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Barring A Trade War, Outlook For Ports Is Positive



Economists and international trade industry executives predict that 2018 could be another record-breaking year for cargo shipments moving through the San Pedro Bay ports. While the concept of a trade war with China could hinder that outlook, most parties interviewed by the Business Journal found it to be an unlikely outcome. (Port of Long Beach photograph)

■ By **SAMANTHA MEHLINGER**
EDITOR

As the national economy grows in strength, so does business at the ports of Long Beach and Los Angeles, the nation's largest port complex. Both ports broke records for imported containerized cargo volumes last year, and, barring a trade war with China, economists believe the ports could do it again this year.

"My instinct is, when it all sorts out, we are going to see record levels again this year," John Husing, international trade economist and owner of Irvine-based Economics & Politics Inc, predicted. In 2017, the ports brought in a combined 8.6 million twenty-foot equivalent units (TEUs) of cargo, breaking the all-time high of 8.2 million TEUs achieved in 2006, according to Husing.

Both ports reported strong months in January and February, besting the cargo volumes that moved during those months a year prior. But in March the Port of Los Angeles experienced a 27% decrease in cargo volumes. Husing and port officials attributed the dip to the Lunar New Year celebrated in Asia during that month, which

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NATIONAL SMALL BUSINESS WEEK APRIL 29-MAY 5

Wells Fargo Program Provides Personal Connection For Small Businesses

■ By **ANNE ARTLEY**
STAFF WRITER

When Jacqueline Camarena, 20, started her second job at fast food restaurant Chick-fil-A, located at 4401 E. Pacific Coast Hwy., she had not yet acquired the skills to budget her earnings or establish credit. According to Kristie Bergstrom, the

franchise's owner, Camarena is not alone in her lack of understanding of managing finances. To address the gap of financial knowledge she found in her employees, Bergstrom took advantage of the Wells Fargo at Work program offered by Wells Fargo bank. The initiative allows a business to build a relationship with a bank representative,

(Please Continue To Page 17)



The Wells Fargo at Work program allows a business to build a relationship with a bank representative, who conducts a series of in-person financial workshops customized to fit employees' needs. Kristie Bergstrom, the owner of the Chick-fil-A franchise located at 4401 E. Pacific Coast Hwy., took advantage of the initiative to give her young employees a launching pad for their careers. Pictured from left: owner Bergstrom; Wells Fargo Branch Manager Dina Noe; Chick-fil-A team member Jacqueline Camarena and Natasha Mata, the Wells Fargo region bank president of the Central L.A. area. (Photograph by the Business Journal's Anne Artley)

Property Owners Emphasize The Negative Effects Of Rent Control

■ By **SAMANTHA MEHLINGER**
EDITOR

Long Beach renters may soon find flyers in their inboxes and messaging on social media informing them of negative consequences of rent control.

Meanwhile, in front of local grocery stores, signature gatherers continue collecting residents' John Hancocks to support a proposed municipal ballot initiative to approve a rent control ordinance for Long Beach. The initiative is meant to address a housing affordability crisis, gentrification, eviction without just cause, and other issues, according to the proposed ordinance's language.

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MILLENNIAL PULSE Stop 'Waiting On The World To Change'

By Editor Samantha Mehlinger

Millennials are not the generation that's in power. But if we continue to patiently wait for that moment, we're going to be the ones cleaning up the mess.

'90s kids like me had the benefit of growing up

during a time of economic wellbeing and a (mostly) stable international relations climate. Many of us were born at the end of the Cold War, when the last vestige of that conflict was torn down and broken into pieces —

(Please Continue To Page 5)

PortSide Keeping Up With The Port Of Long Beach

As a planner for the Port of Long Beach Master Plan Update, John Kim is taking an active role in developing the future of the harbor. He described the plan as an outline for land use and engineering projects. It also forecasts the amount of cargo that will come through the port in the next 20 years, due to technological advances and other changes in the shipping industry. According to Kim, cargo volume is expected to double over the next two decades. The plan is still in the early stages of development, with a goal of the California Coastal Commission certifying the update by fall 2019. Kim said a typical day involves community outreach. The planning division has held one public meeting that drew a crowd of about 80 people. "One of the challenges is communicating the technical aspects of what we're doing to a general audience. We asked people, 'What role does the port play in your life?' and had them write responses on cards," he said. "For a lot of people, it's about jobs and opportunities for economic growth. Others wrote that it's a polluter and a cause for congestion in our roadways. It plays a lot of roles in people's lives depending on your perspective." The planning division is preparing for a series of workshops with terminal operators, environmental groups, health groups and others that support the supply chain. Kim has been with the Port of Long Beach for nine months. He said he has always enjoyed long-range planning because it's a "mix of both art and science."

— Staff Writer Anne Artle



St. Mary Medical Center Welcomes New Chief Nursing Officer –



Dignity Health St. Mary Medical Center in Long Beach recently announced the appointment of Nancy Valla as chief nursing officer (CNO), overseeing all

nursing operations. Valla has 30 years of experience in the health care field, including more than 10 years of executive management experience. Most recently, she served as CNO of the 300-bed American Hospital Dubai in the United Arab Emirates. Valla also served as executive director of service lines for Hawaii-based The Queen's Health Systems and as vice pres-

ident of operations at Cigna Corporation in Arizona.

Port of Los Angeles Announces New Deputy Stakeholder Engagement Executive Director –



The Port of Los Angeles promoted David Libatique to deputy executive director of stakeholder engagement. In his new position, Libatique will oversee outreach to the government, media and the community as well as trade and workforce development. Libatique previously served as senior director of government affairs for the port, where he also worked with stakeholders to help the port meet its objectives in infrastructure, environmental and supply chain policy.

Newest Member Elected President Of L.A. Harbor Commission –



The newest member of the Los Angeles Harbor Commission, Jaime L. Lee, was elected president of the commission after her confirmation by the city council in mid-April. "I'm humbled to join my fellow harbor commissioners and serve as president of this important commission," Lee stated. "I look forward to working with all port stakeholders and staff as I continue the efforts of my predecessor to further enhance North America's premier trade gateway." Lee has served as the board

president of the Los Angeles City Employees' Retirement System Board of Administration for the past four years.

Su Casa – Ending Domestic Violence Announces New Boardmembers – Three individuals have been added to the board of directors for Su Casa – Ending Domestic Violence: Dr. Kash Nair, CEO and medical director of Nair Urgent Care in Long Beach; John Leonard, the head of Wells Fargo Capital Finance's Technology Division; and Russell Simpkin, vice president in the Business Banking Division of City National Bank. With the additions, the board consists of 13 members. Su Casa provides domestic violence shelter and services to Long Beach and Southern California.

Goodwill Adds Two Members To Its Board Of Trustees – Goodwill, Serving the People of Southern California Los Angeles County has added Mike Murray and Ardel Guillas Avelino to its board of trustees. Murray, who retired recently after a 35-year career with GTE/Verizon, has served in numerous leadership positions in the community. Avelino is a registered nurse and senior director at St. Mary Medical Center.

Bob Hope USO Elects Three Directors To Its Board – Long Beach-based Bob Hope USO announced the election the following individuals to its board of directors: Glenn Freed, Ph.D., chief investment officer at LourdMurray; Michael Friedland, partner at Knobbe Martens; and Don Haisch, chief accounting officer in the real estate debt group of Ares Management. ■

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pieces that later up ended up, as in my case, on some of our college campuses. As we grew up, many things were not perfect, but those things seemed very far away.

The middle-class experience, for many of us enveloped in it, was rather fluffy. We learned to play computer by blazing the dangers of the Oregon Trail, and as we grew up in a post-John Hughes era felt that perhaps the worst thing that could ever happen to us would be social ostracization. We gleefully drank bright blue sugar water out of wax bottles and ate highly processed, tiny lunch “meats” to our hearts content, paying no mind to genetically modified this or high fructose corn syrup that.

