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Long Beach Community Foundation Announces New Board Leadership

■ By **SAMANTHA MEHLINGER**
Assistant Editor

Jane Netherton, who has been involved with the Long Beach Community Foundation (LBCF) since it was founded, is stepping down from her role as board chair this year and handing over the reigns to Gary DeLong, a former city

councilmember and owner of a telecommunications management firm in Long Beach.

"It has been an amazing 16 years that I have been on the board and have been involved. I will miss the involvement, I really will," Netherton told the Business Journal in an interview with DeLong and LBCF CEO Marcelle Epley. "When you are

(Please Continue To Page 11)



Pictured is the leadership of the Long Beach Community Foundation (LBCF), which is celebrating its 20th year in 2017. From left are: Tony Gales, CPA, Rossi LLP; Robert Stemler (2017 LBCF Board Vice Chair), attorney, Keesal Young & Logan; Annette Kashiwabara (2017 LBCF Board Secretary), executive director, Assistance League of Long Beach; Michele Dobson, attorney, Offices of Michele A. Dobson; Frank Newell, retired attorney, Newell, Curtis, Nelson & Burnight; Mark Guillen, director of civic engagement, Molina Healthcare, Inc.; Jane Netherton (2014-2016 LBCF Board Chair), chair emeritus, International City Bank; Judy Ross, former executive director, The Nonprofit Partnership; Judy Vander Lans, retired, L.A. Superior Court judge; Donita Joseph (2017 LBCF Board CFO), CPA and partner, Windes, Inc.; Gary DeLong (2017 LBCF Board Chair), former councilmember; Randal Hernandez, consultant; and Steve Keesal, financial advisor, Oppenheimer & Co. (Photograph by the Business Journal's Larry Duncan)

Congressman Alan Lowenthal On Bipartisanship, Trump, His Legislative Priorities And Long Beach

■ By **SAMANTHA MEHLINGER**
Assistant Editor

For more than two decades, Alan Lowenthal has represented the interests of the people of Long Beach at various levels of government, beginning with his six-year tenure on the Long Beach City Council from 1992 to 1998. Lowenthal then served three terms in the state assembly and two terms as a state senator. Last year, he was elected to his

third term as congressman of California's 47th District, which also includes the cities of Lakewood, Signal Hill, Avalon, Westminster, Stanton, Garden Grove, Cypress, Los Alamitos, Rossmore, Buena Park, Stanton and Midway City.

The Business Journal met with Lowenthal in mid December at his Downtown Long Beach field office to discuss the functionality of Congress, the road ahead under a new presidential administration and his priorities as a legislator.

"People ask me, 'Why do you want to go to such a dysfunctional place?'" Lowenthal said, referencing public opinion about Congress. "And I keep reminding people that I am a psychologist. I have sought out dysfunction my entire life." Despite public perception, Congress is not, in Lowenthal's view, fundamentally dysfunctional.

"You know, we're so divided as a nation in terms of what the role

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Economic Outlook

National And Regional Outlook Mostly Positive Despite Uncertainties Surrounding Trump Policies

■ By **SAMANTHA MEHLINGER**
Assistant Editor

The overall economic outlook for the United States' economy in 2017 is positive, with economists projecting a higher rate of growth for gross domestic product (GDP) and continued job gains, according to regional and national economists.

Some of President-elect Donald Trump's proposals could benefit individuals and companies, such as personal income and corporate tax cuts. On the other hand, it is still unclear whether some of the major policies Trump campaigned on – mainly repealing the Affordable Care Act and potential

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Styrofoam Product Ban Is Imminent

■ By **BRANDON RICHARDSON**
Senior Writer

As politicians continue to push environmental policy at the state level, Long Beach yet again followed suit with the city council's decision at its December 20 meeting to move forward with a ban on the use of expanded polystyrene, Styrofoam and other polystyrene products.

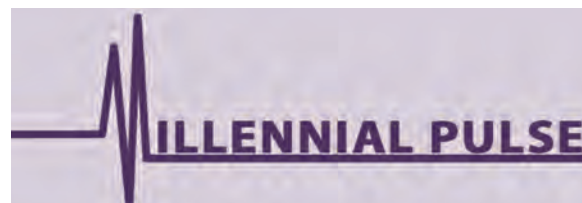
First District Councilmember Lena Gonzalez presented the original motion along with a brief history of past city efforts. As she pointed out, the idea of a Styrofoam ban is not new to Long Beach. In 2005, former 3rd Dis-

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By Assistant Editor Samantha Mehlinger

Who are Millennials? Ask a Baby Boomer or Gen X-er, and chances are they'll tell you we're a bunch of entitled adult adolescents who, despite our chronic laziness, tend to whine about not being handed everything we believe we deserve.

Or perhaps they would respond with some com-

bination of the following: We (yes, this writer is a Millennial) are highly likely to sleep in our childhood bedrooms surrounded by our countless participation trophies until we're 40. We're ruining how society communicates. Half of us will probably die

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Kinley

Matt Kinley has opened **Kinley Law Practice** at the Landmark Square building in Downtown Long Beach. He previously was with TLD Law, a firm he

joined in 1989, became a partner in 1997 and served as managing partner from 2006 to 2011. Kinley Law Practice focuses on business law, litigation, healthcare and personal injury. . . .

Kristen Pugh has joined **Memo-**

rialCare Health System as vice president of advocacy and government relations. She has 22

years of experience in developing and implementing government and community strategies on the local state and national levels. Pugh most recently

served as executive director for federal research relations at UC Irvine. . . . **David H. Williams** has been promoted to director of original equipment sales, marketing and strategic planning for **DENSO Products and**



Pugh



Williams

Services Americas, Inc. in Long Beach. He joined the company in 2013 as manager of the strategic planning department, and in 2015

was promoted to senior manager of marketing and strategic planning. DENSO's Long Beach operation is an affiliate of DENSO Corp. . . . The CPA firm **Holthouse Carlin & Van Trigt LLP** (HCVT), which has eight offices including one in Downtown Long Beach, announced that **Greg Altman** and **Beth Salverson** were admitted to the partnership on January 1. Altman has more than 12 years of tax consulting and compliance experience. He serves clients in the private equity, media and entertainment and manufacturing, retail and distribution industry sectors. Salverson, with more than 11 years of public accounting experience, was promoted to audit partner. She is a member of the firm's employee benefit plan audit and advisory services practice. . . . **Studio One Eleven**, an architectural, landscape and urban de-

sign firm based in Downtown Long Beach, recently announced it has promoted three of its employees: **Reed Suzuki** to design manager, associate, focusing on residential/mixed-use developments; **Brad Leeds** to senior project manager, associate, who has 17 years of experience in multi-family and mixed-use housing; and **Tobin White**, project manager, associate, who has 10 years of experience in urban design, mixed-use and community projects. Ac-



Reed



Leeds



White

According to a company statement, its "philosophy is to work on projects that have economic, social and environmental benefits to create a more humane and sustainable whole." . . . **Sergio Ramirez** was recently appointed deputy director of economic and property development for the **City of Long Beach**. He reports to **John Keisler**, who, as of January 1, is the city's new director of that department. Ramirez most recently served as a senior project manager with the community and economic development department in the City of Anaheim. . . . **Tracy Colunga** has been named to replace Keisler as director of the city's Innovation Team (i-team). The i-team was established through a three-year, \$3 million grant from the Bloomberg Philanthropies in 2015. According to a city statement, "The Long Beach i-team has attracted approximately \$750,000 in outside funding to support economic development



Ramirez



Colunga

initiatives such as the city's new business portal for entrepreneurs BizPort and the Economic Development Blueprint." Colunga had been serving as the Long Beach neighborhood relations officer. . . . **Anitra Dempsey**, who has been serving as executive director of the **Long Beach Citizen Police Complaint Commission**, and prior to that as the city's human dignity officer, has been named interim deputy city manager. . . . **Francesca Ruiz de Luzuriaga** is the new chair of the **SCAN Group Board of Directors**. She is a business development consultant and former chief operating officer for Mattel Interactive. Founded in Long Beach in 1977 as Senior Care Action Network, the SCAN Health Plan is one of the largest not-for-profit Medicare Advantage plans in the nation. . . . **Robert Douglass** has been named regional director for Long Beach-based **Halbert Hargrove**, a fiduciary investment management and wealth advisory firm. Douglass, who most recently served as an investment consultant with TD Ameritrade, will serve as an investment adviser to individuals and institutions, working with a client base that includes entrepreneurs, professionals, technology company executives and retirees. . . . **Maricela Renteria de Rivera** has been elected to serve a second year as chair of the **Long Beach Transit Board of Directors**. She is the co-founder and director of Long Beach Breastfeeds. **Sumire Gant** was elected to serve as vice chair and **Colleen Bentley** as secretary-treasurer.



Dempsey



Luzuriaga



Douglass



de Rivera



Brandon Richardson has been promoted to senior writer of the Long Beach Business Journal. He joined the publication in June 2016 as a staff writer. Richardson graduated with an associate's degree in journalism from Long Beach City College (LBCC) in spring 2016. While at LBCC, he worked his way up from staff writer to editor in chief of the college's Viking Newspaper. He also served as editor in chief of LBCC's City magazine. He is a Long Beach resident. Richardson can be reached at brandon_richardson@lbbj.com, or by calling 562/988-1222.

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(Continued From Page 1)

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A TIME Magazine article in 2013 called Millennials the "me, me, me" generation. A May 2016 article in the National Review proclaimed that the Millennial generation is characterized by a "laughable fragility." The New York Times called us "Generation Nice." But at the risk of sounding existential here . . . who are we, really?

That's precisely the question the Business Journal will examine in our new ongoing series, Millennial Pulse – an idea conceived by our Baby Boomer publisher. Each issue, we will look at the Millennial generation from a new perspective. We will present data, interviews and personal perspectives to dig in to this generation, which is now the country's largest living age cohort.

This time, we'll start with the need-to-knows.

Research institutions have slightly varying age parameters for Millennials. Most have settled on those born from 1980 to the mid-1990s or early 2000s. Roughly speaking, typically included is anyone aged 17 to 37, although some use a more narrow age range.

Generally speaking, the idea behind these parameters is that those among this

generation came of age during or after the new millennium. Millennials grew up using technology far more advanced and portable than prior generations. And, it should be noted, we all came of age in a post-9/11 society.

But consider this. On 9/11, the oldest Millennial was 21 years old. Based on the broader definition of our generation, the youngest Millennial was not even born yet. Older Millennials vividly remember the events of that pivotal day in history. The youngest of our generation learned about it in history books.

My age group entered the training ground for adulthood that is high school just as a new world began taking shape. Having grown up in the Clinton era, we experienced a pronounced shift in the anxieties plaguing our nation – from worries about the occasional homegrown bomber and school shooters to the incessant deluges brought on by the Taliban and Al Qaeda, and then ISIS. We experienced the sudden shift from a time when traveling was fun to an era in which it's often stressful, and, on the most unfortunate of days, scary.

The youngest Millennials today, on the other hand, did not experience this rude awakening; they grew up after it had already sunk its teeth in. It's a disparity perhaps comparable to the divide between Baby Boomers who remember the death of John F. Kennedy and those who were too young to recall it.

We're also a generation vastly separated by the technologies we grew up with. I, for instance, learned how to work a com-

puter by playing simple math games on blue and white screened IBMs in my school's computer lab. Younger Millennials grew up with laptops and started texting as kids. Smart phones didn't even exist until I was in college.

My perhaps long-winded point is this: the Millennial generation may be defined by some lifestyle trends and certain demographic consistencies. But the experiences that shaped our lives and realities have, at least in this writer's opinion, created clear subgroups within our own generation. Trying to paint us with one broad stroke isn't going to work. I think it's safe to say we wish the media, and older generations, would stop trying to do just that.

That being said, we're one generation for a reason. And if you want to find our commonalities, your best bet is to look at the research.

According to the U.S. Census Bureau, Millennials – which it defines as those born from 1982 to 2000 – make up more than a quarter of the country's population and have surpassed Baby Boomers as America's largest living age cohort. There are 83.1 million Millennials in the United States.

Millennials are more diverse than previous generations – 44.2% of Millennials are minorities. According to Pew Research Center, just 28% of Baby Boomers in the U.S. are minorities.

We also have higher rates of college-level education than previous generations. According to Pew, in 2014, 27% of Millennial women and 21% of Millennial men between the ages of 18 to 33 attained

a bachelor's degree. When Generation X-ers were the same age, 20% of women and 18% of men in their generation had achieved the same level of education. When Baby Boomers were that age, just 14% of women and 17% of men had earned a bachelor's degree.

In 2015, Millennials overtook Generation X as the largest generation in the U.S. labor force, accounting for 53.5% of American workers.

According to May figures from Gallup, which more narrowly defines Millennials as those born between 1980 and 1996, 59% of Millennials are single and have never been married. That's a higher percentage among young adults than ever before.

Millennials are less religious than prior generations, according to Pew. The organization's 2014 Religious Landscape Study found that 44% of older Millennials (born 1981-89) and 38% of younger Millennials (1990-96) say religion is very important in their lives. By contrast, religion is very important to 53% of Gen X-ers and 59% of Baby Boomers. However, more than 80% of Millennials believe in God.

This is just some of the demographic data that provides a baseline for understanding our generation. The Business Journal's endeavor with this column is to provide a glimpse into what makes Millennials tick, and maybe even to see if we really are as obnoxious as those Google search results say we are. In doing so, we don't intend to find a big enough box to cram the whole generation into. But maybe we'll stumble on its pulse. ■



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Above: A rendering of the World Trade Center courtyard improvements. At right: A rendering of the World Trade Center interior improvements. The office building is located on Ocean Boulevard in Downtown Long Beach. The complex's rear parking lot, with entrance off Broadway, is being offered as a development opportunity by its owner, the Port of Long Beach. See this issue's back cover for more information. (Renderings courtesy of SAA Interiors and Architecture)

■ By **BRANDON RICHARDSON**
Senior Writer

Development News

World Trade Center Undergoing Major Renovation

Renovations are underway on the iconic, 27-story World Trade Center in Downtown Long Beach.

Stillwater Investment Group and Greenlaw Partners are spending more than \$5 million to transform the 1989 aesthetic to



a “vibrant environment demanded by today’s workforce,” according to a press release. The Orange County-based real estate firms purchased the building in 2015 from SteelWave Inc. for around \$105 million – \$45 million less than the company paid for it in 2007.

The investment will see both interior and exterior improvements to the property, designed by SAA Interiors and Architecture. “We are honored to redesign and reposition the World Trade Center, Long Beach’s finest Class A office tower,” Rick Shlem-



Interior improvements are underway at what will be the new home of the Long Beach Firefighters Local 372 at 2201 Cherry Ave., across the street from the Signal Hill City Hall. The 7,500-square-foot building was purchased from Robert and Judith Pyre for \$1.5 million. The Business Journal was unable to get its calls returned to determine a move-in date. The union currently leases offices at 3333 E. Spring St. The transaction was handled by INCO Commercial’s Paul Phillips, Bill Townsend and Brad Miles. (Photograph by the Business Journal’s Larry Duncan)

mer, principal at SAA, said in an e-mail to the Business Journal.

The interior renovations include cladding over granite walls with contemporary wood and white glass, a rebuild of the elevator mechanics and interiors, refinishing all brass metal fixtures and replacing the granite floor with porcelain tile. Exterior renovations will transform the plaza connecting to the Hilton Hotel with landscaping, wood decking, soft seating areas, custom-designed shaded structures and Wi-Fi capabilities. The project will also be rebranded with new signage, wayfinding and a corporate identity.

The project is scheduled for completion by early May, according to Shlemmer.

Commission Approves Zoning Change For 40-Home Development

At its January 5 meeting, the Long Beach Planning Commission voted unanimously to recommend that the city council approve a site plan review, a vesting tentative tract map and a general plan amendment to rezone the property located at 3655 N. Norwalk Blvd., as well as certify the environmental impact report, for 40 new detached single-family homes.

