK UKLEJA

Nurturing these five "self's" will fuel your quest for personal mastery.

1. Self-Awareness. Knowing your strengths and weaknesses is not as easy as it sounds. To understand our personal surpluses and deficits is not an option on our journey to personal greatness. If we want to drive our performance, then we must be able to manage our emotions in ways that energize and direct that drive. Self-

awareness means we are growing in our ability to read our emotions accurately. This gives us the ability to self-regulate and self-manage destructive moods and attitudes.

Principle – Be *self-aware* instead of *self-conscious*.

2. Self-Affirmation. We know it's not healthy to speak against or gossip about others. It becomes even more destructive when we use words to speak against ourselves. Self-affirmation is a matter of choosing what we focus on. If others talked to us the way we sometimes talk to ourselves, we would avoid them. Use the power of the word toward yourself in the direction of truth and love. Instead of letting other people and circumstances decide what you will focus on, make it your choice. The world can be a negative place. You must counteract toxic noise.

Principle – Be *self-affirming* instead of *self-degrading*.

3. Self-Motivation. If you are waiting to be motivated by someone else, personal mastery will elude you. Always giving your best is an inside job. Some days are better than others, but each day you give your best. Anything less leads to a "thin" life and ultimately, regret. Motivation is the underlying reason why a person does or does not do something. It's about knowing how you are hardwired and drawing on your natural sense of intrigue.

Effective Leadership

Grow Your Five 'Self's': The Key To Personal Greatness

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