This cozy, encapsulated reality – while certainly not applicable to every Millennial, I would wager would be to a wide swath of those in the middle class – was ripped wide open by the events of 9/11.

Not long after, the recession pretty well screwed us all over financially in ways that we are still recovering from – underemployment, slow wage growth, prolonged student loan debt, et cetera.

You’d think that, in the intervening years, with terrorism (both foreign and domestic) becoming a regularity, mass shootings becoming par for the course, and endless wars raging in the Middle East, that we’d have had the silt of sanctuary shaken from our eyelashes.

What I say next obviously does not refer to politically or socially active Millennials, or to those who grew up already

well entrenched in difficult situations. But what I’ve found among many of my peers is that we as a generation in America still largely retain that sense of growing up in a bubble. That cozy, calm sense of “everything will be fine.”

Why else do we not turn out to vote? Why else, when another van drives through a crowd of Christmas shoppers, or a gunman storms another workplace, do we reflect in horror for a few minutes and then go about our day? Why is it that, in the information age, we do not seek out the news of the world beyond our doorsteps, but instead relish in binge-watching, memes, selfies, and all forms of escapism?

There is nothing wrong with seeking out entertainment and activities that bring us pleasure or a sense of calm. But there is something wrong when we do not also seek out the news of the world or participate in its challenges.

In the past couple of years of trying to meet someone in the new-fashioned way (what in a past column I referred to as “futile online dating”), I have to say that only one or two dates could hold a conversation about the war in Syria, tensions with North Korea, Russian aggression, and other major matters of international consequence, let alone domestic issues like affordable housing. And for those who could, they failed to see the potential ramifications these conflicts could bring to our own doorsteps.

Look, don’t have a cow. I’m sure you, Reader, Millennial or not, could be perfectly well informed on these topics. But

don’t you know twice as many people who aren’t?

I have been rather loathe to reflect upon my generation in this way, because I think in many positive ways we’re spurring truly valuable social movements. But it seems to me, when it comes to the realities of the world at large, we still tuck our heads under the covers and choose to leave things to the adults. But, you guys: we ARE the adults.

It took what I found to be some really disturbing research to get me thinking about this, shall I say, Millennial Bubble. On Holocaust Remembrance Day, the Conference on Jewish Material Claims Against Germany, an organization that is dedicated to seeking reparations for victims of the Holocaust, released the results of a survey that found that Americans’ memory and knowledge of the Holocaust was fading. This was the case among Millennials more so than any other age group.

While 11% of all U.S. adult respondents said that they were “unaware or not sure if they have heard of the Holocaust,” the number of Millennials who responded in the same way was double that.

Of U.S. adults, 31% believed two million or fewer Jews were killed in the Holocaust, when the figure is actually six million. Of Millennials, 41% said the same. Nearly half of Millennials could not name one concentration camp or ghetto, of which there were 40,000 in World War II. And 66% of Millennials could not identify what Auschwitz was.

It seems the disconnect might be be-

cause, of all U.S. adults, 80% have not visited a Holocaust museum and 66% do not know of, or know, a Holocaust survivor.

Is the problem education? Memory? Time?

Why should we then be surprised that incidents of anti-Semitism on college campuses are on the rise, Nazis have successfully marched through American streets, racist incidents seem frustratingly un-quashable, and all anyone will do about the mass murder of Syrian civilians is lob the occasional bomb on some chemical weapons?

When we lose our memories, we stop caring about the things that had made those memories stick. As Millennials, we of course do not have direct memories of the Holocaust, or of the other conflicts past whose root issues are now resurfacing today – the Korean War, the Cold War, etc. But should we leave it to the people who do have those memories to take care of things? Or should we burst the bubble long enough to take note of the challenges facing our society and start doing something truly substantial about them?

Not to repeat myself, as I’ve said this in this column before, but . . . to repeat myself: go vote. Run for something. And this time, before you do any of those things, I’d ask you: if you haven’t yet, please, open your eyes to the world. Read.

THEN you can binge-watch. ■


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Long Beach Ordinance ‘Takes Out’ Use Of Styrofoam Containers In Restaurants

■ By **ANNE ARTLEY**
STAFF WRITER

At its April 17 meeting, the Long Beach City Council unanimously approved a ban on single-use food and beverage containers made from polystyrene, known as Styrofoam, in an attempt to reduce pollution in the city, beaches and ocean.

The City of Long Beach plans to phase in the ordinance over 18 months. Within three months, the municipal government must stop the use of the containers in city-owned facilities and at city-permitted events. After nine months, large food providers such as restaurants (those with more than 100 seats), grocery stores and food trucks must comply. And 18 months after adoption, the ban will be enforced at small restaurants (those with fewer than 100 seats). The ordinance also bans the sale of Styrofoam ice chests, bean bags and craft materials within 18 months.

First District Councilmember Lena Gonzalez stated that she introduced the item due to the high volume of litter in the city. “[Styrofoam] is one of the main litter culprits in our streets and waterways,” she wrote in an e-mail to the Business Journal. “In addition, the ordinance was presented because of the greater benefits to the environment; we know this product cannot biodegrade and is not easily recyclable.”

Matt Sutton, the senior vice president of government affairs and public policy at the California Restaurant Association, expressed appreciation of the city’s efforts to study the impact of the ordinance on smaller establishments.

“We are appreciative of the measured approach taken by the council to do an impact study of the proposed ban before requiring [small] restaurant operators to implement it,” he stated in an e-mail to the Business Journal. “This approach has made it clear that the council is willing to listen to the over-100 Long Beach restaurants who opposed the proposed ban.”

To conduct outreach, Gonzalez stated that she and her staff visited every business improvement district in the city. Many local businesses, such as Creme de la Crepe and Robert Earl’s BBQ, have already started implementing changes.

“Styrofoam stays in the earth for millennia. There are biodegradable alternatives that work just as well that don’t pollute the earth,” Mark Russell, the owner of Creme



Mark Russell, the owner of Creme de la Crepe, said he was always in support of the city’s ban on single-use food and beverage containers made from Styrofoam. He is pictured here with his takeout containers made from recycled cardboard. (Photograph by the Business Journal’s Pat Flynn)

de la Crepe, said. Russell uses recycled cardboard takeout containers. He signed a petition to implement the ban when the issue went before the council last fall.

Russell also pays a “couple of pennies extra” for recyclable trash bags. “I’m very much a child of the 1960s,” he said, laughing. He expressed the opinion that the ban will not have much of a financial impact on restaurants.

“We’re really talking about [paying] a fraction of a penny more for a different container,” he said. “If [restaurants] raise their prices one cent, they’ll be making more profit. If you’re really concerned about a fraction of a cent on every food order, you’re probably in the wrong business.”

Latonia Earl, co-owner of Robert Earl’s BBQ, is also transitioning to using different

materials in the restaurant she operates with her husband. “We haven’t conformed all the way, but the [alternatives to Styrofoam products] we use are biodegradable plastic,” she said. “We’re trying to transition into what they use in the South. They use paper.”

Although she expressed some concern about the cost of alternative materials, Earl said she would like to contribute to helping the environment. “If it helps the environment, then I support [the ban]. . . . [But] we just opened up our business five years ago. I want to make sure we stay in business.”

The Los Angeles County Business Federation, known as BizFed, voiced “strong opposition,” stating, “consumer choice, not government bans, make our communities flourish.” BizFed is an alliance of more

than 390,000 employers with more than 3.5 million employees in L.A. County, according to information from the organization.

According to an official statement provided by BizFed, “[The ban] is a popular idea that does way more harm than good. Single-use polystyrene and expanded polystyrene are essential to the business community and our customers. It is used for drinks, take-out food, containers, straws and much more. . . . The cost to switch from expanded polystyrene to compostable substitutes is expensive and will reduce jobs in both the manufacturing industry and food sector. Many restaurants, particularly the mom and pop small businesses, will not be able to accommodate this change given their slim profit margins.”