Port Asks For Public Comments On Proposed Rail Yard

The Port of Long Beach scheduled two public hearings to receive feedback on the draft environmental impact report for the redevelopment of the Pier B On-Dock Rail Support Facility. The proposed rail yard would allow for longer trains to be assembled in the Harbor District, making operations more sustainable and moving cargo faster. The first public hearing was held on January 11, with the second scheduled for tomorrow, January 18, at 6 p.m. at the Port of Long Beach offices, located at 4801 Airport Plaza Dr. Comments on the study will be accepted through February 13. For more information, visit polb.com/pierb.

Former Post Office Property In Escrow

The former United States Post Office property located at 2300 Redondo Ave. is now in escrow with an undisclosed buyer, according to Amy Bodek, director of the Long Beach Development Services Department. According to a listing, the 22.3-acre site includes a 326,000-square-foot warehouse distribution facility and an 11,225-square-foot vehicle maintenance facility, along with 671 parking spaces.

Proposal To Redevelop Ocean Center Building

A proposal has been made for the redevelopment of the historic Ocean Center Building into a 139-room upscale boutique hotel, including more than 15,000 square feet of bar, restaurant and retail space. Located at 110 W. Ocean Blvd., the proposal is accompanied with a request for an economic subsidy in the form of a transient occupancy tax sharing agreement between the city and the developer.

Retail News

Aguas Way Opens In North Long Beach

Aguas Way, a new eatery specializing in aguas frescas, a popular Mexican fruit drink, celebrated its grand opening on January 2. Located at 5248 Long Beach Blvd. and open every day from noon to 9 p.m., the family-owned business also offers carne asada fries, California burritos, acai bowls, homemade salsas and champurrado, along with regular specials.

Nordstrom Rack To Leave Lakewood For Long Beach

Seattle-based Nordstrom Inc. recently announced plans to relocate its Nordstrom Rack store from Lakewood Center to the forthcoming Long Beach Exchange on the southwest corner of Lakewood Boulevard and Carson Street at Douglas Park. The 26-acre-plus development by Burnham Ward



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Properties LLC is scheduled to open in spring 2018, according to a press release. Nordstrom would occupy approximately 28,000 square feet.

SteelCraft Vendors Begin Serving Residents

Vendors have begun operations at SteelCraft, a new hub for craft food and drink in Bixby Knolls that is constructed of modified shipping containers. Located at 3768 Long Beach Blvd., Steelhead Coffee, Smog City Brewing Co., DeSano Pizza Bakery and Waffle Love are already serving residents, weeks before the center's grand opening the first weekend in February.

Chicago Style Pizza In Belmont Shore

Rance's Chicago Style Pizza owners Aaron Tofani and Rance Ruiz will celebrate the grand opening of their second location on Saturday, January 28. Located at 5258 E. 2nd St., the new pizza joint will offer select pies for 50% off from 11 a.m. to 4 p.m., with 25% of sales to be donated to the Community Action Team, a Long Beach nonprofit spearheaded by activist Justin Rudd.

Professional Services News

New H&R Block At Kilroy Airport Center

Block Advisors, a new division of H&R Block designed to aid small local businesses with tax returns and bookkeeping, recently opened at 3750 Kilroy Airport Way, Suite 120. Staff members have a minimum of 15 years experience and specialize in clients who are incorporated or self-employed, as well as trust and estates. For more information, visit blockadvisors.com.

New Skin Care Treatment In Naples

Peaches Skin Care recently opened its newest location at 5608 E. 2nd St. in Naples. The store offers microdermabrasion facials, oxygen retinol renewal treatments and hair removal, along with a full line of skin care products. Store hours are Tuesday through Friday from 10 a.m. to 6 p.m. and Saturdays from 9 a.m. to 3 p.m. For more information, visit peachesskincare.com. ■

Realty Views

Will Supreme Court Ruling Change Anything?



By TERRY ROSS

A little-noticed ruling late last year by the California Supreme Court could have far-reaching implications for real estate brokerages – or not.

Putting a practical end to a case that had been winding itself through the California court system for some time, the State Supreme Court affirmed the ruling of the appellate court in the case of *Horiike v. Coldwell Banker* in finding against the national brokerage for its representation of both the buyer and the seller in the sale of a luxury home.

The story, which goes back almost a decade, basically centers around the misstated square footage – by about 4,000 square feet – of a home for sale, a Chinese millionaire's purchase of a Malibu mansion for \$12.25 million, and the age-old question of dual agency and the fiduciary duty of a real estate broker and agent to their principal.

Hiroshi Horiike, the buyer, believed he was purchasing more square footage than he got. He blamed the real estate agent and his broker, Coldwell Banker, which happened to be the same broker and firm that was representing the seller. Even though there were separate agents representing the buyer and seller, all California real estate agents work for an employing broker – in this case, the same one: Coldwell Banker. That is where the dual agent rub comes in.

In the eyes of existing California law, these two agents representing each side are working for the same broker, so a dual agency situation arises that creates many difficulties. Think of it as one attorney, or two attorneys in the same firm, representing both sides in a court case. There would be all kinds of conflicts, and it wouldn't happen. In real estate practice, since almost all transactions are commission based, it is not uncommon for one agent to represent both sides, or as in this situation two agents working for the same brokerage representing each side of a sale.

The old term in real estate where agents “double end” a commission and collect the entire amount by representing both buyer and seller has come under attack because of this case. In one of the court's comments, it calls the current law problematical:

“These are significant concerns, but they are also concerns inherent in dual agency, whether at the salesperson or the broker level. Although the California Legislature was certainly aware of these concerns when it enacted the disclosure statute, it opted not to address them directly. In approving the practice of consented-to dual agency, however, the legislature undoubtedly understood that the dual agent's loyalty must extend to both parties, and that it cannot bear any fiduciary duty to one party that requires it to breach its duty to the other party. (See Civ. Code, § 2079.16 [– [i]n a dual agency situation, the agent owes – [a] fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either the Seller or the Buyer].)”

In the real world of brokerage, not much is going to change because of this case. Sure, the current system is not ideal because the potential is always there for conflicts as agents and brokers will sometimes be put into the situation of dual agency in a transaction. Until the time that custom dictates that sellers and buyers, or landlords and tenants, are each willing to pay for individual representation – similar to attorneys in court cases – then not much will change without legislation requiring it.

The court's opinion in this case seemed to indicate that the California Legislature

should look at ending the practice of dual agency in real estate transactions, which is probably the only way that this long-standing tradition will change.

The California Association of Realtors argued in a brief during the hearing of this case that the state would be limiting consumers' choices if dual agency were to be abolished. On the commercial side, in either a lease or a sale, tenants and buyers of investment properties are not going to want to pay people to represent them either. And they will probably object to being told that they cannot have the brokers of their choice represent them – even if those brokers are acting on behalf of both sides as dual agents.

So, it clearly falls to the legislative side of the question as to how this case will impact the practice of real estate, if at all. If the legislature was so inclined to change this practice – and we have not seen any evidence that it is – then perhaps an overhaul of the real estate industry would occur where exclusive buyer or tenant brokerages and exclusive seller or landlord brokerages would be the result on a wide scale.

But without any widespread call to change current practices, it would appear this scenario will not happen anytime soon, and all those who practice real estate must be vigilant in making do with the current practices and laws.

(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.)

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This information contained herein was obtained from third parties, and has not been independently verified by real estate brokers. Buyers and Tenants should have experts of their choice inspect the property and verify all information. Real Estate Brokers are not qualified to act as or select with respect to legal, tax, environmental, building construction, soil drainage and other such matters.

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Contact: Chad Goodwin

The John S. Meek Company intends to seriously consider all proposals for participation on this project.



Mayor Robert Garcia, pictured above, unveiled DataLB, the city's new open data platform, on January 9. Developed by Esri, a Redlands-based geographic information system company, DataLB allows for city data to be displayed on maps of the city. DataLB allows users to browse nine different data categories, with a total of 78 datasets as of January 13. Pictured at left are Bryan Sastokas, left, director of the Long Beach Technology and Innovation Department, and Robb Korinke, Long Beach Technology and Innovation Commission chair. (Photographs by the Business Journal's Larry Duncan)

City Officials Want Long Beach To Be A ‘Test Bed’ For New Technologies

■ By **BRANDON RICHARDSON**
Senior Writer

Along with his push to keep Long Beach at the forefront of eco-friendly cities (ranked 24th on WalletHub's 2016 list of greenest U.S. cities), Mayor Robert Garcia has been adamant in ensuring the city is a pioneer for new technologies.

To aid in this goal, Garcia created the Long Beach Technology and Innovation Department (TID), led by Director Bryan Sastokas, as well as the Innovation Team (i-team). Months after the launch of BizPort, an online portal developed by the i-team to assist small businesses, the TID launched its open data platform, DataLB, on January 9.

“It is taking open data into the next level in my mind because it's not just the simple sharing of data,” Sastokas said. “This new portal will allow you to get away from the people that are data wonks and allow our residents access to data that they can manipulate online so they can see it in a graphical representation.”

The data is represented on the website in tables, charts and most importantly maps. The open data provides information on business licensing and the locations of government buildings, post offices, police and

CITY OF LONG BEACH

BID OPPORTUNITIES

TITLE	BID NUMBER	DATE
Two (2) Ford Interceptors w/ Safety Equipment	ITB FS17-039	01/18/2017
Workstations – LBPD South Division	ITB PD17-032	01/24/2017
Rainbow Harbor Sewage EVAC Repair & Upgrade	R-7076	01/25/2017
As-Needed Plan Review & Inspection Services	RFQ DV17-038	01/25/2017
Prefabricated Restroom Building	ITB CM17-035	01/26/2017
Petroleum Fuels	ITB FS17-019	01/31/2017
Abandon & Install CP Deep Well Groundbeds	ITB GO17-012	01/31/2017
LB Municipal Urban Stormwater Treatment Facility	RFP PW17-034	02/02/2017
6th Street Bicycle Boulevard	R-7026	02/08/2017
Apparel with Embroidery and Screen Print	ITB LB17-023	02/14/2017
Job Order Contract	R-7074	02/17/2017

****Some of the listed projects have scheduled mandatory pre-bid meetings which may have already occurred due to publication lead times****

Bidder Registration

To receive notifications of bid opportunities, register with the City of Long Beach at www.longbeach.gov/finance/business-info/purchasing-division/purchasing-division/. Additional details on upcoming bids and how to register can be found on the website.

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fire stations, even golf courses. The platform also displays data such as where Measure A dollars are being spent, pavement conditions and Long Beach Gas and Oil numbers and projects.

"Whether a lot of people care about open data or not, I think it's just one of those things that the city is obligated to do," Sastokas said. "We need to give out information. Information should be shared, and as it's available, it will be posted."

Sastokas explained that the open data platform is still a work in progress and is continuously being brought as up to date as possible. Eventually, each city department will gain access to update relevant data more efficiently.

The city partnered with Esri, a Redlands-based geographic information system company, to develop DataLB. Sastokas said the city pays the company about \$180,000 annually for its services, including the development of DataLB.

Now that DataLB has launched, Sastokas said residents will begin to see a shift toward more city investment in cybersecurity initiatives, which could see certain employment positions being phased out.

"We're trying to be one of the first cities to adopt artificial intelligence framework around security. I believe that a lot of these C-suite roles are going to be phased out as technology changes," Sastokas said. "I don't think you always need a security officer or a data officer. A position we're currently recruiting for – and I think it might be one of the first in the nation – is cyber risk officer."

As technology moves forward in Long

Beach, Sastokas said city officials are hoping to keep the community engaged and will push for as much input as it can get. He explained that he likes to hear ideas from the community because innovative technology is only worth the investment if people use it.

"We want Long Beach to sort of be the test bed for these sorts of technologies because we have a very smart community," Sastokas said. "[With] that ecosystem, if you foster it, I think we have a chance to show up places like Silicon Valley. We're Long Beach. We're going to be innovative in our own right. And I think that's something you're going to see from us in 2017." ■

Big Win For Arts Funding

■ By **BRANDON RICHARDSON**
Senior Writer

At its December 20 meeting, the Long Beach City Council voted unanimously to move forward with a Percent for the Arts Program with a goal of reaching \$750,000 over the next three years.

"I think a Percent for the Arts Program gives the city and its residents, developers and businesspeople a sense of a vision of what arts and culture is. Arts and culture are an important part of a city fabric, and every district should have arts and culture," Griselda Suarez, executive director of the Arts Council for Long Beach, said. "Envi-

(Please Continue To Page 10)

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Percent For The Arts

(Continued From Page 9)

sioning Long Beach to be a thriving economy that includes the creative economy makes us distinct. We're a very special city."

According to city documents, the proposed best practices at this stage of the program call for a 1% assessment of the cost of all eligible capital construction projects by the city that exceed \$100,000. However, to ensure the fee does not overburden large projects, the fee will not exceed \$500,000.

The monies generated by the program are to be allocated with 40% for the creation of public art in the public domain through the Arts Council, 20% for small grants awarded by the Arts Council and 40% for the support of established arts groups, including the Long Beach Symphony Orchestra, Musical Theatre West, Musica Angelica, International City Theatre, Long Beach Opera, Long Beach Playhouse, Museum of Latin American Art and Able ARTS Work (formerly Arts & Services for Disabled).

"It's been a few years now that we have not invested in public art, both in conservation and in new commissions. And I think we are looking forward to diversifying what

public art means for a city, and I'm definitely excited to be part of that," Suarez said.

A PowerPoint presentation at the meeting showed that 86% of the 30 largest cities in the country and 41% of California cities have similar programs. The presentation also stated that some states and cities have imposed fees on entertainment venues and events to support the arts. The Long Beach Convention & Entertainment Center already has a fee for this purpose, which was raised in November from \$1 to \$3. This increase will generate \$255,000 to be used to support the arts at the center.

Suarez explained that part of the recommendation is for future discussion about what it would mean for the city to have a development fee on private developments, which would be more in line with the trends of similar programs across the country. However, this requires a nexus study, and she said she can't imagine those discussions would begin for at least two years.

"We're looking for this to start with fiscal year 2018," Suarez said. "So the city manager's office and the arts council will be working together to figure out logistics and regulations, as recommended by the city council." ■

Styrofoam Product Ban

(Continued From Page 1)

trict Councilmember Frank Colonna brought it to the council. Colonna cited estimates that Styrofoam remains in landfills for approximately 500 years and said that Long Beach waterways and sands are heavily littered with the material.

Gonzalez's motion spurred debate among the councilmembers, mostly due to the lack of input from industries that would be most affected by the ban, namely restaurants. After much discussion and a slew of public comments, the council voted unanimously to approve Vice Mayor Rex Richardson's substitute motion.

Like the original, the substitute motion included a request for the city attorney to draft an ordinance to ban Styrofoam use in the city, with the exception of the Long Beach Unified School District; a request for the city manager to work with the Long Beach Office of Sustainability, the Long Beach Sustainable City Commission and community stakeholders to develop a public education campaign, including a timeline for implementation, a website and a hotline; a request for the city manager to work with

the Long Beach Economic Development Commission to come up with financial incentives for local businesses; and a request for the city manager to provide annual updates regarding the ban to the Long Beach City Council's Environmental Committee.

However, Richardson's substitute motion added that prior to drafting the ordinance, the environmental committee must conduct public outreach with community stakeholders and provide feedback to the city attorney. Also included in the new motion was an extension to 180 days before the ordinance comes back to the council.

Some restaurant owners have already taken it upon themselves to do away with the use of Styrofoam products, including Luis Navarro, owner of Lola's Mexican Cuisine, which has two locations in Long Beach. Navarro explained that his restaurants have been Styrofoam-free for about six years.

"We absorbed the cost because there is a substantial cost difference to leave Styrofoam. It has just become so cheap," Navarro said. "But I think it's a necessary need to discontinue it. If it's something that doesn't go away, then we should not be using it."

In a letter to the mayor and councilmembers, Matt Sutton of the California Restaurant Association, expressed his organization's opposition to the ban. Sutton explained that in areas such as San Francisco where similar bans are in effect, the amount of litter did not decrease but rather changed forms to other products such as paper.

"For a segment of the economy that is characterized by razor-thin profit margins of around 4% on the dollar in a good economy, cost always has to be a consideration of a product, in addition to the functional value," Sutton said. "Schools, hospitals, nursing homes, nonprofit food programs, delis and family-owned restaurants are among the many institutions that rely upon polystyrene foam for its excellent insulation at an economical price."