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According to information from the city, 101 California cities have instated regulations on polystyrene. Malibu, Laguna Beach, Pasadena and Culver City are among those that have adopted restrictions for public facilities, food establishments and retail.

"I think it's Long Beach's turn, especially as we have an uptick in our local economy and new investment coming in," Gonzalez stated. "It's important to our city because we have community groups cleaning up our neighborhoods every weekend. . . . We have beautiful waterways near our city that require us to be environmentally mindful." ■

Long Beach City Council Action

■ By **ANNE ARTLEY**
STAFF WRITER

The following items were voted on at the April 17 Long Beach City Council meeting:

Study Approved On Impact Of Sound From Downtown Events On Nearby Neighborhoods

Councilmembers approved a recommendation to request the city manager to study the impact of amplified sound from city-permitted outdoor events in Downtown Long Beach on nearby neighborhoods. According to 2nd District Councilmember Jeannine Pearce, "there were more events downtown last summer than ever before," and said residents have complained. More than 160 residents signed a petition to amend the Long Beach Municipal Health and Safety Code to address the noise levels. The study will measure the noise level at residential buildings next to the sites of outdoor special events. It also plans to explore options for sound regulation and review the citing procedures for noncompliance. The item requests the city manager to provide recommendations by November 1.

Agenda Item Pulled That Supported Reducing Crime And Keeping California Safe Act

Fifth District Councilmember Stacy Mungo removed an item she had placed on the agenda to support the Reducing Crime and Keeping California Safe Act of 2018. The ballot initiative attempts to address the "unintended consequences" of Propositions 47 (2014) and 57 (2016), which aimed to reduce the prison population, increase parole options and lower penalties for drug use. The item was pulled after members of community groups, such as the Long Beach Coalition for Safety and Justice, held a press conference to speak out against it.

Some of the provisions in the act include expanding the list of violent crimes for which early release is not an option, reinstating DNA collection for certain crimes that were reduced to misdemeanors and classifying a third-time theft with a value of \$250 as a felony. Some of these crimes include rape of an unconscious person, trafficking a child for sex and felony domestic

violence. Prior to the passage of Propositions 47 and 57, offenders were not subject to early release.

Third District Councilmember Suzie Price, whose name was also attached to the item, said she thought there was "a lot of misinformation that would lead to a really inefficient council meeting." In an e-mail to the Business Journal, Mungo stated that she would meet with those who have requested it to discuss their concerns. She also wrote that she was unsure if she would re-introduce the item, and that this would depend on the feedback. For her part, Price said, "If a petition qualifies with signatures and it gets on the ballot, I will definitely be bringing it back to council for a more robust discussion." Price, a prosecutor, has held events to collect signatures in support of this petition.

Council Voted To Install Parking Meters On Ocean Boulevard And Olympic Plaza

Councilmembers voted to install parking meters on the south side of Ocean Boulevard between Termino Avenue and Bennett Avenue. The area accommodates 80 vehicles.

The parking meters will run from 10 a.m. to 7 p.m. for two hours, excluding holidays. Third District Councilmember Suzie Price made a motion to amend the item, reducing the rate from the standard of 75¢ per hour to 50¢ per hour for one year. The city would then conduct a study on the impact of the fee. She also recommended that a significant portion of the revenue go towards area beautification and clean-up projects.

Kurt Schneider, owner of Olympix Fitness located at 4101 E. Olympic Plaza, ex-

pressed opposition during the public comment period. "This proposal does not address a parking issue as no resident has ever asked for this proposed change," he said. "We have two hours parking and that creates plenty of turnover. . . . If it ain't broken, why are we trying to fix it?" Schneider added that, "Parking meters were established to help businesses, not create revenue." Other speakers against the proposal said this would force drivers to park north of Ocean Boulevard in residential areas.

Price responded to the criticism with, "As unpopular as this statement will be, we don't impose fees and taxes based on democracy, otherwise nobody would raise their hand to be charged for anything. . . . We're talking about a commercial area. . . . We have these [parking meters] in every other part of the city." ■

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Recently, I read, "If you have to work 80 hours a week at your business, then you're not profitable,"* and I don't disagree. Often, many small business owners don't take an honest look at their finances and how many hours they're investing into their business. If they truly looked at their cash flow vs. the time spent earning it, would it still make financial sense?

Now, I'm certainly not saying that hard work and perseverance won't pay off; however, if you don't truly know how much you're making as a profit, how are you going to know if you can upgrade office space or hire additional staff? Or worse, you could be making your business 'unbankable'.

Essentially, not managing your business's finances can hinder you from bigger opportunities. From my experience, small businesses are typically closely held.

Meaning, they don't always have various roles filled. Owners are rightfully so focused on what they sell or providing excellent customer service, that they forget the importance of the income statement and balance sheet.

TO ENSURE YOU'RE POISED FOR GROWTH:

- **Dedicate time to researching your measurable results.** Consider doing your bookkeeping weekly. Utilize bookkeeping software or consider hiring a professional service. And, of course, keep your personal and business finances separate—especially for tax time.



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- **Discuss banking products to help grow your business.** Could Treasury Services, like ACH payments or remote deposit, help improve your cash flow?
- **Consider the importance of showing a profit.** All too often, I see business owners electing to show little or no operating profit for tax purposes. By not showing a profit, they're limiting their ability to obtain bank financing that would help them grow.
- **It's essential to stay on top of your budget and financial results, especially during slower months.** If you're a seasonal business owner, you need to have enough funds in reserve to cover the leaner months.
- **Utilize a business line of credit wisely.** Wise, savvy business owners know the numbers before making any financial decisions. Could this financial tool help operating expenses during leaner months?

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* Entrepreneur.com, 5 Finance Tips All Business Owners Should Follow

Carol Nelson, Vice President/Relationship Manager at First Bank, possesses over 40 years of experience in community and commercial banking.

Research Collaboration To Provide Feedback On City Services For Homeless Population

■ By **ANNE ARTLEY**
STAFF WRITER

The Long Beach Health & Human Services Department is collaborating with the University of Southern California (USC) Keck School of Medicine and the Milken Institute, a nonprofit think tank, to design technology that allows the city department to analyze which of its services to help the homeless are most effective.

According to Health & Human Services Director Kelly Colopy, the department tracks the services that are utilized through its homeless management information system, a database that helps connect homeless people to resources. The city funds 12 different nonprofit agencies in its continuum of care to provide support in areas such as mental health, employment and housing.

"We're just in early conversation. It's still very conceptual," Colopy said of the research project. "We want to understand which types of services are most effective

for different folks. Are there others we can provide that are more efficient and cost effective?"

Colopy said she has been discussing the project with USC and the Milken Institute "on and off" for the last six months. It is part of an initiative, "Building Smart and Healthy Cities," launched by the Keck School's Digital Health Lab in 2016 in partnership with the Milken Institute.

According to the lab's director, Karthik Murali, the lab works on enabling new ideas and solutions in health care and public health. "One of our programs is building technology in support of our community partners, either inside or outside of USC," Murali explained. "In the past several years, we've been focused a lot on the health care world. But we noticed that public health agencies and governments are also facing similar problems that we see in health care. So, we ask ourselves, 'How can we take what we learned about in health care and at Keck and push it on towards the broader L.A. ecosystem?'"

"While Long Beach has done some amazing work to address homelessness, it is clear we must do more," Mayor Robert Garcia said. "This initiative is designed to mobilize the entire community to create new pathways into homes and to increase efforts to prevent our residents from becoming homeless in the first place."

A task force comprised of city executives and community leaders plans to meet through the summer and present a report to the mayor and city council in the fall. Members include California State University, Long Beach President Jane Close Conoley as the chair and Andy Kerr, Measure H Citizens' Oversight Advisory Boardmember as vice chair. Other members are: Reagan Romali, LBCC superintendent; Chris Steinhauer, LBUSD superintendent; John Bishop, president Memorial Medical Center; Carolyn Caldwell, president St. Mary Medical Center; Brian D'Andrea, president Century Villages at Cabrillo; Jeff Johnson, chair of Homeless Services Advisory Committee; Janet McCarthy, president of Goodwill Southern Los Angeles County; Erin Rank, president of Habitat for Humanity Los Angeles; John Molina, partner – PAC 6; Christine Petit, executive director, Long Beach Forward/Building Healthy Communities; Chris Miller, president Long Beach Mental Health America; Susana Sngiem, executive director United Cambodian Community; Jessica Quintana, executive director Centro CHA; Jeff Levine, program director Long Beach Rescue Mission and co-chair Continuum of Care; John Thomas, chair Long Beach Community Investment Corporation; Randy Gordon, president Long Beach Area Chamber of Commerce; Kraig Kojian, president Downtown Long Beach Alliance; Porter Gilberg, executive director Long Beach LGBTQ Center; Gregory Sanders, president Long Beach Ministers Alliance; Suny Lay Chang, chief operating officer LINC Housin • Kenneth McDonald, CEO Long Beach Transit; Brenda Threatt, executive director U.S. VETS Long Beach; and Chris Wing, CEO, SCAN Health Plan. ■

The Digital Health Lab aims to address this question through the Building Smart and Healthy Cities initiative. According to Murali, the goal is to improve community wellness by examining the root causes of public health issues. "One of the major ones is homelessness," Murali said. "Naturally, there was a big interest in how we could support cities as they tackle this problem."

In addition to Long Beach, the lab is working with Los Angeles and Santa Monica to improve coordination among service providers. Murali explained that the research process includes understanding the unique needs of each city and tailoring solutions accordingly. "It's not one-size-fits-all," he said. "We have to do a deep dive within the city, understand the challenges they're facing and work with them to see what the gaps are."

Matt Horton, an associate director of the Milken Institute California Center, added that the initiative aims to expand the scope of available information beyond that provided by the county's Greater Los Angeles Homeless Count and socio-economic demographics. He said the idea for the project was born out of a conversation with the Digital Health Lab on how cities could use data coordination to operate more efficiently.

"We wanted to know if there was a way that a collaborative of multi-actors focused on homelessness could work together with data to create platforms and case manager types of tools to allow cities to better understand the problem, look at it in real time and then inform leaders on solutions," he said. Both Horton and Murali said they

were impressed with the efforts of Long Beach in tackling homelessness.

Colopy, for her part, expressed excitement about the opportunity. She said that a study on the impact of the city's homeless services and their cost has not yet been conducted. One of her goals is to conduct outreach to other community providers that do not receive funding through her department. One of these is the Homelessness Education and Response Team (HEART Unit) of the Long Beach Fire Department, which also connects those experiencing homelessness to resources.

"We would look at their data. For example, if the HEART team interacts with 30 people on the street in one week, what does that cost?" Colopy explained. "Are they being transported through medical calls? Do they have any involvement with the criminal justice system? What does that look like?" Colopy said she hopes the pilot technology to compile these statistics will be available in the next six months.

Horton said the organizations have not yet solicited any funding for the project. "We're still very much in the data assessment phase," he said, adding that, with all the technology now available, the timing is right for a project of this nature.

"With all the tools we have now and our ability to assess data more quickly, there's no better time than now for us to look at stubborn challenges that cities face, through a new lens," Horton said. "It's a good time to look at [solutions for] cities to move forward that before now didn't exist or weren't in our toolbox." ■

Task Force To Address Homelessness, Housing Crisis In New City Initiative

■ By **ANNE ARTLEY**
STAFF WRITER

The City of Long Beach announced a new initiative, Everyone Home Long Beach, to address the city's homeless crisis. The project aims to improve cohesiveness among city service providers and to examine the related issue of housing affordability.

"The city does exemplary work around homelessness, so I'm glad to see this bigger initiative develop," Long Beach Health & Human Services Director Kelly Colopy stated. "Bringing together more great minds to support the staff and agencies currently working to serve the needs of those experiencing homelessness in our neighborhoods can only bring our efforts to the next level."

The measure plans to build on the efforts already underway to help the homeless population. According to the city, Long Beach is only one of three cities in Los Angeles County to have its own continuum of care program, which is a coordinated effort among city departments, such as police, fire and public works, to provide services for the homeless. The Health & Human Services Department also funds 12 different nonprofit agencies to connect individuals to resources in mental health, employment and housing.

The overall goal of the new initiative is to develop new solutions to provide housing as well as strategies to prevent homelessness in the first place. According to the city, prevention is one of the services in the continuum of care that receives the least amount of funding.

Negative Effects Of Rent Control

(Continued From Page 1)

If put on the ballot and passed, the ordinance would, in addition to controlling rental rates, create a series of rules for just-cause eviction of tenants. Tenants could only be evicted: in the event they failed to pay rent and have received a written warning; they violated the lease in matters related to certain occupancy limits; they engaged in specific criminal activities; they have refused reasonable access to the unit after proper notice; or violated a number of other provisions.

The ordinance would also require landlords seeking to recover possession of the unit to provide relocation assistance amounting to "\$8,441 to qualified tenants and \$3,941 to all other tenants."

Pabst Kinney and Associates, a Long Beach-based property management firm and real estate brokerage that oversees about 2,500 apartment units in Long Beach, plans to send out a flyer to its tenants within a few weeks about the negative ways rent control could impact the community, according to owner Kristie Kinney Pabst. She pointed out that property owners are less likely to invest in their apartment units if the rental rate they charge is controlled. "There is no incentive for the landlords to invest dollars into improving their building. And Long Beach has very old housing stock," she pointed out.

"Any city that has had rent control, you have a lack of new affordable housing being built," Pabst said. "The other thing is, that can't be good for you as you increase your salary and everything, and you want to move up. Well, what if there's no housing being built? And who is going to want to build affordable housing in Long Beach if this passes?"

Larry Ahlswede, a former employee of the Apartment Association, California Southern Cities, pointed out that, while many mom and pop owners of apartments in Long Beach don't often raise their rents, the rental ordinance being proposed would automatically raise tenants' rents annually, adjusted to the consumer price index. "Each and every year the tenants will get a rent increase regardless of the condition of the economy," he said.

According to the draft rent control ordinance submitted to the city attorney's office, rental rates would be adjusted annually according to the CPI, but "in no event shall the annual general adjustment be less than 0% or more than 5%." In other words, there will virtually always be an annual, controlled increase in rent if the ordinance makes it to the November ballot and passes. The only exception would be in the event that the consumer price index does not increase.

Phil Hawkins, CEO of the Pacific West Association of Realtors, pointed out that tenants may also be subject to an additional surcharge. According to the ordi-

(Please Continue To Top Of Next Page)

nance, in order to fund the board that would oversee the city's rent control regulations, landlords would be charged a rental housing fee on an annual basis. The board would determine if the landlords can pass through some of that cost onto tenants. If so, the cost to tenants could be up to 50% of the total fee.

Hawkins pointed out that, in other cities with rent control such as Santa Monica, apartment owners have chosen to convert their units into for-sale condominiums to avoid rent control, resulting in a loss of housing supply for renters. "You're going to see apartment units [converting] into condos. You're not going to see building development going on in the city because people can't get a return on their money," he said. "So, overall, it hurts the people they're trying to help when property values go down."

While many arguments that have been made publicly against rent control consider impacts to property owners, these are some of the ways tenants would be negatively impacted, observed Mike Murchison, a consultant hired by local property owners to help fight the proposal. "It's very hard to argue with somebody who's not really familiar with the issue of rent control by just saying we're against it. . . . However, the ancillary impact, the unintended consequences, the quality of life impacts of rent control passing, that's what people need to understand," he said.