Others have raised the question of what will happen to smaller mom and pop restaurants if they are forced to pay more for non-Styrofoam containers. However, Navarro argues that Lola's falls into this category, and while it's certainly more expensive, his business is not failing. He added that the environment is too important to abuse with Styrofoam.

"I really believe that people are going to realize that it's just a necessary change that needs to happen – an adaptation that is going to happen," Navarro said. "I think it's a good thing for the city to take the bull by the horns and say, 'Hey, this is the direction that we're going to go.'"

According to the Surfrider Foundation, which has a local chapter in Long Beach that spoke in support of the ban, around 100 cities in California already have some form of ban on Styrofoam products. The organization cited U.S. Environmental Protection Agency statistics that show only about 3.8% of Styrofoam is recycled. Additionally, the group said that in 2009 the California Office of Environmental Health Hazard Assessment proposed styrene be listed as a known human carcinogen.

"The Long Beach chapter is super involved," Navarro said. "They do a lot of beach cleanups. They are aware, and they really do make an effort. And they were really kind of the first ones to ignite us to think about the change years ago. I think that having a group around that is doing that is huge." ■

Mayor Garcia Launches Mayor's Fund For Education



Local education leaders joined Mayor Robert Garcia for the launch of the Mayor's Fund for Education on January 5 at Long Beach's Little Owl Preschool. The purpose of the fund, a nonprofit entity, is to support the mayor's education priorities as a partner of the Long Beach College Promise. These priorities include early childhood education, internships and college completion. Initial projects to be supported by the fund include the creation of a new preschool for the Long Beach Unified School District (LBUSD), a symposium on early childhood education in 2017, campaigns focused on early literacy, internships and a possible community plan for childhood education. The fund is overseen by a board of directors and Executive Director Karissa Selvester, pictured at right with Garcia. California State University, Long Beach President Jane Close Conoley, LBUSD Superintendent Chris Steinhäuser and Long Beach City College Interim President Ann Marie Gabel were in attendance at the announcement, as were other community education partners. "I want to thank the board for creating and supporting the Mayor's Fund for Education to support the Long Beach College Promise and our local education institutions," Garcia said at the event. "In particular, I applaud the fund's initial focus on expanding access to high quality early childhood education in Long Beach since that is a proven strategy to improve lifelong outcomes for students and families." (Photographs by the Business Journal's Larry Duncan)



Community Foundation

(Continued From Page 1)

that involved in an organization, it's like raising a child." Although Netherton is stepping down after having reached the board term limit, she said she would remain active on a few of the foundation's committees.

The Long Beach Community Foundation is a 501(c)3 nonprofit that serves as a vehicle for individuals, organizations and businesses to manage their charitable assets and make a difference through philanthropic giving. It is set up as a collection of funds, and is managed as an endowed pool of assets. A fee of about 1% is charged to fund holders, which pays for the foundation's small staff of two full-time and one-part time employee, and also funds end-of-year grants distributed to local nonprofit organizations.

LBCF has benefited from Netherton's leadership and continues to grow due to its strong financial footing, efficient staff and dedicated board, according to DeLong and Epley. In 2015, the foundation exceeded \$25 million in total assets. The foundation also broke its record for grant giving in 2015, distributing more than \$2 million to local nonprofits and schools.

In addition to increasing its assets each year, the foundation consistently ends each year under budget due to efficient management of expenses, DeLong noted.

"Jane was fortunate to have inherited an organization that would be well managed by Jean Bixby Smith and Jim Worsham, but she has clearly made it bigger and better," DeLong said, referencing past board chairs of the foundation. "It was going well, but under Jane's leadership it has clearly gone to a new level."

Epley said that Netherton has been very hands-on as board chair, attending meetings with her and talking to her by phone on a daily basis. "The old cliché is you get out of something what you put in to it," Netherton said.

Epley said that Netherton is largely behind LBCF's National Philanthropy Day activities, which she expanded upon when she became board chair. Each year, the organization chooses a local nonprofit to benefit from a one-day volunteer project funded by the foundation.

Last year, the foundation brought 50 volunteers to Long Beach's Precious Lamb Preschool, which provides early education to children from homeless and underserved families. Volunteers revitalized the preschool's playground and transformed an



Vue Bar & Restaurant Opens Atop Holiday Inn

Hotel guests and local residents are enjoying the panoramic views at the Holiday Inn Long Beach Airport's new Vue Bar & Restaurant. The restaurant, which now features unobstructed 360 degree views of Long Beach and surrounding areas, is part of the hotel's ongoing \$30 million renovation. Billed as an upscale casual restaurant, Vue offers breakfast, lunch and dinner by Chef Thomas Vertl, corporate chef for YHB Hospitality, which owns the hotel. The restaurant seats 146 people and features a full bar with an extensive wine list, a private dining room and a lounge area. "Along with being the preferred dining option of our hotel guests, we're confident that Vue Bar & Restaurant will be a culinary destination for Long Beach locals as well," Vertl stated. "The renovated restaurant and eclectic menu are perfect for business lunches, happy hour with friends or a casual date night." (Photographs by the Business Journal's Larry Duncan)



old storage room in to a quiet refuge where children, parents and teachers meet and talk privately.

Netherton would like to see the foundation's assets reach \$35 million. The path to that growth may be slow and steady because of the foundation's efficiency, she noted. The foundation might receive millions of dollars in one year, but most of it goes towards its intended charitable purpose — which is exactly how the community foundation should be operating, she explained.

"My priority is to keep the train headed in the direction it's headed in," DeLong said. "We are going to grow our revenues even

faster than before. We are going to increase our impact on the community," he explained. "So we are going to do all the things we have already been doing. We are just going to do it bigger and better than we have before. This is not an organization that needs to be fixed."

Ideally, DeLong would like to double the organization's asset base, increase its staff and contribute even more to the local community. "Clearly that's the path we're on," he said.

In recent years, marketing efforts have familiarized the Long Beach community with the foundation so that it is no longer one of the city's "best kept secrets," accord-

ing to Epley.

"More people are interested in having donor advised funds with us," DeLong said. "More agencies are saying, 'We trust you, we'd like to put our assets with you and for you to help us manage them.' We're resonating with the community on a regular basis and that's how we're growing, just because we're doing a great job."

DeLong added, "Long Beach has a deep pool of philanthropic individuals in our community, and we need to continue to explain to them why it makes sense to do their charitable giving through the Community Foundation." ■

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Congressman Alan Lowenthal is pictured at his Downtown Long Beach office during the recent holidays. His main priority for the 115th Congress is passing legislation that would create long-term and sustainable funding for much-needed infrastructure improvements nationwide. Earlier this month he was named to the House Committee on Transportation and Infrastructure. (Photograph by the Business Journal's Larry Duncan)

(Continued From Page 1)

of government is that government just reflects that,” Lowenthal said. “It’s not dysfunctional. Then you’d have to say the nation is dysfunctional.”

To Lowenthal, what the public might perceive as dysfunction is really a matter of partisanship. “The Congress is hyper-partisan rather than dysfunctional,” he said. “If you’re part of the partisan team that’s in power, you get your goodies. If you’re not, you’re out,” he continued. “I think what needs to be done is to become less partisan [and] less ideological on every issue and try to figure out where we can work together on issues.”

When asked if that goal is realistic, Lowenthal responded, “I’m very frightened that it’s not going to happen.” He explained, “What we’re seeing now is that President-elect [Donald] Trump has chosen a very partisan list of cabinet appointees. I think that is not a good sign for greater bipartisan cooperation.”

At the time of Lowenthal’s interview, the cabinet appointments that had been announced included all Republicans and four women out of 17 men. “There are no Democrats [and] very few women. No urban people,” Lowenthal said of the cabinet picks. “[They are] people who are either very wealthy CEO/business types or military, or people who have had no government experience. . . . I don’t think that’s a really good sign at this moment. I may be wrong, and I hope I am.”

Particularly disappointing for Lowenthal was the appointment of Scott Pruitt to head the U.S. Environmental Protection Agency – a government entity Pruitt has sued on multiple occasions since becoming Oklahoma’s attorney general in 2011.

A Democrat and an environmentalist, Lowenthal has throughout his career focused on cleaning up and protecting the environment for the benefit of the communities he has served. He served as 2nd District Councilmember in the 1990s and was one of many parties to put pressure on the San

Pedro Bay Ports to clean up their operations, which they did through the 2006 Clean Air Action Plan, among other initiatives.

Lowenthal’s environmental efforts have caused some to identify him as anti-business, he acknowledged. “When I first started [on the city council], I was told it’s either-or: you are either for business and economic development or you’re going to be a tree hugger and protect the environment,” he said. That philosophy doesn’t jive with Lowenthal. “You can be both business friendly and protect the health of your community,” he said.

“Our California Air Resources Board and our state legislature have set very high standards in terms of reducing the carbon emissions in the state. We are very big proponents in California of the clean power plant,” Lowenthal said. The governors of all three West Coast states have signed an agreement to prevent further offshore drilling, he noted. Pruitt and others among Trump’s cabinet picks would like to see such efforts dismantled, he said.

“We’re going to see lines drawn between the way California wants to have things done and the way the new administration wants to have things done,” Lowenthal said. “Whether it’s immigration issues, whether it’s health care issues, environmental issues – you name the critical issues before the nation – California is on a collision course with the president.”

Lowenthal strongly supported Hillary Clinton in the election. “She lost. But I believe in the institution of the presidency. Mr. Trump is my president. He won the election,” the congressman said. “I will respect him and try to work with him. I will also keep my values and be part of the loyal opposition. That’s why we have a two-party system in this country.”

After a brief pause, Lowenthal added, “Do I think that this election was one of the strangest elections I have ever seen? Absolutely.”

And, he noted, “I am personally of-

fended by his attack on individual groups and by his flippant attitude. I find that very non-presidential.”

There are some ongoing matters with bipartisan backing that Lowenthal is looking forward to seeing fleshed out, including efforts by senators John McCain and Lindsey Graham to gain a better understanding of Russian cyber hacks related to the election. Transportation infrastructure improvements may also represent an opportunity for both sides to work together.

Priorities For The Next Term

Of utmost importance to Lowenthal’s district – and to Long Beach in particular – is the matter of aging freight infrastructure. This national issue is at the top of Lowenthal’s list of priorities both as co-chair of the Congressional Ports Caucus and as a member of the House Transportation and Infrastructure Committee.

Lowenthal’s bill, HR 1308, known as Economy in Motion, would create a long-term source of funding for freight infrastructure improvements by establishing a 1% weigh bill, or user fee, for those moving goods throughout the country. The funding would go toward a Multimodal Freight Funding Formula Program and a National Freight Infrastructure Competitive Grant Program, which would be established by the legislation if passed. The bill died in committee in 2015, but Lowenthal will likely reintroduce it to the House this year.

The gasoline tax that currently pays for highway improvements is not a sustainable source of funding, according to Lowenthal. Gas tax monies decline every year because manufacturers are making vehicles increasingly more efficient so that they burn less gasoline per mile.

“Republicans are not opposed to user fees. They support user fees,” Lowenthal said. “Democrats, who have been supporting the gas tax, realize that’s not a sustainable funding stream. So we need one that’s sustainable and that can build a coalition of

both Republicans and Democrats. And that’s this one, I believe.”

Lowenthal continued, “I have even spoken with Mr. [Paul] Ryan, the Republican leader of the House. And he doesn’t know whether this will be the mechanism they will choose, but he thinks it should be on the table.”

The congressman is also working to ensure that a percentage of funds collected through a harbor maintenance tax, which taxes users of the nation’s ports, will again be directed toward port infrastructure. During the Great Recession, those funds were redirected for general use, he explained. “My goal is to make sure that money comes back.”

A former educator, Lowenthal has also made education a priority. As a state legislator, he wrote the legislation that allowed for the creation of the Long Beach College Promise. He currently sits on a congressional caucus tasked with ensuring the funding of a federal program, STARBASE, to educate fifth-graders in science, technology, engineering and mathematics (STEM) through programs on military bases.

STARBASE takes fifth-graders from underprivileged areas and gives them the opportunity to participate in advanced projects like building robots and rockets, as well as teaching them the scientific method and introducing them to STEM careers. Locally, the program is based at the Joint Forces Training Base in Los Alamitos, which houses the National Guard, Army Reserve and an interagency emergency operations center.

The base itself is a critical asset to Southern California and one Lowenthal has “worked very hard” to ensure gets all the resources it needs. “It is critically important that if there is ever an emergency in Southern California – an earthquake, a riot – that there be some centralized place where we can move military resources and bring in aircraft. . . . We need a center if that ever happens again, and that’s the Joint Forces Training Base.”

Local Views: Unions, Sanctuary Cities, Mayor Garcia And More

Lowenthal recently made local headlines when he sent a letter to U.S. Treasury Secretary Jacob Lew requesting that he look into the potential sale of the Westin Long Beach to “companies tied to China or other foreign states” due to its proximity to the Los Angeles/Long Beach seaports office of U.S. Customs and Border Protection.

The letter asked for a review of any potential national security risk in part due to its proximity to the Port of Long Beach. Lowenthal cited the recent cancelation of the sale of the Hotel del Coronado in San Diego to a Chinese firm due to national security risks associated with the hotel’s location near a naval base.

In his interview with the Business Journal, Lowenthal said the same firm was behind the potential acquisition of the Westin Long Beach. “All I have done is asked them to investigate because I am concerned about the sale of national assets to Chinese corporations that have already been denied others because of the national security issue,” he said.

Lowenthal heard about the sale through Unite Here, a pro-labor organization that is currently attempting to unionize the Westin. When asked if he supports these efforts, Lowenthal said, “I support Unite Here’s efforts to unionize all hotels. I support labor unions. Workers are most protected when they are a member of a labor union.”

However, Lowenthal said he did not get involved in the Westin’s sale due to

the union’s activities. “I did it because of what had happened in San Diego,” he said.

Asked about the methods Unite Here is employing in its protests – using bullhorns and clanging pots in early morning hours, which has been disturbing area residents – Lowenthal said he was not familiar with the details of the situation. “I’m not saying I wouldn’t take a position, but it’s not something I have really spent a lot of time dealing with or that people have come to me about,” he said.

Asked if he supports the notion of sanctuary cities – cities that declare illegal immigrants safe from deportation within their boundaries – Lowenthal said he does. “I have been very concerned about deportation issues,” he said. “I support the idea of having a sanctuary city. I would support sanctuary and Long Beach being a sanctuary.”

Lowenthal said he has “no idea” if the city council or others in Long Beach are trying to advance that policy locally. “I’m not here to promulgate. You ask me how I stand on it, and I’ve told you,” he said. “That’s up to the councilmembers to decide. And I probably wouldn’t even be getting into it if you didn’t ask the question at this moment. But I think California has to make a stand. What we need is national immigration reform.”

While Lowenthal supports sanctuary cities, he believes a comprehensive immigration policy will be the true solution to the country’s immigration issues. “Cities are organizing to protect their residents because we don’t have a compre-

hensive federal policy,” he said. “That’s the problem.”

Overall, Lowenthal believes Long Beach is “doing very well” under the leadership of Mayor Robert Garcia. “Mayor Garcia has been a leader in understanding the digital divide and trying to move Long Beach to the next generation. I think that’s wonderful and he’s done a good job,” Lowenthal said.

Long Beach’s positive trajectory is not solely due to Garcia, Lowenthal noted, adding that former mayors Bob Foster and Beverly O’Neill each deserve credit as well.

“Long Beach really reflects the new

generation in leadership,” Lowenthal said. “We have a lot more Millennials in government and leadership, and I think that’s what the nation needs.”

As he starts his second congressional term, Lowenthal said he doesn’t know if he’ll run again a few years down the road. “This is a very interesting and exciting time, and I am honored to represent my district in the 115th Congress,” Lowenthal said. “But I don’t know what’s going to happen. . . . I have not thought about what I am going to do in two years. I have a difficult enough time figuring out what we’re going to be doing in the next two to three months in Congress.” ■



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Total Terminals International, pictured at Pier T within the Port of Long Beach, has undergone challenges this year due to the bankruptcy of its majority stakeholder, Hanjin Shipping. Mediterranean Shipping Company, which previously held minority ownership of the terminal, is expected to take on full ownership, which will bring back lost cargo volumes to the port. (Photograph by the Business Journal's Larry Duncan)

(Continued From Page 1)

changes in trade policy – will have positive or negative impacts on the economy.