From the business side of things, the impacts mainly boil down to a loss of control and a loss of return on investment,

as described by Keith Kennedy, a Long Beach property owner. "How it will affect me personally and my own business would be that it will cost me more money and I will have a harder time covering my expenses if my income is capped at a certain level," he said.

Pabst said she has sold hundreds of apartment buildings in Long Beach over the years, and that her clients never consider investing in areas with rent control. "None of my clients will buy in rent-controlled areas. So it creates a huge problem of selling real estate under these conditions," she said.

"This is a bellwether city. . . . If this passes, it has a huge impact on other cities. If it's defeated, same thing," Murchison said. He said that efforts would soon be underway to urge Long Beach residents not to sign the initiative to put rent control on the ballot, including mailers, social media campaigns and other strategies.

City Memo Says Ordinance Would Trigger An 'Immediate Legal Challenge'

After the Long Beach City Council requested that city staff answer a series of questions about the proposed rent control ordinance and its impacts, Assistant City Manager Tom Modica and Deputy City Attorney Richard Anthony responded with a 28-page memo on April 19. Among the findings presented were that the proposed ordinance poses several conflicts with the City Charter, the municipal government's governing docu-

ment, which "would likely trigger an immediate legal challenge."

According to the memo, the most important challenge would relate to the rent control board that the ordinance requires. "Most importantly, the establishment of the Rental Housing Board, and the breadth of powers granted to it, are inconsistent with (and likely violate) provisions of the City Charter. Lengthy and potentially costly legal actions would be necessary to address such inconsistencies," the memo states.

The memo remained neutral on the issue of rent control and pointed out arguments for and against it as informative background for its recipients, the mayor and members of the council. ■

Senate Committee Kills Controversial Housing Bill

Last week, the Senate Transportation and Housing Committee voted 9-4 against Senate Bill 827, which would have required local governments to build five-story residential buildings near major transit hubs, even if not zoned for such heights, when proposed by developers. The bill was introduced by Senator Scott Wiener on January 3. Wiener and other supporters of the bill claimed it would aid in the state's housing and homeless crisis, as well as have environmental benefits. Opponents of the bill claimed it would take power away from local governments, destroy neighborhoods through gentrification and displace low-income residents. ■



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Long Beach Business Journal



Bill Introduced To End ‘Rampant Exploitation’ Of Port Truck Drivers

■ By **BRANDON RICHARDSON**
SENIOR WRITER

State Sen. Ricardo Lara introduced Senate Bill (SB) 1402 on April 11 to end “rampant exploitation” of truck drivers at California ports by calling out trucking companies with records of state labor and employment law violations, and penalizing retailers that utilize them.

If passed, SB 1402 would create a list of trucking companies with unpaid final judgments for labor violations. Retailers and other companies who later hire a listed trucking company directly or through a third party would be jointly liable for future violations by the trucking company.

“Port truckers are driving the global economy and delivering for the biggest brands, but they can barely afford to buy clothes for their families,” Lara said in a statement. “These used to be good jobs, and they can be good jobs again if retailers join us in improving labor conditions here in California and putting dignity back in the driver’s seat.”

In a press release, Lara listed examples

of trucker exploitation, including companies forcing drivers to take on debt by financing their own trucks, which he said has led to situations where drivers actually owe money during some pay periods; lawsuits against companies by the California Labor Commissioner’s Office, which has won more than \$45 million for more than 400 drivers; the misclassification of drivers as independent contractors rather than employees; and the fact that drivers are largely an immigrant workforce, making them more vulnerable to exploitation.

The bill is sponsored by the Teamsters Public Affairs Council and the California Labor Federation. It has also been endorsed by the mayors representing the state’s three largest ports – Long Beach Mayor Robert Garcia, Los Angeles Mayor Eric Garcetti and Oakland Mayor Libby Schaaf.

“While we have some great trucking companies working at the ports, we need to fix our system to make sure all truckers are treated fairly,” Garcia said in a press release. “We need to raise standards, and wages, in the industry while increasing ef-

iciency to make sure our ports continue to be engines of growth.”

Groups such as the California Trucking Association (CTA) and the Harbor Trucking Association have come out in opposition of the bill. According to the CTA, the fact that companies whose workers are covered by a collective bargaining agreement are exempt from the bill’s implications proves it is a way to push out independent drivers.

“In the past, the backers of this bill tried to outright ban small-business, owner-operator truckers from working at the ports,” CTA CEO Shawn Yadon said in a statement. “Their actions were unanimously rejected by the U.S. Supreme Court. Now they’re back with SB 1402, which uses other means to accomplish the same goal.”

The country is experiencing a shortage of truck drivers, with numerous companies offering steady employment and 350,000 drivers opting to drive independently, according to the CTA. The association said many choose to become an independent driver because of the freedom and flexibility it allows, including

setting their own schedules and managing their workload.

Weston LaBar, CEO of the HTA, provided the Business Journal with the following statement:

“We have serious concerns as to the intent of SB 1402. This shows yet another disconnect between an elected official and how our industry works. The majority of truckers in the port are independent contractors because they prefer to be independent contractors due to the opportunity it provides them. Yet, this bill would penalize a company if one driver feels misclassified even if hundreds of other drivers prefer their status as independent with that same company. It is time that California’s elected leaders actually attempt to learn about this industry and hear from the thousands of drivers that want to remain independent, as opposed to carrying through the political will of organized labor.”

According to Lara’s office, SB 1402 is scheduled to go before the Judiciary Committee today, April 24, and the Labor and Industrial Relations Committee on April 25. ■

City Councilmembers Mungo, Uranga Forced Into June 5 Runoffs

■ By **GEORGE ECONOMIDES**
PUBLISHER’S ANALYSIS

City Councilmembers Stacy Mungo and Roberto Uranga fell short of winning a second term during the April 10 primary election, pushing them into June 5 runoffs.

Needing 50% plus one vote to win, Mungo, who represents the 5th Council District, received 47.9%, forcing her to face off against former harbor commissioner Rich Dines. Uranga ended with 47.3% of the vote in the 7th Council District and will go head-to-head with entrepreneur Jared Milrad.

Other incumbents routed their challengers, with Mayor Robert Garcia receiving 78.8% of the 39,845 votes cast for mayor (15.1% turnout). Third District Councilmember Suzie Price got 78.3% of the 9,012 votes cast for the council race (24.1% turnout). Vice Mayor and 9th District Councilmember Rex Richardson received 79.8% of the 2,428 votes cast for the council race (9.1% voter turnout). City-wide, the voter turnout was 15.8%, with nearly 70% of the votes mailed in.

5th District

Primary Results	Votes	Percentage
Stacy Mungo	4,391	47.9%
Rich Dines	2,692	29.4%
Corliss G. Lee	1,718	18.7%
John W. Osborn II	363	4.0%

(Source: Long Beach City Clerk)

Voter turnout in the district – which covers all of Northeast Long Beach – was good but not great. According to the city clerk’s office, 9,164 votes were cast for one of the four names on the ballot. The district has 36,299 registered voters, resulting in a voter turnout of 25.2%. Four years ago, when Mungo ran in an open seat against three challengers, the primary turnout was 29.6%.

The district has 28 voting precincts. Mungo finished first in 24 of the precincts, Dines won 2 districts and they tied in 2 districts. Mungo’s strongest showing appeared

to be in the 3 precincts east of El Dorado Park and north of Spring Street where she received 68% of the votes. In the remaining 25 precincts, she received 45% of the votes.

Despite city council races being non-partisan, party affiliation does matter. Mungo is a Republican and Dines is a Democrat in a city where more than half (51.4%) of registered voters are Democrats and only 17.5% are Republicans. However, the 5th District is the “most Republican” of the city’s nine districts. State voter registration shows 31.6% of the districts registered voters are Republicans, 41.3% are Democrats and the remainder are independent or some other party affiliation.