Wells Fargo Senior Economist and Managing Director Mark Vitner said he is anticipating GDP to increase by 2.3% this year. Figures for 2016 are not in yet, but he expects last year's growth rate to come in around 1.6%.

Steven Cochrane, managing director of Moody's Analytics, said he expects GDP to increase by about 2.8% in 2017. He has readjusted his outlook for GDP growth in 2018 following the outcome of the presidential election, he noted. "We thought that 2018 might look like about 2.7% – that was

our forecast in October. And now we are looking something closer to about 3% in 2018," he said.

In 2016, the U.S. added jobs at a rate of about 180,000 per month, although in the last three months of the year the pace slowed to about 165,000 jobs per month, according to Vitner. "We are looking to add about 160,000 jobs a month in 2017, which is still more than enough to pull the unemployment rate down," he said.

The national unemployment rate is 4.7%. While full employment has historically been considered to be 4.5% to 5%, Vitner said that might no longer be the case. Many workers today do not consider themselves

fully employed because they are working part time, he explained.

In November, the seasonally adjusted unemployment rate in California was 5.3%, according to Robert Kleinhenz, an economist and executive director of research for Los Angeles-based Beacon Economics. Seasonally adjusted figures account for seasonal trends in labor markets, such as holiday hiring. California's unemployment rate rarely drops below 5%, he noted.

"In Long Beach, which is not a seasonally adjusted number, the unemployment rate for November was also 5.3%, down from 6.4% a year earlier," Kleinhenz said. "The labor force in the City of Long Beach grew by 2.1% year to year," he continued, adding that Long Beach ought to experience substantial growth in job counts this year.

The largest job gains locally should continue to be concentrated in the health care, leisure and hospitality, professional and logistics industries, according to Kleinhenz.

Kleinhenz is still projecting job growth in the health care sector because he does not believe a repeal or rollback of the Affordable Care Act (ACA) will go into effect this year.

Vitner has a similar expectation in regards to the ACA. "I am optimistic that the Republicans . . . are going to repeal it in a way that maintains coverage so that nobody is scrambling to find coverage and hospitals are not inundated with the folks who thought they had coverage and no longer do," he said.

On January 12, the Republican-majority U.S. Senate approved a resolution establishing a budget blueprint to repeal the ACA. The following day, the House of Representatives approved it as well.

"It creates a lot of uncertainty for a sector in the economy that has generated a fair amount of growth over the last two years, and that is health care and financial services," Cochrane said of Republicans' moves to repeal the ACA.

Trump has stated that he wants to institute tariffs to address the imbalance of

trade, as the U.S. accepts far more imported goods than what it exports. He has also argued that trade agreements like the North American Free Trade Agreement (NAFTA) have caused American manufacturing jobs to be outsourced and has indicated he wants to throw out such agreements or renegotiate them.

Some trade policies only require executive authority, so it is possible changes may be made within weeks, Cochrane pointed out. Kleinhenz, however, said he would be surprised to see any changes this year.

Tariffs could result in negative economic impacts at home. "In the near term, one of the first effects from tariffs will be to raise prices for many consumer goods, which means that we could see an acceleration of inflation," Cochrane said. "And that in turn then means households will have less money in their pockets to spend."

"I would hope that the sort of aggressive trade policies that President-elect Trump spoke about will not materialize in 2017 or during his administration," Kleinhenz said. "I understand that he wants to level the playing field, but one of the reasons . . . is that he thinks that a lot of jobs left the United States to go elsewhere – and mainly manufacturing jobs. But the research shows that most of the displaced jobs in manufacturing were lost to technology, not to movement of jobs overseas."

Still, Kleinhenz said he expects trade through the San Pedro Bay ports to increase this year, in part due to anticipated increased consumer spending. However, the rising value of the dollar against international currencies is likely to hurt U.S. exports to a degree.

Tax cuts are likely to take place quickly this year, Vitner said. Cochrane estimated that there are going to be \$10 trillion in tax cuts spread out over the next 10 years. "About two-thirds of those tax cuts will be personal income tax cuts, and then one-third will be corporate tax cuts," he said. "That is a very positive impact on the economy in 2018 and early 2019 as disposable income rises, and that income



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can be spent by consumers or spent or invested by businesses.”

A reduction in taxes, however, means an increase in the national debt, which could result in a pullback on tax cuts or on the major infrastructure spending expected under the new administration, according to Cochrane.

Regionally, both residential and commercial real estate markets are expected to do well, based on Kleinhenz’s forecasting. Despite rising interest rates, homes should remain in high demand for purchase in Long Beach, and home values are expected to continue appreciating.

The South Bay office market experienced about a 2% reduction in vacancy in 2016, and vacancy should continue to decline this year, according to Kleinhenz. Industrial real estate will remain in short supply and high demand, which will continue driving up rents and sales prices.

The financial industry is also expected to fare well this year. “The financial sector seems to be doing better,” Vitner said. “Loan growth has picked up. Certainly the tax sector is doing well in Southern California.”

Vitner added that he hopes the regulatory relief under the new presidential administration will stymie the trend of small bank consolidation. “Community banks performed a vital role of providing seed capital to new businesses that would be unable to borrow from a larger financial institution. And if we lose the community banks, I think we lose a critical element of our financial system,” he explained.

The oil industry is expected to continue to contend with oil prices around the \$50 mark, Kleinhenz said. “That is an industry that has struggled for almost three years when the price of oil plunged,” he said, referring specifically to Long Beach’s oil industry.

The manufacturing industry in Los Angeles County is expected to sustain more job losses due to workers being displaced by technology, according to Kleinhenz. Vitner attributed area manufacturing job losses to state regulations. “Manufacturing is in a tough spot in Southern California because of the rising cost of doing business, increases in the minimum wage and competition from lower cost areas like Arizona or Texas or Nevada,” he said.

This year, the state minimum wage is increasing from \$10 to \$10.50 per hour. “It may be difficult to measure early on, but I do think there will be some job losses or job hiring that does not take place with the higher minimum wage,” Kleinhenz said.

Although there is a significant degree of uncertainty in respect to the potential impacts of new policies under a Trump presidency, Kleinhenz said he expects the economy to continue improving as it has for the past few years. “I don’t see things changing dramatically anytime soon,” he said. “And no recession.” ■

International Trade

San Pedro Bay Ports Outlook Stable Despite Shipping Industry Realignment And Impending New Trade Policies

■ By **SAMANTHA MEHLINGER**
 Assistant Editor

Despite fluctuations in the global shipping industry and the potential for new trade policies as President-elect Donald Trump takes office, both San Pedro Bay ports have stable outlooks for cargo growth in 2017.

The Port of Los Angeles (POLA) broke the record for the most cargo ever flowing through a port in the Western Hemisphere in 2016, having handled 8.8 million twenty-foot equivalent units (TEUs) of cargo. This year, the port should experience cargo growth in the low single-digit percentage range, according to Michael DiBernardo, POLA’s deputy executive director of marketing and customer relations.

The Port of Long Beach (POLB) experienced a 5.8% decline in overall cargo volumes in 2016, handling 6.8 million TEUs. Port officials attributed the decline to the bankruptcy of Hanjin Shipping, a Korean shipping line that owned a majority stake

in the POLB’s largest terminal, Total Terminals International (TTI). Still, it was the fifth-best year ever for the port.


“Obviously, 2016 was a challenging year for the Port of Long Beach, with cargo lost and particularly with the unexpected Hanjin bankruptcy,” Duane Kenagy, interim executive director, told the Business Journal. “We believe we’re through the worst of that and have a path forward. Our expectations are that 2017 is going to look much better.” Nationally, Kenagy said he expects trade to increase 2% to 3%.

The Long Beach Board of Harbor Commissioners recently approved Mediterranean Shipping Company’s bid to take


over the majority stake in TTI, of which it previously had minority ownership. The company’s subsidiary, Terminal Investment Limited (TIL), will operate the terminal. The shipping line is the second largest in the world and is part of a new shipping alliance with Maersk called the 2M Alliance.

On April 1, a reshuffling of the world’s shipping alliances will go into effect, consolidating four major alliances into three. “The alliances are going to be an uncertainty as they start finalizing where ships are going to be calling in San Pedro Bay,” DiBernardo said. “Traditionally, you would think that a company that owns the

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Construction on the replacement for the Gerald Desmond Bridge continues at the Port of Long Beach. When completed, its roadway will be about as high as the top of the arch on the current bridge – about 200 feet. According to port spokesman Lee Peterson, the two towers that will support the cable stayed span of the new bridge will each be 515 feet high. The clearance over the water for the current bridge is 155 feet. For the new bridge it will be about 205 feet, allowing larger vessels to pass beneath it in to the inner harbor. The new bridge will also feature more lanes for traffic. (Photograph by the Business Journal's Larry Duncan)

(Continued From Page 15)

terminal would run the volume through that terminal, but with these alliances that may change.”

Shipping companies have been struggling with a dynamic of overcapacity and weaker-than-expected demand for goods across the world. As a result, the rates they charge to ship those goods have plummeted. “We’re certainly hoping that the industry consolidation that has occurred is a positive for us and that rates stabilize and that the industry becomes a little healthier in 2017 than it was in 2016,” Kenagy said.

Positive changes may be on their way for the local trucking industry thanks to efforts by the ports and supply chain stakeholders. “I think in the trucking industry there is going to be a little bit more involvement in turn times,” DiBernardo said, referring to the time it takes a truck to enter a terminal, return or pick up cargo, and exit the terminal. Terminals and trucking firms have contracted with a company that uses GPS to monitor truck turn times, he said. That information will be used to track patterns and, in theory, improve turn times at individual terminals.

DiBernardo speculated that terminals are likely to create appointment systems for truckers to improve turn times. Additionally, PierPass, which establishes peak and off-peak shifts and corresponding entry rates at the terminals, may also see changes this year. “We think there is going to be a PierPass update in 2017 which is . . . hopefully going to improve efficiencies,” DiBernardo said.

Officials from both San Pedro Bay ports are keeping a close eye on the new presidential administration. “We’re reaching out to the transition team members,” Kenagy said. “We’re back in Washington regularly

making sure that the message of the Port of Long Beach is heard and understood.”

DiBernardo said the Port of Los Angeles is making the same efforts. “We are going to stay close to these folks, understand what they are looking at and tell them how important the San Pedro Bay port complex is to the local economy, the nation’s economy, as well as the workforce here in Southern California,” he said. Phillip Sanfield, director of media relations for the POLA, said the port complex supports 954,000 jobs in the Southern California five-county region.

Both DiBernardo and Kenagy pointed out that the incoming administration has indicated an interest in investing in transportation infrastructure, which could benefit the ports.

Both ports continue to improve their facilities with major capital improvement projects. The Port of Long Beach’s Middle Harbor Redevelopment Project, which is combining two aging terminals into a state-of-the-art facility able to handle the world’s largest ships, is continuing on schedule, according to Kenagy. The project’s first phase opened last year.

The Gerald Desmond Bridge Replacement Project is visibly progressing, with bases of the two towers for the new bridge now higher than the existing Gerald Desmond Bridge. “The towers should top out later this year, and [we will] begin construction of the cable-stayed main span structures,” Kenagy said. The project is scheduled for completion in 2019.

“We have a number of other smaller capital projects that will progress this year,” Kenagy said. “We are in a formal release of the draft environmental impact report (EIR) document for our Pier B on-dock rail support facility.” The project will allow containers to

be placed directly onto trains from ships, thereby reducing truck trips and air emissions. A second public hearing on the draft environmental impact study for the project is being held at 6 p.m. tomorrow, January 18, at the port’s offices, 4801 Airport Plaza Dr.

Dock improvements to allow larger ships to berth at Pier G are also slated for this year, according to Kenagy.

At the Port of Los Angeles, a \$510 million improvement project at the TraPac Terminal is nearing completion. Improvements include extending wharves, deepening water depth at berths, installing new cranes and more. New automated on-dock rail at the terminal is now undergoing testing by TraPac, according to DiBernardo. Once the project is complete, every terminal at the POLA will have on-dock rail. Another ongoing terminal project involves deepening the water at Yusen Terminal to allow for larger ships to berth, he noted.

The POLA is also realigning Harbor Boulevard at 7th Street and Sampson Way as part of the redevelopment of Ports O’ Call Village into the San Pedro Public Market. That project is still in the design phase by developer LA Waterfront Alliance.

Environmental impact reports for proposed improvements at Everport, China Shipping and Yang Ming facilities are also underway, DiBernardo said.

The POLA is continuing its pilot project with General Electric, in which data about incoming ships is shared among shipping lines and terminal operators to ensure better flow of goods upon arrival. Sanfield said if the project is successful, the technology has the potential to benefit many other aspects of the supply chain, including trucking companies, chassis owners, the International Longshore

and Warehouse Union, and cargo owners.

The ports are working together to update their Clean Air Action Plan this year. The plan was adopted in 2006 and has resulted in major reductions in air emissions that are harmful to health and the environment. The ports are holding a workshop on the new draft of the document on Tuesday, January 24, from 6 to 8 p.m. at Banning’s Landing Community Center, 100 E. Water St. in Wilmington. The review period for the document, which is available at www.cleanairactionplan.org, ends February 17.

For the Port of Long Beach, one of the most important efforts this year is that of the Long Beach Board of Harbor Commissioners to find a new chief executive. Its former CEO, Jon Slangerup, left the port in the fall to lead a major aviation firm in Canada. Kenagy said he expects the harbor commission to find a replacement by April. “They’re committed to doing a robust and thorough search to get the best executive available for that key position,” he said. ■

Health Care

Industry Outlook In Question As Likely Repeal Of Affordable Care Act Looms

■ By **SAMANTHA MEHLINGER**
Assistant Editor

Uncertainty reigns in the health care industry as a Republican-led Congress and new presidential administration gear up to repeal the Affordable Care Act. Local hospitals and health care providers are moving forward with planned expansions and investments but beyond that are tak-

ing a wait-and-see approach before developing any new major plans.

Long Beach-based Molina Healthcare has undergone rapid growth since the implementation of the ACA. The firm is a provider of Medicaid, Medicare and other health plans, and it also operates health clinics and provides health information management services to state governments.

“Between our full-time employees, part-time employees and contracted staff here at Molina, we have about 9,000 people working in Long Beach,” Chief Financial Officer John Molina told the Business Journal. “That shows you how much we have grown over the past few years.”

Molina is unsure if that growth will continue. “I can’t say we will continue to grow because we don’t know what the new administration is going to do with the Affordable Care Act,” he said. “But I think one of the hallmarks of our company is we have always remained nimble and flexible.”

This year, Molina Healthcare is putting more of an emphasis on improving profit margins. “For the last five years, we have been growing so fast that a lot of our excess profits have been reinvested in continuing to build the infrastructure,” Molina noted.

In terms of offering new programs and services, Molina Healthcare is “in a wait-and-see mode,” according to Molina. But the firm is moving forward with opening two clinics in the region, including one on Atlantic Avenue in Long Beach’s 6th District, as well as one on the campus of Compton Junior College. Both are opening in the first quarter of the year.

Molina speculated that although it doesn’t seem Republicans yet have a replacement plan for the ACA, they are unlikely to turn the clock back to 2006 when about 20 million fewer Americans were uninsured. “The fact is that over 20 million people have gotten health care coverage through various parts of the Affordable Care Act. If you were to somehow magically wipe the slate clean, those 20 million people don’t go away,” Molina said.

The outlook for Molina Healthcare depends upon how the replacement of the ACA is structured and how the company adapts, according to Molina. “In fairness to some of the critics of the act, there are an awful lot of regulations and mandates that have made it more costly to provide health insurance,” he said. “So if some of those things can be streamlined and we can provide good coverage . . . for people at a lower cost, I think that’s great.”

Also important to Molina’s future is an upcoming court decision on the legality of the merger of Aetna and Humana. If approved, the companies would have to divest management of 300,000 Medicare Advantage Plan patients, which Molina Healthcare would take on. “We would get into the Medicare Advantage program in a very big way,” Molina said.

John Bishop, CEO of MemorialCare

Health System’s three Long Beach hospitals – Memorial Medical Center, Miller Children’s & Women’s Hospital and Community Hospital – said the outlook for the health care industry is uncertain at the moment.

“If it’s repealed, and I do think that is likely, I think it will be replaced with something that is substantially similar,” Bishop said. “I don’t think that they will take away insurance from 20 million people. They will continue to cover preexisting conditions, and they will continue to have incentives to keep people healthy.”

Regardless of what happens with the ACA, Bishop believes the movement toward population health – maintaining the health of a population to reduce health care

costs, rather than an illness-centered model of care – will continue. MemorialCare Health System is making investments toward this end within Long Beach, he noted.

“We are investing in ambulatory centers and free-standing imaging to try and increase the value and improve the care that is provided in our community,” Bishop said, referring to outpatient walk-in centers off the hospitals’ campuses. In the next few months, Memorial is opening an office with primary care, obstetrical and gynecological services at Douglas Park, he added.

Miller Children’s & Women’s Hospital is moving forward with plans to create a pediatric outpatient village, according to Bishop. The village would house all pedi-

atric outpatient services in one location near the hospital. Children would be able to see multiple physicians and specialists in one visit. “We are anticipating taking that through our internal approval process in March, and then . . . it would take roughly two years,” he said. Last year, the hospital gained a new pediatric intensive care unit, he added.

Recently, Long Beach Memorial Medical Center has received a number of improvements. “We recently installed a hybrid room which enables us to do complex cardiac procedures,” Bishop said. Other additions include a robot that allows the hospital to perform partial and full knee re-

(Please Continue To Page 20)



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Presented By: Dr. Isaac Eisenstein,
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Presented By: Dr. Shyam Dahiya,
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Presented By: Dr. Milan Rawal,
Cardiologist

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Thursday, February 23, 2017
6:00-7:30 p.m.
Lakewood Regional Medical Center
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DID YOU KNOW? HEART DISEASE IS THE LEADING CAUSE OF DEATH FOR WOMEN

Presented By: Dr. Alicia Montanez,
Cardiac Electrophysiologist

Join Dr. Montanez as she will discuss what heart disease means for women, and how women defend themselves against heart disease. Dr. Montanez will address the following questions: Which of the following is the single most important thing a woman can do to reduce her risk of a heart attack? Are women likely to experience the signs and symptoms of heart disease differently than a man?



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(Continued From Page 17)

placements, and the upcoming replacement of the hospital's cath labs.

Community Hospital's future is a bit less certain as MemorialCare assesses what can be done with the facility due to seismic challenges at the site, according to Bishop. "We anticipate this spring being able to make an announcement as to the future of that hospital," he said.

Lakewood Regional Medical Center, which is operated by Tenet Health, and Dignity Health St. Mary Medical Center are both also investing in their cardiology, orthopedic and joint replacement capabilities. In the past year, Lakewood Regional opened a new center for joint replacement, according to hospital CEO John Grah.

"We are showing a real stable kind of business model, and we have seen some good growth in a number of service lines, particularly around cardiology and orthopedics," Grah said. "If we don't see huge changes through the Affordable Care Act with the new administration in Washington, we should see ourselves remaining pretty stable."

In 2016, St. Mary invested in a new magnetic resonance imaging machine and a new cath lab, according to Julie Sprengel, vice president of Dignity Health's Southern California region. Sprengel has taken on an increased role at St. Mary after former President and CEO Joel Yuhas moved on to



Last year, Miller Children's & Women's Hospital Long Beach debuted a newly expanded pediatric intensive care unit. Pictured in the state-of-the-art facility is patient Angela with Dr. Saar Danon, medical director of pediatric cardiology and congenital cardiac catheterization. (Photograph by the Business Journal's Larry Duncan)

pursue another career opportunity in Colorado at the end of the year.

"In 2017, one of the big areas that we're focusing on is expanding and upgrading our emergency department, as well as developing and advancing our care for seniors," Sprengel said.

The St. Mary Medical Center Foundation is raising \$11 million to fund the emergency room (ER) expansion, with Dignity Health matching those funds. Drew Gagner, president of the founda-

tion, said he expects to raise that amount by the end of 2017. "We are expanding from 26 beds to 47 beds," Gagner said. Also, "We're adding a senior emergency room within the emergency room."

St. Mary has experienced an influx of patients to its emergency room in recent years, as have most hospitals in Southern California, according to Sprengel. She attributed that influx to a lack of primary care physicians in the area.

Long Beach Memorial had a record year for ER visits in 2016, according to Bishop. Lakewood Regional experienced a decrease in ER visits because its ER had been serving as a proxy for that of Martin Luther King, Jr.-Harbor Hospital since it closed in 2007. The new Martin Luther King, Jr. Community Hospital recently opened in its place, thereby reducing patient volume at Lakewood Regional, Grah explained.

Executives from each Long Beach-area hospitals agreed that receiving adequate service reimbursements from insurance companies has been challenging in recent years.

"Reimbursement continues to be a challenge because there are more Mendi-Cal patients, which tend to not cover our costs," Bishop said. "Revenue is the challenge not just in Long Beach but throughout the industry because what we're being paid is not increasing as our costs are increasing." He added, "We have to try to look to reduce costs to the extent that there is no impact on patient care, and we look to grow our profitable product lines and continue to expand strategically."

As the ACA has had time to mature, more and more patients visiting area hospitals are insured. "We have really kind of created a model where we have covered most Californians with health insurance," Grah said. "Access to care has really improved for folks dramatically." Repealing the ACA abruptly, he added, would disrupt these improvements and the health care system overall. ■

Financial Services

Trump Policies And Business Optimism Drive Positive Financial Services Outlook For 2017

■ By **SAMANTHA MEHLINGER**
Assistant Editor

Local financial services industry professionals have a positive outlook for the year ahead as they look toward continued economic growth, financial policy reform and a less stringent regulatory environment under a new presidential administration.

Ben Alvarado, president of Wells Fargo Bank's Southern California region, cited several positive indicators for the financial industry, as well as for the economy overall. "We are moving into 2017 with much momentum," he told the Business Journal. "Consumer confidence is at its highest in 13 years, and economists and pundits are predicting less business regulation with the new presidential administration. Many are explaining the stock market surge as a sign of great times ahead in our economy, which will positively impact the banking industry and business across industries," he explained.

The Wells Fargo Gallup Small Business Index, released in early December, found that surveyed small business owners anticipate a positive year in 2017, with expectations at their highest since 2008, according to Alvarado.

"Forty-five percent of small business owners say they expect the operating environment for their business to be better in 2017," Alvarado wrote. "The increase in small business optimism was largely driven by business owners' expectations that their finances will improve in 2017. More than half (58%) expect their business's revenue to increase a little or a lot in the next 12 months, up from 48% in July."

He continued, "Seventy percent believe their cash flow will be somewhat or very good in the next 12 months, up from 65% in July. Thirty-five percent say they plan to increase their capital spending a lot or a little, up from 25% in July. . . . With these factors and many others that we are seeing, I am very optimistic that our customers will be thriving in 2017."

Expect to see Wells Fargo roll out new innovations this year. Alvarado said the bank has multiple "exciting announcements" on the horizon. Long Beach customers of Wells Fargo will also benefit from a new location at the Traffic Circle, which is scheduled to open this year. The current branch at the Traffic Circle is located within Ralphs grocery store. "The

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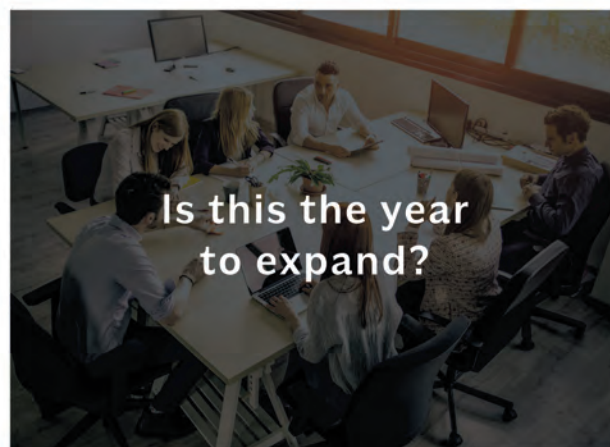
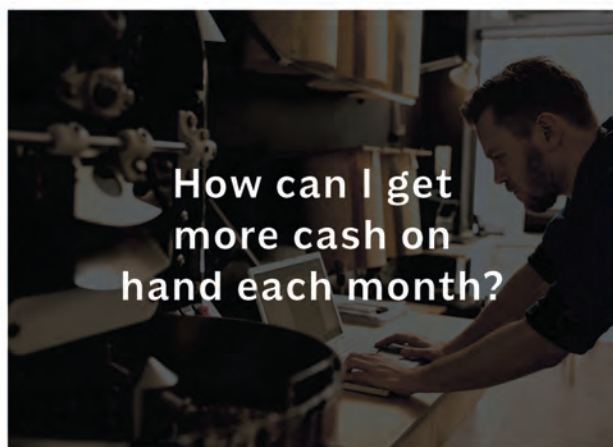
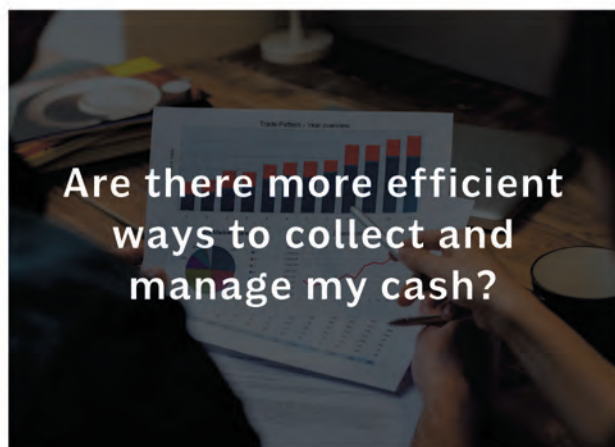
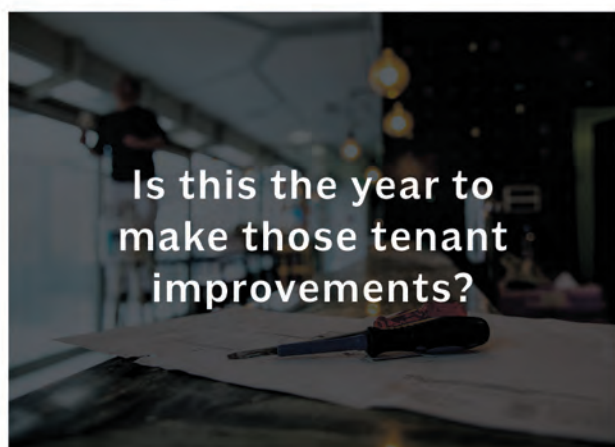
Dr. Chang graduated from UCLA before attending medical school at Tulane University School of Medicine. He completed his residency at the New York Presbyterian Hospital at Weil-Cornell Medical College. He trained in Ophthalmic Plastic, Orbital, and Cosmetic Surgery, Ocular Oncology, and Ophthalmic Pathology at Massachusetts Eye and Ear Infirmary at Harvard Medical School. He then served as Chief of Ophthalmic Plastic Surgery at Doheny Eye Institute/Keck USC Medical School of Medicine where he was a professor for 10 years.

Dr. Chang is board certified, and performs eyelid plastic surgery, both cosmetic and reconstructive, and is an expert in facial sculpting with Botox® and fillers. He was voted by his peers as one of LA Magazine's Super Doctors for seven consecutive years.

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(Continued From Page 20)

larger location will provide our customers a more robust branch with more convenient ways to complete banking transactions,” Alvarado said.

Michael Miller, president and CEO of Long Beach-based International City Bank, does not expect much change for the bank this year. The institution specializes in business banking in Long Beach and has another office in Irvine.

“Our client base is continuing to do well,” Miller said. “They have rebounded after the recession and as a whole continue to perform well, which is good for us as well.”

The Federal Reserve raised its key interest rate by .25% in December and is expected to implement another increase this year. “The most recent interest rate hike was anticipated. And I think we’re anticipating that at some point between now and the end of year, there will be the likelihood of at least one more rate hike,” Miller said.

“That will have somewhat of an effect on things in general, but not an overwhelming effect on how companies are performing and the additional costs associated with that interest rate hike,” he explained.

Rising interest rates may impact home mortgage rates, but Miller does not expect them to increase by much. Strong home values in the Long Beach area also serve to bolster the local housing market, he noted.

ICB may offer expanded technological service offerings in 2017. “We are exploring a couple different things in 2017, one of which may be mobile banking,” Miller said. “We’re also going to be improving and expanding our website, and that is going to start fairly soon.”

Mergers and acquisitions of California banks should continue in 2017, according to Miller. For example, in 2016 Lodi-based Farmers & Merchants Bancorp (not to be confused with Long Beach’s Farmers & Merchants Bank) acquired Delta National Bancorp, a bank headquartered in Manteca, California. In December, Suncrest Bank, based in Visalia, acquired Fresno-based Security First Bank.

“We are going to continue to see fewer banks in the State of California,” Miller said. “But banks are certainly performing well. Banks that have been acquired over the last six to 12 months, it appears that [their] multiple book value has increased,” he said, referring to the ratio of a bank’s stock valuation to its book value.

“Certainly banks are performing better as a result of the economies of scale with banks merging and gaining access to specific markets that they hadn’t penetrated before. [That] certainly improves their performance,” Miller said. “And we are looking at opportunities as we move forward. Nothing definite yet, but we are certainly looking at possibilities.”

Accountants are expecting to have a busy



Michael Miller, president and CEO of International City Bank, said he expects 2017 to be a stable year for his bank, with little change from 2016. Industry wide, he expects consolidations and acquisitions of small banks to continue. (Photograph by the Business Journal’s Larry Duncan)

year thanks to possible tax policy changes by the new presidential administration.

“With the Trump administration in, we are expecting to see a lot of favorable tax changes, and so that will mean a lot more planning for our clients. So we see it as a good year,” Blake Christian, partner of accounting firm Holthouse Carlin & Van Trigt, told the Business Journal. “We are very optimistic since 70% of our fees are tied to tax consulting and tax compliance work.”

During his campaign, the president-elect outlined potential cuts to personal and corporate tax rates in part to encourage U.S. companies to move their foreign investments back home, Christian noted. “I think most of what he has laid out has a decent chance of passing,” he said. “The wild card is just the [national budget] deficit. I am

hopeful that the Republicans will take deficit reduction seriously and maybe focus on that along with the tax breaks.”

As a result of tax cuts, Christian said there is likely to be increased domestic investment and job growth, rather than foreign investment, by U.S. companies. “The thing that we’re going to have to watch is probably how companies are going to grow in California versus other states with the continuing regulatory environment in California, as well as the high tax rates and minimum wage mandates,” he added.

Financial firms focused on employee benefits and investments consulting may also have a dynamic 2017. Trent Bryson, CEO of Bryson Financial, a mid-market employee benefits company based in Long Beach, said that the result of the presiden-

tial election is cause for hope for his industry this year.

“I believe that the first 90 days of the new president should prove to be interesting,” Bryson said. “But from a business standpoint, I think there is going to be some deregulation that is going to free up companies’ cash and allow them to grow. So from a market standpoint we’re looking forward to that.”

While Bryson said there are no new state regulations that he considers burdensome to the financial services industry, he did say that overall the state is “pretty tough to operate in.” He added, “California continues to chase businesses away. So you hope that the overall federal approach outweighs the business-stifling environment of California.”

If the Affordable Care Act is amended or replaced, health care costs could decrease without sacrificing coverage, Bryson said. “What it’s going to allow us and those in the financial industry to do, is to spend more time focusing on our clients and less time focusing on paperwork,” he explained. ■

Oil

Stabilizing Oil Prices Could Mean More Jobs And Investment

■ By **BRANDON RICHARDSON**
Senior Writer

After starting 2016 with oil prices nearing \$26 per barrel, a 13-year low, 2017 has much better projections with prices already above \$50 per barrel, according to Robert Dowell, director of the city’s Long Beach Gas and Oil Department.