Mungo has a high probability of being re-elected as she is expected to peel off some of the votes that went to the third- and fourth-place finishers. But Dines is far from out of it – he simply has more work to do. Since the district runoff coincides with the state primary that includes competitive races for governor and U.S. Senator, that should increase turnout of Democrats. That helps Dines considerably. He should also pick up most of the votes that went to Lee. District Republicans who did not vote in the primary have few incentives for voting in June since Dems control all key state races.

7th District

Primary Results	Votes	Percentage
Roberto Uranga	2,797	47.3%
Jared Milrad	1,904	32.2%
Kevin Shin	958	16.2%
Oscar S. Delacruz	197	3.3%
Chris Sereno	60	1.0%

(Source: Long Beach City Clerk)

Four years ago, when Uranga was one of four candidates for an open seat, he won with nearly 51% of the vote. In 2014 there were 5,796 ballots cast in the council race. This year, there were 6,038 votes, but Uranga fell short of avoiding a runoff. He has work to do to hold onto his seat.

Several political observers told the Busi-

ness Journal that Uranga “took the race for granted” and expected to “win easily.” They said Uranga did not walk the district and relied primarily on mailers and strong union connections to get him over the top. One observer called Uranga a lazy representative with no initiatives to help his district, which stretches from West Long Beach, through

Wrigley to California Heights on the east.

Milrad surprised many people in the city with his strong showing and he is now considered a formidable opponent. But to unseat Uranga and the union money backing him, Milrad needs to pick up the voters who supported Shin, Delacruz and Sereno – which is a tall order. ■

OPINION

AQMD Proposed Rule Is Hidden Gas Tax

Californians pay more in taxes and fees than anywhere else in the nation, but nowhere is that more apparent than every time we fill up our gas tanks. For every gallon of gas, we pay 87 cents in taxes, mandates, and fees for the fuel that we rely on to power our daily lives. And this summer gas prices are expected to rise nearly 15%.

On top of this, South Coast Air Quality Management District (AQMD) staff are promoting proposed rule 1410, a policy that would tack on an additional hidden gas tax of 26 cents per gallon. That’s nearly \$15 every time we go to the pump. Add it all up, and that means \$5.6 billion or more in incremental costs for motorists and businesses.

Proposed rule 1410 creates a ban on a refinery chemical called modified hydrofluoric acid (MHF). A ban has potentially devastating consequences because two Southern California refineries require this chemical in order to produce the clean-burning fuel required by the California Air Resources Board. By banning MHF, the AQMD would put 25% of our regional fuel production in jeopardy, thus amounting to a hidden gas tax on consumers to pay for such a radical decrease in supply.

Unfortunately, California’s refineries cannot easily modify their refining process to use another chemical. This ban would force these two refiners to essentially demolish their existing infrastructure and build new from the ground up. According to the California Energy Commission, if proposed rule 1410 were to be implemented these two refineries “would likely cease operations,” rather than undertaking this cost prohibitive process, costing our community hundreds of jobs and billions in higher prices.

California’s refineries operate under the most stringent standards for refinery safety in the United States. The Governor’s Refinery Task Force just spent 5 years and countless resources developing these regulations in conjunction with some of the top experts, labor unions and community organizations. So why do we feel the need to further regulate an industry that already has the most advanced safety requirements and protocols in the entire nation?

As a voice for many local businesses throughout the South Bay that will feel the brunt of these higher prices, this is unacceptable. It is not sustainable to continually nickel-and-dime our small businesses and regional consumers.

Randy Gordon
President/CEO, Long Beach Area Chamber of Commerce

■ By **BRANDON RICHARDSON**
SENIOR WRITER

Pacific6 Making Big Moves Downtown

Pacific6, a company of local investors including former Molina Healthcare CFO John Molina, purchased the historic Ocean Center building at 110 W. Ocean Blvd. on April 18 for \$18 million. The 197-foot-tall building formerly consisted of 200 office suites, a 160-car parking garage, several rooftop terraces and a retail area that featured a penny arcade and indoor miniature golf course as part of the Pike Amusement Zone.

“It really wasn’t part of our core plan

but the opportunity came up that the previous buyer fell out of escrow, and, when we started looking at the purchase price and the fact that we already had a team working on historic renovations [that] we could utilize, then it started making a lot of sense to go after it,” Molina said. “We were able to close quickly, which is what the seller wanted. It just made a ton of sense for us.”

Pacific6’s plans for the 14-story, 1929 building include 70 to 80 housing units and retail. Previous owners of the building intended to transform the space into a boutique hotel, having already taken care of much of the demolition work for the Pacific6 team. Michael Bohn of Long Beach-based Studio One Eleven, in part-



Local investor company Pacific6 recently purchased the Ocean Center building at 110 W. Ocean Blvd. for \$18 million and announced plans to convert the space to a residential building with between 70 and 80 units, plus some retail. This photo, looking west with Pine Avenue in the foreground, is from 2007. (Business Journal photograph)

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nership with David Gray Architects, designed plans for the reuse of the building for the previous owners. Based on these designs that included much of the preservation planning, Molina said the “renovation roadmap” will expedite their own design phase. There is no timeline for the completion of the renovations.

The Ocean Center purchase comes on the heels of Pacific6’s acquisition of the historic Breakers Hotel at 210 E. Ocean Blvd. with renovation plans announced in January. The Breakers project includes transforming the former assisted living

facility to a hotel with around 175 rooms, according to Molina.

“We’re moving. We’ve got the architects and the builder on board. So we are doing schematics, going through cultural heritage commission and doing all that,” Molina said. “We’re hoping and have a target of opening it in the first half of 2020. We did a study session at cultural heritage commission and have to go back one more time [before a vote]. We are excited to be able to take what was an underperforming asset and turn it into something really special.”

CITY OF LONG BEACH

BID OPPORTUNITIES

TITLE	BID NUMBER	DATE
Annual Contract for Citywide Traffic Improvements	R-7120	04/25/2018
Waste Characterization Study	RFP PW18-077	04/26/2018
On-Call Historic Preservation Consultant Services	RFP DV18-081	04/26/2018
As-Needed Professional Land Surveying Services	RFP GO18-085	04/27/2018
Airport Door to Door Shuttle Service	RFP AP18-092	05/01/2018
Sanitary Sewer Rehab & Replacement Prog Phase 1	WD-19-16	05/02/2018
Genetec Advantage Service Mgmt Agreement	ITB TI 18-087	05/03/2018
Furnish and Deliver AMI Products	WD-25-18	05/03/2018
Self-Contained Breathing Apparatus (SCBA)	ITB FD18-088	05/04/2018
Customer Relationship Management Software	RFP TI 18-063	05/08/2018
Request for Proposal for Solar Photovoltaic Project		05/14/2018
Bike Share Operations and Maintenance	RFP PW18-044	05/24/2018
Qualification and Selection of Peer Reviewers	RFQ DV17-112	Continuous

****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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Long Beach-based LINC Housing Corporation was recently awarded an exclusive negotiation agreement for the purchase of land and development of a 55-unit affordable housing development at 469 W. 17th St., 1720-1770 Magnolia Ave. and 469 W. Pacific Coast Hwy. (Rendering courtesy of the City of Long Beach)

Pacific6 recently announced that the Sky Room and rooftop Cielo bar will be closed as of May 1 for renovations but will reopen. The Sky Room will retain its name upon reopening, but it is undetermined if Cielo will keep its name, according to Molina.

“When we formed Pacific6, we didn’t necessarily have any particular targets in mind and so we’re just very fortunate that these opportunities came our way and we’re going to do everything we can to capitalize on those,” Molina said. “Most importantly, we want to leave behind something that everyone can be proud of.”

Negotiations Approved For LINC Housing Development

The Long Beach Community Investment Company (LBCIC) voted during its April 18 meeting to approve an exclusive negotiation agreement (ENA) with Long Beach-based LINC Housing Corporation for the development of a residential project at 469 W. 17th St., 1720-1770 Magnolia Ave. and 469 W. Pacific Coast Hwy. The proposal submitted by LINC Housing consists of a 3-story building with one two-bedroom on-site manager unit and 55 one-bedroom units for people who are experiencing, or are at risk of, homelessness. Residents of the facility would pay not more than 30%

of their income for rent. The ground floor would feature 2,400 square feet of recreational and community serving amenities, such as resident service staff, case managers and supportive services programs. The ENA will have a six-month term with the option to extend it another six months if needed to determine if the project is physically and financially feasible. According to city staff, LINC Housing will begin work on the design phase with the planning bureau staff of the Long Beach Development Services Department during the ENA so that, if and when an agreement is made, the LBCIC board can consider authorizing the finalized concept. Once funding for the project is assembled, the LBCIC will con-

vey the property to LINC Housing for development, and construction would begin shortly thereafter, city staff said.

Airport Terminal Project

The Long Beach Planning Commission and Long Beach Cultural Heritage Commission voted unanimously at their respective meetings earlier this month to approve the proposed phase two of the Long Beach Airport’s Airport Terminal Improvement Project. The proposal includes relocating the baggage security screening facility from the west side of the terminal building and situating it south of the TSA security checkpoint, along with a new baggage make-up area. The historic terminal building, which currently houses ticketing counters, would be converted to a car rental facility, while a new 14,310-square-foot facility would be constructed just 40 feet south of the terminal building. The removal of the current car rental modular buildings will allow the parking lot beside Parking Structure A to serve as the new ground transportation area, including valet parking. The project also includes outdoor concession stands in an expanded courtyard and the Little Brass Cafe Express inside the terminal building. The \$65 million to \$75 million project is already fully financed by the Airport Fund, requiring no General Fund dollars. Airport staff expects the proposal to go before the council for consideration in May or June, with an estimated completion in fall 2021. Phase one of the project saw the renovation of the airport’s two concourses, which opened to the public in December 2012.

(Please Continue To Page 14)



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The Long Beach Planning Commission voted to approve a new two-story gymnasium, a youth soccer field and a 70-space parking lot at the Salvation Army Campus at 3012 Long Beach Blvd. during its April 19 meeting. (Rendering courtesy of the City of Long Beach)

New Soccer Field And Gymnasium By Salvation Army

The Long Beach Planning Commission voted to approve a development by The Salvation Army at its Citadel Campus located at the northeast corner of Long Beach Boulevard and Spring Street. The project is the third phase of the Salvation Army's re-development of the 3.6-acre property and includes the construction of a two-story gymnasium and a youth soccer field. The 22,931-square-foot gymnasium will have a contemporary design and include a fitness center and activity room. The standard-sized soccer field will include a concession stand and landscaping buffers from the streets and residential homes to the north, and a pedestrian path connecting the new 70-space parking lot to the existing chapel.

The field will not have lights, as youth games will not be held at night. Phase one began in 2014 and included converting existing retail space into a social services office without food distribution at 3092 Long Beach Blvd. The second phase included converting a hardware store into a 299-seat chapel, constructing a new 3,200-square-foot lobby, a 43-space parking lot and the demolition of a two-story building.

Belmont Shore Business Activity Remains Strong

Business in Belmont Shore continues strong after recent beautification investments along the 2nd Street strip, according to Legends Restaurant and Sports Bar owner and Belmont Shore Business Association (BSBA) Boardmember Eric Johnson.

"From our perspective and what I see on the street, I think it's still very active and it's very attractive. Our numbers are right on target from last year and those were up from the previous year," Johnson said. "So, in terms of just general business and flow of people, it's still very, very strong. There has been some turnover on some locations but I think that's pretty normal."

Recently, longtime 2nd Street beer bar Acapulco Inn closed its doors, as did nearby 2nd Street Pizzeria. Jones Bicycles, which has been operating in Long Beach since 1910, shuttered its doors on April 11, according to the store's website. Bill Lorbeer, the owner of the Jones property, said he is actively working with brokers to fill the space with another bicycle shop.

Women's boutique Laurenly announced its closure and Children's Place shuttered

its doors several weeks ago. Brix at the Shore closed its doors several months ago but was quickly replaced by Theory Cafe. Several property owners in the area told the Business Journal that they have interested tenants for vacant (or soon-to-be vacant) spaces but that it is too early in the process to make any announcements.

"There are a whole lot of reasons why tenants and businesses fail. It's easy to blame the greedy landlords and rents. But if you compare rents in Belmont Shore to other surrounding areas, you're going to find it's cheaper," Lorbeer said. "Go look at Pasadena, Santa Monica, Venice, any other area with a pedestrian-centered retail zone and you're going to find that rents are twice, maybe three times what they are in Belmont Shore. That's just what they are. But this is home for me and this is where I invest my money and do business."

Lorbeer noted that some businesses do in fact fail because they are unable to afford increasing rents. However, he said the most common reason for failure is a business model that cannot adapt to a changing market. He used a former Blockbuster Video located in Belmont Shore as an example, saying the company didn't fail because people stopped watching movies but rather changed how they watch them. If companies do not adapt to changing markets, they will not succeed, Lorbeer said.

In terms of bringing more bodies to the area to help businesses succeed, Johnson said the business association is focused on its events, both tried and true, and some that are new. He said the events in Belmont Shore bring tens of thousands of people to the area, which creates plenty of foot traffic for the retail shops, restaurants and services.

"There's a lot of interest in new businesses coming in, which is typical of what's historically happened over the years in Belmont Shore," Belmont Shore property owner and former BSBA president Frank Colonna said. "It's everybody's favorite place to want to open up a business."

Realty Views

Prop 13 Changes Could Be On Ballot



By TERRY ROSS

It isn't like it hasn't happened before, but the 40-year-old measure known as Proposition 13, passed by California voters in 1978 to set caps on what the state could collect on property taxes, could once again be threatened with change come this November during the elections.

However controversial Prop 13 was back when it was originally passed, in today's polarized political world, whatever happens to two property tax measures being proposed for the ballot are sure to elicit fierce feelings on both sides.

And this time the two measures, which are in the process of being promoted via signature campaigns to qualify them for the ballot, are coming at the issue from different perspectives – one could lessen

the taxes on one group and reduce state revenues, while the other one would increase taxes on another group and increase state coffers.

Prop 13 currently caps the state property tax rate at 1% of the assessed value of a property as of 1975, and that assessed value can only advance by a maximum inflation factor of 2% a year – unless the property is sold, in which case the property tax is assessed on the actual sales price. For four decades Prop 13 has allowed for a semblance of predictability when it comes to property taxation. An accommodation was made several years ago for those homeowners 55 and over to take their current assessment with them, with certain restrictions.

The first proposed measure, called the Tax Transfer Initiative, would benefit older homeowners and could theoretically induce them to sell more often since it would allow an owner 55 years or older to skip reassessment of their home upon moving to a new residence, no matter where they move in the state. Currently, owners can do this only if they stay in the same county or move to a county in California that accommodates an existing value – and there are only eight that do: Alameda, El Dorado, Los Angeles, Or-

ange, Santa Clara, San Diego, San Mateo and Ventura. This initiative not only does away with a qualifying county, but also negates reassessment because of fair market value or when the home was purchased.

According to estimates, however, the state stands to lose \$150 million in property tax revenues almost immediately and could lose \$1 billion annually if home values continue to rise, with the number of taxpayers in an aging population. School funding will be the biggest loser, say opponents to this bill. This measure, which was originated first, is said to have enough signatures for the ballot, but they are in the process of being verified.