Dowell said the department is drilling about one well per month, but that activity

(Please Continue To Page 24)



Signal Hill Petroleum Vice President and Chief Operating Officer Dave Slater said the increase in oil prices will allow the company to invest in drilling, which will create more jobs in the area. (Photograph by the Business Journal’s Larry Duncan)



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(Continued From Page 22)

could increase if prices sustain. He also explained that company oil production is expected to be down slightly from last year.

“We’re declining about 2% to 5% on a yearly basis overall. And that’s anticipated to continue in 2017 unless there is a significant uptick in new well drilling, which would offset that decline,” Dowell said. “It’s very price sensitive.”

Though the oil industry is accustomed to pressure due to legislation and regulations, Dowell said the new Trump administration might be more favorable to the industry. In any case, Dowell explained that the oil industry has always proven resilient to regulatory challenges and has always been able to meet them while continuing exploration.

David Slater, vice president and chief operating officer of Signal Hill Petroleum (SHP), explained that California legislators have been examining regulations pertaining to idle wells and underground injection.

“The pendulum is moving toward updating older regulations to recognize today’s world,” Slater said. “At the end of the day, we’re hopeful that we wind up with the right updates to the regulations that are good for protecting the environment, the groundwater, and are good for the industry.”

With current oil prices, Slater said that SHP’s economic forecast for the year is very positive. Oil being a declining resource, Slater explained that the increased prices allow the company to invest in drilling to offset the decline and keep production for the year to around 1 million barrels.

Signal Hill Petroleum employs more than 80 people, but with increased drilling activity, Slater said new jobs would be created. Aside from the impacts on jobs and oil sales, Slater explained that oil produced in California is among the cleanest and most environmentally friendly anywhere in the world.

“California has such a high volume of consumption. We’re actually the third largest consumer in the world. It goes: the United States, China and then just California alone,” Stefanie Gillett, a communications specialist with SHP, explained. “It’s one of those things that’s not going to change, and I don’t think we want it to because we all love our lifestyle. So we just need to be smart about how we do that and if we can produce it here locally and smartly.”

With no oil pipelines connecting it to other oil-producing states, California imports 64% of its oil to keep up with consumption needs, according to Robert A. Barnes, executive vice president of operations at California Resources Corporation (CRC). Similar to SHP, stable oil prices will allow CRC to grow production at its Wilmington Field, which will increase jobs, Barnes explained.

Barnes said the company invests in technologies such as automation, environmental controls and water recycling, which contribute to its success as a leading California operator. Additionally, he explained that the company invests in drilling and production technologies to minimize its footprint.

“In an ever-changing and uncertain world, increasing California’s energy supply is the best way to ensure that all Californians have access to affordable and reliable energy,” Barnes said. “Promoting California’s energy self-sufficiency in 2017 will increase jobs, infrastructure investments and tax revenues – and can reverse our state’s record dependence on imported oil, natural gas and electricity from places that don’t match California’s high safety, labor and environmental standards.” ■

Utilities

Local Utilities Expect Price Changes And Improvements

■ By **BRANDON RICHARDSON**
Senior Writer

Continued improvements and the introduction of new technologies are expected for local utilities, which may alter consumption patterns and will lead to price changes for residents.

Water

Though the year has started with rainy weather throughout California, conservation is still the core message from Christopher Garner, general manager of the Long Beach Water Department.

“Long Beach residents have done a great job at continuing to conserve,” Garner said. “I believe we are 14% below the 2013 benchmark, which is incredible.”

Even with the wet start to 2017, Garner said neither he nor water experts in Sacramento are making projections, because weather patterns are fickle. He explained that last year’s failed promise of El Niño bringing an abundance of rain to Southern California has caused experts to acknowledge that it is virtually impossible to predict water levels.

“We’re just starting the real rainy season, and we’ll see where that stands,” Garner explained. “We’ve definitely had a good start with December and [so far] in January, but it’s the next two months that are really going to be the telling factor as far as where we stand coming out of this winter.”

The Long Beach Water Department plans to restructure water rates sometime midyear, according to Garner. He said that the changes will be revenue neutral in the sense that the intent is not to generate more or less money but rather to ensure it is legally defensible and fair to customers. One change is to incentivize customers to conserve by rewarding low-consumption users, while sending a financial message to

Long Beach Gas And Oil

Natural Gas Delivered and Average Number of Accounts

Natural Gas Delivered to End Users (MMBtu)				
Year*	Residential	Commercial/Industrial	Electric Generation	Total
2000 Deliveries	6,327,249	6,163,323	11,946	12,502,517
2010 Deliveries	5,196,714	3,606,354	318,884	9,121,952
2016 Deliveries	4,538,665	3,579,666	706,168	8,824,499

Average L.B. Gas and Oil Accounts By Customer Class				
Year*	Residential	Commercial/Industrial	Electric Generation	Total
2000 Deliveries	139,497	4,938	6	144,441
2010 Deliveries	136,526	4,702	7	141,235
2016 Deliveries	143,432	4,725	6	148,163

*Calendar Year; Source: Long Beach Gas and Oil

According to Robert Dowell, director of Long Beach Gas and Oil: LBGO’s observed reduction is typical among other natural gas utilities across the U.S. Natural gas usage per household has decreased even as demand for energy has risen. The average American home uses one-third less natural gas than in 1980. This trend is due in part to installation of tighter-fitting windows and better insulation, increased attention to thermostat control, and the development of increasingly more efficient natural gas appliances. These improvements translate to big energy savings: Residential customers can reduce their energy use by up to 30% when they replace furnaces and boilers with high-efficiency natural gas appliances; Customers that lower their thermostats by 10% to 15% for eight hours a day can save up to 10% of their annual fuel consumption. Another point is that here in California, we have been experiencing milder winters than historically and modern building code efficiency standards are now more stringent.

Long Beach Water Department

Year*	Residential Accounts	Non-Residential Accounts	Annual Water Usage
2000	79,543	9,093	70,334 acre feet
2010	80,250	9,336	56,719 acre feet
2016	80,436	10,519	51,883 acre feet

*Fiscal Year, October 1-September 30; Source: Long Beach Gas and Oil

According to Chris Garner, general manager of the Long Beach Water Department: One acre-foot equals about 326,000 gallons, or enough water to cover an acre of land, about the size of a football field, one foot deep. An average California household uses between one-half and one acre-foot of water per year for indoor and outdoor use. We don’t have the number of dwelling units, we have the number of accounts. So the actual number of dwelling units is much higher due to multi-family complexes which are master metered. Residential accounts include single family, multi family and duplex. Non-residential accounts include commercial, fireline, industrial and irrigation. Something that I’d like to point out is that Long Beach residents should be greatly commended not only for using less water during this drought period, they are using SIGNIFICANTLY LESS water...2.6% less than 2015, 8.5% less than 2010, 26.2% less than 2000, 37.6% less than our peak usage year of 1985, and even 13.4% less than we used back in 1959, when Long Beach’s population was approximately 20% less than today! That is a huge effort by Long Beach residents!!!!

those who use an inordinate amount of water, Garner explained.

The water department will also continue replacing 1,800 miles of water pipelines and 900 miles of sewer lines, a practice that has already seen an 80% drop in mainline breaks on the water side, according to Garner. Additionally, the department is considering a move to smart meters, which will provide more detailed information to the utility and its customers.

Garner said, “I think it’s a tool, if we go that route, that will have an impact on the knowledge base for our customers – on how they use their water and when they use their water – and that hopefully transfers into changes in their water usage patterns.”

Natural Gas

Long Beach natural gas prices are expected to increase in 2017, according to Robert Dowell, director of the Long Beach Gas and Oil Department. He explained that last year’s prices averaged between \$2.50 and \$2.70 per 1 million British Thermal Units (MMBtu), but this year they are anticipated to reach between \$3.10 and \$3.20 per MMBtu.

“As far as gas prices, our customers, Long Beach residents, pay the commodity price. Whatever we pay for that gas, they pay as well,” Dowell said. “There’s a bigger demand for gas nationwide. Regulations have also shut down a lot of the coal-fired power plants, so there’s more consumption of natural gas for generating purposes.”

Dowell explained that the Advanced

Meter Infrastructure project would be completed by midyear. The project began early last year and makes manual readings of gas meters by city employees obsolete by allowing data to be transmitted electronically.

Between \$8 million and \$10 million is spent by Long Beach Gas and Oil every year on infrastructure improvements, Dowell said. For 2017, the federally regulated integrity management program has specified a pipeline replacement strategy.

“We are working pretty diligently with the public works department to stay ahead of any Measure A street improvement projects that they have,” Dowell said. “Where we have pipelines planned in the future, we will put them in in advance of any of the resurfacing work that they are contemplating so we don’t have to dig up the street twice.”

Electricity

The regional economy is forecast to experience steady job and output growth in the electric power industry, according to Eduardo Martinez, senior planner at Southern California Edison.

“Year-over-year job growth is expected to be smaller than earlier periods of the recovery (2010-2013), while new housing construction starts are expected to climb further but not reach pre-recession levels,” Martinez said.

Growth in rooftop solar power and electric vehicles continues to have an impact on electricity consumption, Martinez explained. Additional use of rooftop solar panels will reduce consumption, while the

introduction of more electric cars will increase consumption. How the two will offset each other is yet to be seen.

AES Southland LLC hopes to begin construction on its new Alamitos Energy Center (AEC) in July on the site of its current facility located at 690 N. Studebaker Rd., according to Dalia Gomez, community and public affairs manager for AES.

The new facility is expected to use 50% less natural gas, cutting emissions in half, while still delivering the same electrical service, Gomez explained. Other benefits to the project include eliminating the use of ocean water for cooling purposes; spurring nearly \$1.3 billion in private investment in California's electric infrastructure; generating 4.7 million hours in construction-related work with a payroll of over \$401 million, much of which is expected to be spent locally; contributing more than \$8 million annually to the local economy and generating tax revenue; and with the demolition of current smokestacks, creating far superior curb appeal.

The California Energy Commission completed the AEC hearings last year and will release the Presiding Member's Proposed Decision this month, with a final decision expected sometime in the first quarter, according to Gomez. She said construction of the new facility is estimated to be completed by 2020, with demolition of the current plant to follow. ■

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Aviation And Aerospace

Despite Some 'Ups And Downs,'
Aviation And Aerospace
Sectors Expect Growth

■ By **BRANDON RICHARDSON**
Senior Writer

Despite uncertainty with the price of fuel and the potential impact on profitability, the outlook for aviation is favorable with strong demand, according to Jess Romo, director of Long Beach Airport (LGB).

"We are expecting to see an increase in the load factors by all the carriers, and that's going to translate to more profitability for [them]," Romo said. "As a consequence, if we get more people coming into the airport on those flights, that will translate to an increase on airport revenue."

Along with increases in load factors, Romo said he expects to see continued utilization of the 50 commercial flight slots allowed by LGB's strict noise ordinance. Romo explained that flight slot usage, which was previously underutilized, reached upwards of 90% or more last year, adding to passenger counts for the airport.

Southwest Airlines, the newest addition to LGB's commercial carriers, plans to



Greg McQueary, general manager for Ross Aviation in Long Beach, said the company hopes to expand this year with the purchase of land for new hangar construction. Ross Aviation took over the site on the westside of the airport previously housing AirFlite. (Photograph by the Business Journal's Larry Duncan)

continue evaluating open flight slots week by week to offer service to additional destinations as allowed, according to Michelle Agnew, communication and media relations specialist for Southwest. The airline recently added Saturday and Sunday service to Denver.

Southwest will retrofit aircraft midyear

as it brings on Panasonic as a secondary service provider for improved Wi-Fi services, Agnew said. Additionally, new employee uniforms will go online this summer, and new aircraft interiors will be implemented.

One recent change to LGB was the introduction of the Federal Aviation Administration's (FAA) Southern California Metroplex initiatives. The project goal is to improve traffic flow and safety and to reduce congestion in major metropolitan areas by redesigning airspace and introducing more efficient technologies.

"They are leveraging technology and moving from a radar-based control of traffic to a global positioning [system] approach that is multifaceted for enhanced safety of the aircraft traveling between airports in the region," Romo said. "It's also something aimed at getting better efficiencies from the fuel standpoint in terms of how the aircraft are managed in the airspace."

Long Beach has already modified flight arrival practices, and departure practices should be updated within two months, according to Romo. The FAA has held a number of workshops and community meetings regarding Metroplex, with one scheduled in Long Beach on Wednesday, February 8, at the Long Beach School for Adults located at 3701 E. Willow St.

Also in 2017, Romo said the airport will continue to focus on improvements, including replanting and repainting certain areas and reopening Parking Structure A after the completion of enhancements to elevators and stairwells. Romo also said a bike-share pilot program could be on the horizon for LGB.

One major question revolving around LGB is the forthcoming council decision

on JetBlue Airways' request for Federal Inspection Services and U.S. Customs facilities to be established at the airport. The decision is scheduled to be made at the city council's January 24 meeting, two years after JetBlue's initial request and one year after the council commissioned Jacobs Engineering to conduct a feasibility study.

Recently, Romo responded to a list of 32 questions submitted by 8th District Councilmember Al Austin regarding the impact of international flights at LGB on the noise ordinance, business and the Long Beach economy. Regardless of the decision, Romo said the airport's only concern is offering Long Beach and surrounding area residents a great flying experience, and it has no intention of compromising the noise ordinance.

"We will continue to do our work in terms of protecting what the noise ordinance is intended to do," Romo said. "We just want to make sure that we remain on that list of top-10 airports that we've been very fortunate to be on."

The general aviation market continues to improve despite ups and downs in the aircraft deliveries in certain sectors, according to Curt Castagna, president and CEO of Aeroplex/Aerolease Group. Castagna said new leadership in Romo is exciting, as he is vibrant and brings a lot of experience and knowledge to the position.

With the permanent closure of two runways last year, Castagna said the airport has an opportunity for development. He explained that with proper planning, new development on airport property could bring more diversity, which is an opportunity many airports don't have.

"We think those development opportu-



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nities could bring some synergy and some different revenue streams for leases and things that are complementary to the existing users,” Castagna said. “I’m just excited about the future that Long Beach has and the continued evolution of our aviation services. And we’re happy to be a part of it.”

The biggest challenge of 2017 for Ross Aviation is to assure customers they will be given the same quality of service as they received from Toyota’s AirFlite, according to Greg McQueary, general manager for Ross. AirFlite was a longtime fixed base operator (FBO) at LGB that moved operations to Texas last year, leaving many of its employees to work for Ross, which took over the facility. McQueary worked for AirFlite for 22 years.

“One of the goals is that we’d like to expand. We’d like to work with the airport to secure some additional land to possibly build some hangars,” McQueary said. “We really want to focus our attention on our base customers, as well as some of the other fractional companies that fly into the airport that normally go to our competitor.”

With a new stadium being built in Inglewood for the Rams and Chargers professional football teams, McQueary said Ross is attempting to encourage the National Football League to fly teams into

Long Beach. He said bus rides might be a little longer than if they fly into LAX, but Long Beach is cheaper and easier to get in and out of.

Last year, Boeing announced the consolidation of its Defense, Space and Security division, which will bring jobs to Long Beach from its Huntington Beach facility. However, Rudy Duran, director of the Boeing Long Beach site, explained that this is a multiyear effort, meaning no positions have moved to the city and exact numbers have not been determined.

Other plans for Boeing in 2017 include the 737 MAX entering into service and flight tests of the new 787-10. The 737 MAX has already received 3,419 orders, making it the fastest-selling airplane in Boeing history, Duran said. The aircraft is 14% more fuel-efficient than today’s most efficient 737s.

“It’s important to emphasize that the Boeing footprint in California represents a vital part of the company, and the teams here are doing innovative and important work,” Duran said. “Our employees remain active and committed to the Long Beach community, contributing both dollars and time in many ways. We have great partnerships with local schools, including CSULB, and we continue to work with local organizations that support the neighborhoods in Long Beach.” ■

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Residential Real Estate

Long Beach's Outlook Remains Positive, Similar to 2016

By **SAMANTHA MEHLINGER**
Assistant Editor

Despite a small interest rate increase by the Fed, local residential real estate professionals expect Long Beach's single-family and multi-family properties to remain in high demand this year. Both real estate markets continue to experience low inventory of properties for sale, which is continuing to put pressure on sales prices and rents, and increase property values. As a result, housing affordability remains an issue both for homebuyers and renters.

Single-Family Homes

Long Beach's single-family home market continues to experience low inventory and high demand, a dynamic that is driving increasing sales prices. Local real estate experts expect this trend to continue through 2017. They also remain hopeful that the new presidential administration will consider reforms to improve housing affordability and availability, which are lacking locally and throughout the Southern California region.

"We closed the year with about 2.1

months in single-family inventory, and I don't see anything on the horizon that is going to cause any significant change in that," Geoff McIntosh, president of the California Association of Realtors (CAR) and owner of Long Beach's Main Street Realtors, told the Business Journal.

"We did see a modest interest rate increase," McIntosh said, referring to the Federal Reserve's move to raise interest rates by a quarter of a percent in December. That caused 30-year fixed home mortgage rates to increase by about an eighth of a percent, he noted. "We had some concern that that might have a negative effect on the market, but the increase ended up being so small that it was pretty quickly absorbed by the pool of buyers looking for property."

It is likely that low inventory is going to be the new normal locally, according to Phil Jones, managing partner of Coldwell Banker Coastal Alliance and an active member of CAR and the National Association of Realtors. "I think it's safe to say that 2.5 to 3 months is going to be the new norm," he said.

McIntosh pointed out that there is hardly any construction of new homes in the area. There are single-family communities planned near Bixby Knolls and on the eastern edge of the city, but they have not broken ground yet. "The limited new construction that is available tends to be upper end. That's not where we need the inventory," McIntosh noted.



An offer is pending on this home at 5490 E. The Toledo, listed by Coldwell Banker Coastal Alliance in Long Beach's Naples neighborhood. The home is listed at \$7.49 million. While the overall inventory of homes for sale in Long Beach is low, there are more high-end homes for sale than there are entry-level and mid-priced homes. (Photograph by the Business Journal's Larry Duncan)

Increasing interest rates and home prices restrict the affordability of housing, Jones explained, adding that he expects Long Beach home prices to increase between 5% and 10% this year.

As of November, the median price of homes for sale in Long Beach was about \$595,000, according to McIntosh. Statewide, CAR expects home prices to appreciate between 3.5% and 4% this year, he said. In Long Beach, he expects to see a 5% increase. Locally, the median price of condos increased to about \$330,000 in 2016, a 4.6% increase from 2015.

As of November, 31% of California households could afford to purchase a home at the statewide median price of \$515,940, according to CAR. Forty percent of Californians could afford a median-priced condo or townhome at \$418,230.

Moving forward, Jones said he hopes the next presidential administration will recognize the importance of the housing market to the overall economic recovery. "I don't believe that the Obama administration really grasped that," he said.

"One way that we will benefit is the new administration has specifically stated they are going to make changes to the Dodd-Frank bill and even specifically the Consumer Financial Protection Bureau," Jones said. Changes in these areas could help both large and small banks have more confidence in making loans. Banks have been somewhat paranoid and restrictive in making loans because of a confusing and burdensome regulatory environment, he explained.

McIntosh said reforming government-sponsored Freddie Mac and Fannie Mae is on President-elect Donald Trump's agenda but will not likely be addressed this year. "They have bigger fish to fry," he said.

The California Association of Realtors has been working toward easing regulations

for condo complexes to get recertified for Federal Housing Administration financing. This would aid in housing affordability, as condos are considered entry-level product for homebuyers. "We hope that under the leadership of Dr. Ben Carson we will be able to make some headway, although it's kind of hard to tell," McIntosh said.

Multi-Family Properties

In Long Beach, the recovery from the Great Recession has been marked by years of swiftly rising demand for hard asset investments like apartment buildings. Owners waiting for values to top out have been slow to sell their properties, resulting in a market crunch with high demand and very low inventory, as local brokers tell it. Despite high prices driven by this dynamic, buyers have still been benefiting from low interest rates. This year, however, interest rates are expected to be on the rise, which might loosen up the market a bit.

Local multi-family real estate professionals expect the Fed to issue one or more rate increases during 2017, which will affect the interest rates for property loans.

"Especially after the election, pretty much everybody is singing from the same song sheet that we're going to get a series of rate increases this year," Eric Christopher, senior investment associate with INCO Commercial, said. "We're starting to see a little bit more momentum building off of that catalyst."

According to Christopher, prices for multi-family properties typically decrease when interest rates rise. Before rates increase again, Christopher said it's likely that more property owners will list their buildings for sale to take advantage of nearly top market prices.

"Sales activity has actually been pretty active at the end of the year and pretty active



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Commercial Real Estate

Markets See Continued Positive Leasing Trends

■ By **BRANDON RICHARDSON**
 Senior Writer

With the stock market rallying, the economy continuing to see the addition of jobs and the forthcoming inauguration of a new presidential administration, local commercial real estate markets remain strong.

Office

Demand for office space is often a lagger in the economy and follows the employment trend, according to Robert Garey, director at Cushman & Wakefield. He explained that as employment continues to improve around the country and locally in Long Beach, demand for office space will grow in tandem.

"I think the forecast is going to be more of an upward trend, positive leasing activity, which is going to reduce vacancy, which will increase rental rates and increase property values," Garey said. "I think the trend is going to be good for 2017. I don't see anything that's going to hang it up."

(Please Continue To Page 30)

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Late last year, Mercedes-Benz USA LLC leased the building located at 4031 Via Oro Ave. within the Freeway Business Center office and industrial complex. The building, consisting of more than 85,500 square feet, is located adjacent to another building at 4035 Via Oro currently used by Mercedes-Benz for research and development. The company could not be reached for comment regarding the anticipated use for the space and the number of employees who will work at the site. (Photograph by the Business Journal's Larry Duncan)

(Continued From Page 29)

Recent expansions by Molina Healthcare at 1500 Hughes Way and a lease by Mercedes-Benz of an entire 85,000-square-foot building at 4031 Via Oro are indicators of the strong demand in the Long Beach market, Garey said.

Garey said it will be interesting to see what happens to markets with the new Trump presidency, but added that the stock market rallying is a good indicator of the next 12 to 18 months. He said he thinks rental rates and property values are likely to increase, but will depend on interest rates.

Some of the best-selling commodities on the office market are spaces of 3,000 square feet or less, according to Becky Blair and Roy Gaut, president and associate at Coldwell Banker Commercial BLAIR WESTMAC, respectively.

"Office space under 1,000 square feet tends to lease very quickly. We get multiple calls a day on our vacancies, and they don't sit on the market very long," Gaut said. "[We've seen] professionals like attorneys and therapists, and we've really seen a lot of medical users pick up recently. Medical office has taken off."

Blair explained that she has already noticed an uptick in the smaller space activity from last year and that she expects this trend to continue throughout the year. Because of this trend, Gaut said some of the landlords he works with are considering breaking down some larger vacancies into smaller offices with the hopes of raising occupancy.

According to Blair, it is wise and profitable for small businesses to purchase their office space rather than leasing, especially in a marketplace as stable as Long Beach.

"I think we increased about 15% to 20% on pricing last year. And I would say that it's going to probably stabilize this year on the sales side because the interest rates will go up," Blair said. "But we're still going to see the pace be strong. I think we'll do very well, but I don't think that we'll see the increases we have over time."

Retail

With a growing population and average household incomes on the rise, the Long Beach retail real estate market is becoming evermore desirable for businesses, according to Brian Russell, vice president of Coldwell Banker Commercial BLAIR WESTMAC.

"In general, for retail space in particular, I'm bullish on Long Beach," Russell said. "I think it's going to continue to attract good, strong retailers because we have good, strong, stable demographics."

Though the overall market is strong, with areas like Bixby Knolls continuing to attract good tenants, Russell explained that some areas are experiencing a price ceiling, where asking lease prices have reached their peak. He said this is evident in areas such as Belmont Shore where there is an unusual number of vacancies, when space in the past has been leased quickly.

Russell said that the passing of Measure MM to allow medical marijuana distribution within Long Beach city limits would also play a role in the 2017 retail market as vendors are approved to enter the city. He explained that most real estate agents do not fully understand the "rules of engagement" when it comes to leasing to medical marijuana distributors but that the city attorney is scheduled to speak to the Long Beach Commercial Real Estate Council in March.

Another key factor in the retail market this year will be big box retailers such as Sears, Kmart and Macy's going dark, according to Doug Shea, president of INCO Commercial. With large retail chains closing their doors this year, in addition to Sports Authority and Sport Chalet, which closed last year, there is a lot of retail space that will need to be filled.

Shea explained that his company recently started a self-storage division, which he thinks may be one way to eliminate the new space.

"A lot of that will have to do with the proper zoning or changing zoning or getting a variance. But today's retail isn't giant boxes as much as it used to be," Shea said. "I see that as having a big im-

pact on 2017 – a lot of spaces needing to be filled due to the downsizing or bankruptcy of large companies."

As for restaurant space, Shea explained that he still sees them moving around a lot but that there are always inquiries from new businesses to make their way into the Long Beach market. However, second-generation space appears to be desired by most restaurateurs, as opposed to building a new facility from the ground up.

The announcement that Real Mex Restaurants closed some of its restaurants, including the El Torito at 6605 E. Pacific Coast Hwy., marked the second large restaurant to close at the Marketplace Long Beach during the past year.; the other was the Tilted Kilt Pub & Eatery. Shea said that the landlords are currently thinking of dividing the former El Torito location into two restaurants and the former Tilted Kilt location into four fast-casual establishments.

Despite businesses closing and the trend toward smaller space, Shea said sales and leasing of retail would remain steady, as will the prices.

Industrial

The local industrial real estate market will be similar to 2016 in a lot of respects, according to Lance Ryan, senior vice president of marketing and leasing for Watson Land Company. Ryan anticipates a continued lack of supply across all size ranges, along with a very solid demand.

"In general, the outlook is very low vacancy, increased and continuing pressure on rental rates and downward pressure on concessions to make lease deals," Ryan said. "A lot of these fundamentals are really exacerbated by the lack of supply of land for industrial development."

Even with several projects poised to add industrial space to the market, including sites at Douglas Park, Ryan said it is not of a scale to really impact the vacancy rates. With the pressures of low vacancy rates, rental rates are expected to increase between 5% and 10%, the same as last year, according to Ryan.

In addition to a vacancy rate around 1% to 2% and increasing rates, Ryan explained that there is downward pressure on concessions by property owners, meaning they will be less likely to contribute improvement dollars. Because of these trends, existing customers are trying harder to reach renewal agreements prior to their expiration date.

"I think the election really changed things," Brandon Carrillo, principal at Lee & Associates Commercial Real Estate Services, said. "A lot of businesses thought Hillary [Clinton] was going to get elected and we were going to have another four years of the same old thing. Trump getting elected has really brought

enthusiasm back to business – local businesses, as well as nationally."

Carrillo said that a local aerospace manufacturer he has been working with was considering moving to Texas but has decided to explore options to stay in Long Beach. He explained that the company is interested to see how Trump puts pressure on California in regards to regulations.

Factors such as uncertainty at the port with the recent bankruptcy of Hanjin Shipping were a concern to industrial space users, but a quick resolution only produced greater optimism in the strength of the economy.

However, Ryan said that he expects the industrial market to remain tight for the foreseeable future, which raises the risk of losing businesses wanting to expand. He explained that Long Beach currently does not have the product for companies to grow and expand but that the Inland Empire is in the midst of a construction boom, which could cause growing companies to relocate.

"The other thing that's going to be interesting heading into this new year is Measure MM and the whole medical marijuana cultivation and laboratory stuff," Carrillo said. "It's going to be an interesting year here locally as we try to figure out how these medical marijuana guys play in." ■

Retail

Technology And New Laws
Poised To Affect Local Retail
Stores And Restaurants

■ By **BRANDON RICHARDSON**
Senior Writer

The continued utilization of old and new technology, as well as new laws and regulations, will have an impact on local retail stores and restaurants, according to industry experts.

Restaurants are expected to see the continued use and growth of online ordering and third-party delivery services, such as GrubHub and Postmates, in the upcoming year, Sharokina Shams, vice president of marketing and communications for the California Restaurant Association, said.

"Those services are great, though the overall idea of third-party delivery is something that restaurant owners go back and forth on whether it is a good idea or a bad idea," Shams explained. "There's some kinks being worked out, but with the increased use of tech, there is certainly no indication that third-party delivery is going to go away. That's here to stay and we think it's going to grow."

One report Shams said she received also indicated a growth in restaurant loyalty programs to encourage customers to return often. Shams explained that full-service restaurant sales decreased in 2016, a

trend that is estimated to continue this year to the tune of about a 2% drop. On the other hand, quick-service restaurants and fast-casual chains continue to outperform full-service locations.

“While there’s a lot of things you can do at home now, including ordering groceries and ordering toys and clothes and holiday gifts, restaurants are still a place that attract people to leave their houses,” Shams said. “We’re hoping that will mean an uptick in foot traffic this year in restaurants, but that remains to be seen.”

Technology is also playing a major role when it comes to shopping. As big names such as Amazon continue to thrive with sustained growth in online sales, new tech-focused ventures are beginning to impact the retail world.

“Online sales have continually affected the retail market. Already we have seen a shift in tenants from merchandise-related retailers to service-related retailers,” Joe Linkogle, vice president of investment and director of Marcus & Millichap’s National Retail Group, said. “Food-related tenants, as well as other service-related tenants such as beauty parlors and nail salons, will continue to dominate the demand for good retail space.”

The new grocery store Amazon Go is scheduled to open to the public early this year and is already open to Amazon em-

ployees in Seattle. The innovative concept revolves around a grocery store with no checkout lines. Instead, customers scan items using a mobile application and are billed electronically. It is yet to be seen how expansive the concept will be moving forward, but it has already made waves as a change in the shopping experience.

Locally, the outlook for retail investment is very good, according to Linkogle. One major change to Long Beach retail in the coming months will be the introduction of medical marijuana facilities.

With the passing of Measure MM, Linkogle said he has received numerous calls from marijuana distributors about retail opportunities as they search for locations that fall within the zoning requirements defined by the measure.

Additionally, this year men are expected to continue to outspend women, and the menswear market is anticipated to expand 8.3% in light of that trend, according to a Forbes article by Bryan Pearson titled “7 Under-The-Radar Retail Trends For 2017.” The introduction of artificial intelligence to create a more targeted and personalized shopping experience, an increase in contactless payment methods through mobile devices and an increased desire to shop small and local are among other expected trends for this year. ■

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Hospitality And Tourism

Industries Prepare For Another 'Record-Breaking Year'

■ By **BRANDON RICHARDSON**
 Senior Writer

Coming out of 2016, which was described as the “best year ever” for hospitality and tourism by the Long Beach Area Convention & Visitors Bureau (CVB), Steve Goodling, the president and CEO of the CVB, said he has high hopes for 2017.

“Overall, the year is shaping up to deliver at least another million dollars to the special advertising and promotions fund [monies procured through the tax on guestrooms, such as hotel rooms], taking it up to over \$27 million,” Goodling said.

Already this year, the CVB hosted The Special Event, a convention that drew more than 5,000 professionals from the special event industry. Goodling explained that the event was a great opportunity to showcase the recent and continued enhancements to the convention center, as well as the city as a whole, to an entire industry.

A good barometer for the success and health of the industry is the fact that the schedule for convention center event spaces is practically full. Goodling explained that his office recently received a request for space in March and April, but only two days were available.

The continued enhancements to convention and event spaces by the city and the CVB are a main driver in attracting newer conventions that target younger generations, according to Goodling. Such is the case with a new addition to the convention lineup for 2017, TwitchCon.

Originating in San Francisco in 2015, TwitchCon is centered on a platform that allows gamers to livestream their video game play and chat with viewers in real time. Last year’s event was held in San Diego; however, Long Beach won the contract for this year due to its proximity to three airports, the number of restaurants in the vicinity of the convention center and by offering the best hotel prices for convention goers, according to a company statement. Goodling explained that more than 15,000 people are expected to attend the event, which is scheduled for October 20-22.

Events such as TwitchCon will contribute to the city’s overall room occupancy, which is expected to increase from last year, according to Bruce Baltin, managing director of CBRE Hotels.

“Basically, we’re projecting that occupancy will be up slightly this year from last year,” Baltin said. “The reason it’s only up very slightly is because we are at a peak. We’re at almost 78% occupancy, and that’s a very high occupancy for this market. So it’s hard to project it going much higher.”

Baltin explained that the market has seen a good mix of leisure, group and commercial hotel bookings and that he expects that trend to continue into 2017. He attributes this, as well as a projected continued growth to average room rates, to Long Beach becoming a more desirable destination – from the recognitions garnered by the Long Beach Airport to city improvements and walkability.

Two of the leading attractions in Long Beach are also expecting growth in 2017. As ship improvements and development planning continues, the Queen Mary is introducing Local Band Hangout, a new live music series that will take place the third Thursday of each month in the ship’s Observation Bar beginning January 19 at 8 p.m. Overall, business is poised to do well in 2017, according to Steve Sheldon, director of entertainment events for the ship.

“We are anticipating an average increase of 5% to 10% across all areas of our business, including hotel, restaurants, attractions and events,” Sheldon said. “We have found in recent years that our attendance continues to grow along with our entertainment programming, so we are planning for more events and activities in 2017 than ever before.”

The Aquarium of the Pacific is also going to have a very busy year, according to Jerry Schubel, president and CEO. In 2017 the Aquarium will attract an estimated 1.6 million visitors, generate about \$35 million in revenue and have a membership base of nearly 10,000 households.

This year will see several new exhibits at the Aquarium, including the temporary “Frogs: Dazzling and Disappearing,” which will open in May for about a year and a half; the reopening of the seal and sea lion exhibit, which has been closed for several months for remodeling and should be back online in early February; and a new permanent exhibit on archerfish that will be funded by the Lakeside Foundation and Aquarium revenue.

“We’re also producing an important new film on climate change,” Schubel said. “This came out of our November forum . . . and the idea is to turn the issue on its head and look at it from the opportunity side and not just be preoccupied with gloom and doom.”

Aside from the new film and new exhibits, the Aquarium will celebrate the groundbreaking of its Pacific Visions wing on Thursday, February 2, at 10 a.m. The new \$53-million wing will include exhibits, an art gallery and a state-of-the-art immersive theater. Schubel said the project will take about 18 months to complete.

Between new construction, enhancements and new events, the hospitality and tourism industries in Long Beach are on track for a great year, Goodling said. “We’re continuing to build upon last year’s successes, and this year is projected to be another record-breaking year for the city.” ■

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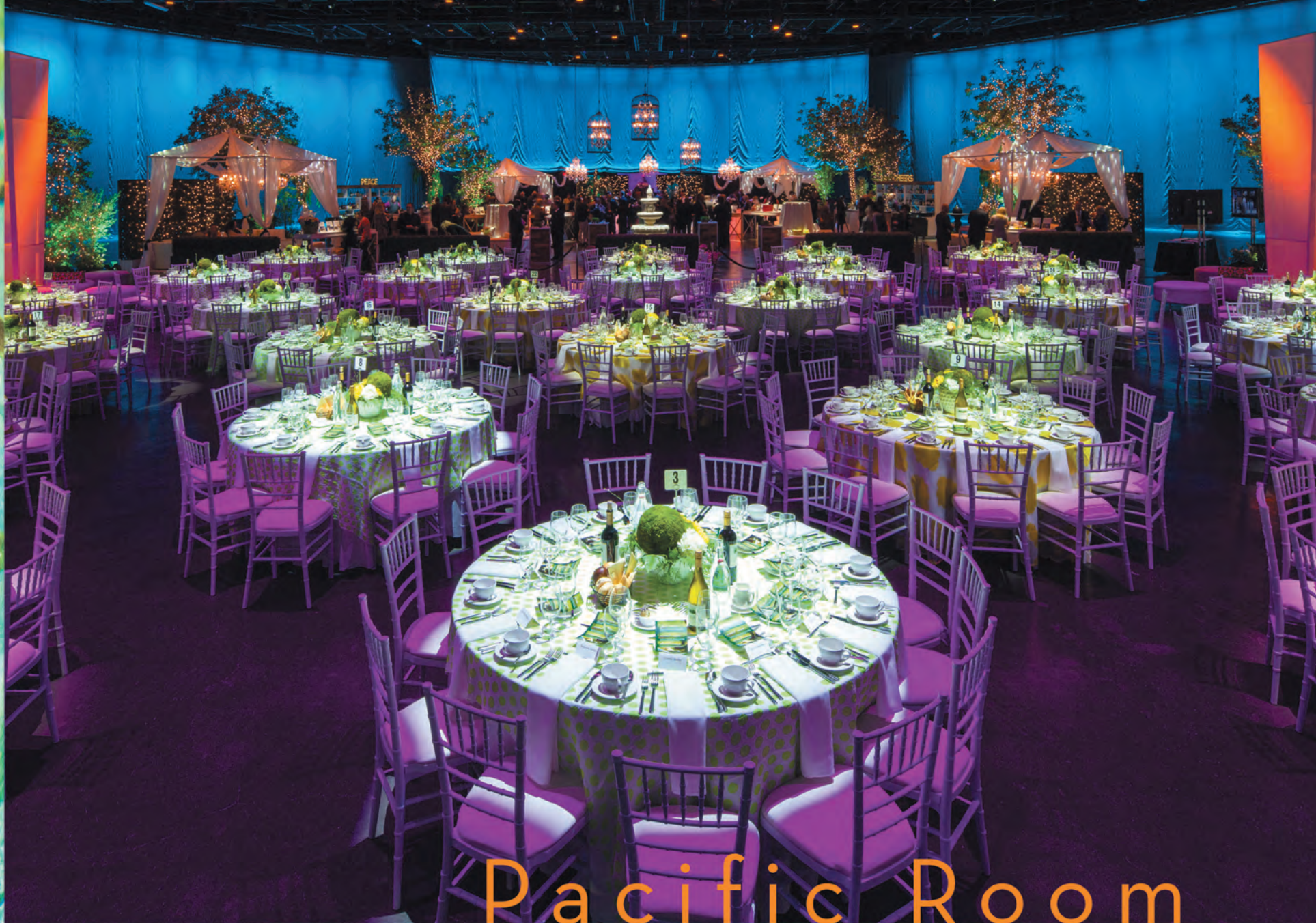
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Small Business Showcase – Norse Way



Dirty Paws

After years as a paralegal, Sharon Liberty decided it was time to spend her life doing something she was truly passionate about – working with animals. With support from her husband, Richard, she began studying animal grooming. After earning a certificate in the field, she and Richard set out to open their own pet grooming business in the Norse Way retail corridor in Northeast Long Beach. With experience in the grocery and construction industries, Richard helped build out the shop at 4501 E. Carson St. and set up the retail aspect of the business, which sells pet treats and accessories.

Dirty Paws opened in 2013. “Now as far as my part is, I come out and help once in awhile and make sure the retail is moving along and kind of handle things on the back end as she grooms the dogs and handles the front end,” Richard said. “It’s a friendly community, I am really happy with it,” he said of Norse Way.

“Every year we have increased our business by 50%,” Richard said. Dirty Paws offers full service grooming, as well as self-service stations for those who prefer to bring in their dogs to bathe. “We do cats and dogs,” Richard said. “I think my wife is the only one who does the grooming on cats. They are kind of rambunctious.”

Pictured from left are owners Richard and Isabel Liberty, and Amy Moore, master groomer.

Miss Priss Cupcakes & Such

With the encouragement of friends, Karie Foster left a 10-year career in real estate to open Miss Priss Cupcakes & Such at 4131 Norse Way in 2008. She had baked cupcakes and cakes for friends’ events for years, but after a particularly successful birthday party her friends urged her to open a shop.

“I was on a shoestring budget,” Foster recalled. “I didn’t have a lot of money and all of the retail spaces were very expensive.” She was just about to give up when she drove past a space for lease at a reasonable rate on Norse Way. She called the number on the sign and immediately rented it. Within three months, she opened up shop. “I love Norse Way. It’s such a neighborhood street,” Foster said, comparing it to Mayberry from the “Andy Griffith Show.”

Over the past nine years, Foster has developed quite the following, with customers driving from as far as Lake Arrowhead and San Diego for her cakes and cupcakes. She regularly caters in Hollywood, as evidenced by a gallery on her website featuring the likes of Jay Leno and Adam Carolla. In addition to cupcakes and cakes, Foster also serves deli sandwiches with Boar’s Head meats. In the future, she hopes to open a drive-through shop offering cupcakes, deli food and coffee.



Stein Fillers

After his wife bought him a beer homebrewing kit for Christmas many years ago, Rick Adams said he was hooked. For more than 16 years, Adams has been a co-owner of Stein Fillers, a beer and wine homebrewing supplier.

Stein Fillers has been in Long Beach for 22 years, originally located on Viking Way near the intersection of Carson Street and Bellflower Boulevard. When the original owner decided to move out of state in 2000, he left the business in the care of five new co-owners. That same year, the shop was relocated to its current address at 4160 Norse Way.

“Business at that particular time wasn’t doing real well. So he just gave it to us because he knew we’d take it over and continue running the store,” Adams said.

Along with prepackaged kits to make no less than 13 different beers and ingredients for do-it-yourself beers and wines, Stein Fillers sells all the equipment necessary to brew adult beverages at home. The only thing not sold at the shop, according to Adams, is the juice needed in winemaking. He said this is because wine products only make up about 5% of sales.

When asked what he enjoys most about co-owning the shop, Adams said, “When I’m there, I really enjoy dealing with folks. I’m the type of person that likes chatting, and usually those that come in have a lot of questions. And I really enjoy answering them.”



Math Hive

Ben Hilberg and his colony of math tutors are new to the education scene, having opened the doors to Math Hive only eight months ago. Located at 4501 E. Carson St., Suite 108, the math tutoring center focuses on homework support, filling in gaps in a student’s knowledge and enrichment, including coding, robotics and more.

“We’re not one-on-one tutoring, we’re a membership. Parents drop off their child, and they receive tutoring from anyone who is available at that moment, any one of the tutors on the floor,” Hilberg explained.

Currently, Math Hive has six tutors – seven counting Hilberg who will tutor during busier hours – for its roughly 30 enrolled students. The center tutors students in grades 2 through 12, with each membership costing \$250 per month. Math Hive is open five days per week, and each student may attend up to two hours for every day the center is operating. For ambitious parents and students, this could sometimes mean up to 40 hours per month, making the cost a nominal \$6.25 per hour.

“What is most rewarding for me is the fact that we have an extremely high retention rate, which means people are satisfied with the work we are doing. So I figure if we keep doing a good job, parents will talk about it. They’ll leave some type of review somewhere. And next thing you know, other students come,” Hilberg said.



Support Local Small Businesses

Hojas Tea House

After having found success in Wilmington and San Pedro, in November Alma and Ignacio Ortiz opened the third location of their business, Hojas Tea House, at 4501 E. Carson St. in the Norse Way business corridor.

“About 15 years ago I started drinking green tea as a preventative means for my own health,” Alma said. “The more I learned, the more passionate I became about it.” Ortiz’s father died of cancer when he was just 37, and several other family members have battled the disease. After learning about the various types of tea, Alma envisioned opening a teahouse and place of gathering for the Wilmington community. At the time, she was working for the Los Angeles Unified School District as a special education assistant. “When I approached my husband he immediately said yes. And he said, ‘I will definitely support you in whatever way I can,’” she said. “He has definitely been the backbone of the business.”

Hojas Tea House serves a variety of healthy tea drinks based on Chinese medicine, as well as coffee, salads, pastries and more. “What we created were drinks not just to taste good but to make a difference in your health,” Alma said. The Ortiz’s hope to partner with nearby Long Beach City College for community fundraising events in the future.

Pictured are Ignacio and Alma Ortiz with their children Andrew and Amanda, who are actively involved in the family business.



Long Beach Woodwinds

With nearly 50 years in the music industry, including playing saxophone for Les Brown’s Band of Renown and Captain & Tennille, Rusty Higgins opened Long Beach Woodwinds in 2003 to share his knowledge, expertise and enjoyment of woodwind instruments with the community.

Higgins’ shop, located at 4412 E. Village Rd., sells and rents woodwind instruments, as well as accessories and sheet music, mostly to students from local school districts. “All the band directors around know us. And I would say that most of the kids in the Long Beach, Los Alamitos, Cypress, Cerritos area, they come to us because our prices are the best and we have the best selection,” Higgins said.

Aside from sales and rentals, the shop offers world-class instrument repairs, according to Higgins, including brass instruments, even though they are not sold at the store. Higgins and his wife also teach dozens of private lessons each week at the store – from beginners to some of the best players in the area, Higgins said.

Outside of running his store, Higgins has been a saxophone teacher at Azusa Pacific University since 2002 and still receives work at recording studios. He has recorded or performed with artists such as Ray Charles, Frank Sinatra, Johnny Cash, Barbra Streisand and Aretha Franklin, to name a few. “I work for big names, but I’m not a big name,” Higgins added modestly.

Pictured from left: Georgia Higgins, owner and instructor; Rusty Higgins; Edgar Guadiana, repair technician; and Bryan Whitaker, repair manager.



Small Business Dollars & Sense

Small Business Optimism At Highest Point In Eight Years



By BEN ALVARADO

Small business owners are the most optimistic they have been since January 2008, according to the latest Wells Fargo/Gallup Small Business Index. The overall Index score increased significantly to 80 in November, up 12 points from July and up 26 points from a year ago. This represents the highest optimism reading since January 2008. A major driver behind the increased optimism is how business owners are feeling about the year ahead. Forty-five percent say they expect the operating environment for their business will be better in 2017. The increase in small business optimism was largely driven by business owners’ expectations that their finances will improve in 2017.

The key drivers of this quarter’s Index score included revenue where more than half (58%) expect their business’s revenue to increase a little or a lot in the next 12 months.

Seventy percent believe their cash flow will be somewhat or very good in the next 12 months and 35% say they plan to increase their capital spending a lot or a little. Thirty-six percent expect the number of jobs at their company to increase a little or a lot over the next 12 months which is the highest reading in the 13-year history of the survey.

Almost half of small business owners said they expect credit will be somewhat or very

easy to obtain in the next 12 months, representing the highest reading on this measure since January 2008. At that time, 48% of small business owners said credit would be somewhat or very easy to obtain; 14% of small business owners said they were planning to apply for credit this year.

The survey queried small business priorities for the incoming president and Congress. Eighty-one percent of small business owners said actions relating to changes in the tax code, tax regulations and tax rates for small businesses were most important. Other top issues include actions relating to healthcare and the current healthcare law (76%), overall action on government regulations impacting small business owners (70%) and actions that could impact oil prices or energy costs (59%).

A little more than half (51%) think that actions taken by the new president and Congress next year will make their businesses better off, 17% think their businesses will be worse off and 26% think the actions will have no effect.

Small business owners also were asked what the new administration could do to help small businesses grow in the years ahead. Ninety percent say improving the economy overall, 81% say reducing taxes on small businesses and 78% say simplifying the tax code as it applies to small businesses would be very or extremely effective. Sixty-one percent say they think the new president will focus on the issues important to them as a small business owner.

Overall, the Index tells us that business owners are feeling positive about the future and have a renewed sense of confidence as they plan for the year ahead. I look forward to all the successes 2017 will bring to small businesses in Long Beach.

(Ben Alvarado, a 26-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.)



Downtown Long Beach Development Opportunity

Located near vibrant waterfront and future site of mixed-use Long Beach Civic Center
Southeast Corner of Broadway & Golden Avenue, Long Beach, CA 90801

- 5.6 acre redevelopment site in Long Beach's Central Business District
- Within ½ mile of the Pacific Ocean
- Zoning permits various commercial and multi-family uses
- Favorable zoning — maximum building height 500 feet
- Currently used as surface parking for One World Trade Center and Hilton



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