The second initiative, called the California Schools and Local Communities and Funding Act of 2018, is still in the signature-gathering process, and seeks to do what many have tried to do over the past 40 years – to set a different tax rate for commercial property and raise taxes on those owners. It would reassess commercial properties every three years, regardless of when they were purchased. Businesses with property holdings of less than \$2 million and businesses with fewer than 50 full-time employees would be excluded. If passed, it

would take effect in 2020 and the State Legislative Analyst's Office projects a gain of \$6 to \$10 billion in additional tax revenues annually. The Analyst's office also pointed out in its report that this law could negatively impact the ability of the state to attract large businesses or to induce them to expand their current holdings here.

The real impact is hard to quantify this early. Obviously the first measure would help seniors but would either take away from some government services or force the state to replace the revenue in some other way. The second measure is hailed by some because it increases public funding, but if businesses increase their prices or shy away from California and jobs go away because of businesses moving out, then the net impact may not be good.

With the election more than six months away, it is probably too early for many of the arguments that will be promoted for and against these two initiatives, but it looks like they both have a chance to get on the ballot in November.

(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.)

An Update On The Streets

Work continues on the repurposing and repositioning project at The Streets (formerly City Place) in Downtown Long Beach. Already in 2018, The Streets welcomed ThickShake Factory at 335 The Promenade N. and Burgerim at 295 E. 3rd St. Throughout the remainder of the year, the center that is bounded by 3rd Street, 6th Street, Pine Avenue and Long Beach Boulevard expects at least seven more businesses to open their doors – Habibeh, Loose Leaf Boba Company, Party Monkey, Pinot's Palette, Poke Cat, Portuguese Bend Distillery and Table 301. Last year, the project saw the opening of Retail Design Collaborative and Studio One Eleven, King Buffet, Romeo Chocolates, The Plant Junkie and Creative Crepes. The Streets now offers more than 40 retail stores, specialty shops, entertainment venues and dining establishments, according to Cameron Andrews, owner of Pier Communications and a spokesperson for The Streets. Currently, two parklet dining areas are under construction at The Streets: one on 4th Street in front of Milana's New York Pizzeria, Mitaki Japanese Restaurant and Fresh Kabobs, and a second on Pine Avenue in front of several retail locations including The Pie Bar.

Virgin Orbit Expands Douglas Park Footprint

Virgin Orbit, a branch of Sir Richard Branson's Virgin Group, expanded its footprint in Douglas Park in March by taking on additional space at 3880 McGowen St. The three-year lease includes a 43,782-square-foot building on a 101,930-square-foot lot. The company's facility at 4022 Conant St. consists of a 150,701-square-foot building, bringing the total building space to 194,483 square feet. Virgin Orbit develops and builds the LauncherOne, a small satellite launch vehicle, at its Long Beach headquarters. Though Virgin's lease rate was not disclosed, the general lease rate for industrial space at Douglas Park has been around 90 cents per square foot, according to Lee & Associates Principal Brandon Carrillo.

Additional Leasing Activity In The City Includes:

- A new 10-year lease for Pizza Press at Shoreline Square, 301 E. Ocean Blvd. (2,800 square feet).
- A new 10-year lease for Jersey Mike's at Shoreline Tower, 301 E. Ocean Blvd. (1,588 square feet).
- Halbert Hargrove & Co. renewed its lease at Landmark Square, 111 W. Ocean Blvd. (13,175 square feet).
- Mutual of America renewed its lease at Landmark Square, 111 W. Ocean Blvd. (6,373 square feet).
- Carroll, Kelly, Trotter, Franzen, McBride & Peabody renewed and expanded its lease at Landmark Square, 111 W. Ocean Blvd. (29,817 square feet).

Cushman & Wakefield's First Quarter Office Market Survey

Cushman & Wakefield's Office Market Survey, released by its Long Beach office on April 12, indicated that asking rental rates for office space in Downtown Long Beach (DLB) were up 0.05% during the first quarter of the year, while suburban Long Beach (SLB) office space rates were up 3.3%. The city's overall office vacancy rate stood at 15.8%, with DLB at 18.5% and SLB at 10.1%, according to the commercial real estate services firm. The report listed the following "significant lease transactions" during the quarter:

- State of California – State Lands & Coastal Commission – 39,284 square feet at Shoreline Tower, downtown.
- Children's Institute – 20,069 square feet at 1500 Hughes Way, 405/710 interchange.

- State of California – Department of Conservation – 23,925 square feet at Kilroy Airport Center.
- Novagradac & Company – 15,285 square feet at 211 E. Ocean building, downtown.
- Twining Labs – 12,500-square-foot renewal at 2883 E. Spring St.
- Premier Office Centers – 17,272 square feet at Park Tower, Clark and Pacific Coast Highway.

The Cushman & Wakefield report also listed the following "significant sales" for the first quarter:

- 249 E. Ocean Blvd. sold to Rockwell Properties LLC for \$21,918,000 (\$200.50/sf)
- 1501 Hughes Way sold to 1501 Hughes IKG, LLC for \$13,500,00 (\$172.44/sf)
- 4130 Cover St. at Douglas Park sold to Samaritan Medical Center for

\$15,000,000 (\$371.51/sf)

- 3918 Long Beach Blvd. sold to Salt Holdings, LP for \$7,700,000 (\$411.04/sf – medical building)

Strong Momentum Continues For California Housing Market

Existing single-family home sales in California increased to 423,990 in March, up 0.3% from February and 1.6% from March of last year, according to the California Association of Realtors. The association also reported the state's median home price reached an eight-month high at \$564,830, up 8.1% from February and 8.9% from March of last year. The median number of days it took to sell a California single-family home remained low at 16 days in March compared with 23 days in March 2017. ■

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Bank Gets Personal With Small Businesses

(Continued From Page 1)

who presents a series of in-person financial workshops customized to fit employees' needs. A new Wells Fargo branch opened April 2 across the street from Chick-fil-A, almost six months after the fast food franchise opened.

Since Bergstrom has always banked with Wells Fargo, she said that it's a brand she trusts. She also said she knew a location was opening across the street and that she wanted a close connection.

"By opening up a bank account and leaving, you're leaving a lot on the table," Bergstrom said. "But when you have a relationship with the branch manager and banker, then you're constantly able to get tips and strategies, as well as being introduced to new products that will help your business financially succeed."

"I found among my team members that [financial wellness] is just not a topic that's ever covered. They haven't heard about it in school," Bergstrom said. "It's a foreign concept that's very scary, especially to a 17- or 20-year-old. Trying to set an early foundation will help them through their whole life."

Bergstrom set up four workshops for her franchise's 100 employees on Sundays, the day Chick-fil-A is closed. Dina Noe, the Wells Fargo branch manager, conducted the first session on budgeting and savings. She gave the team a challenge to create a budget and save their receipts for a month to track their spending. Bergstrom plans to award all those who

participate with gift cards and enter them to win another gift card for \$150.

"We talked about discipline, watching your spending and putting money aside. We want them to understand how to make a sound business decision before they get a credit card," Noe explained. "[The employees] get accounts and benefits, cashier's checks and a savings account. They can earn interest and get a debit card," she said in describing the bank's services. "We want to get out and get to know our local businesses. We want to do this as often as we can."

Camarena, who started at Chick-fil-A about three and a half months ago, learned through tracking her receipts that she was spending more money on food than she thought. "I'm by myself a lot since my mom is working and my sister is in school. I didn't want to cook for myself, so I would go out," she said. "Now I'm trying to eat at home. . . . Every time I go out I look at my budget. Before that, I would just spend money and my check would go by so quickly."

At the first session, Camarena also learned the importance of setting money aside for an emergency. "They said, 'if something happens to your car, what are you going to do?' I had saved before, but it was for something I knew I wanted; I didn't have a backup," she said. "I'm also trying to build up my credit and I don't know where to start."

The next session, providing instruction on how to use credit, is on May 6. Other future topics include paying for college and student loans as well as saving for retirement. "I think people hear horror stories

about [credit]," Bergstrom said. "It's a good thing; it just has to be established correctly."

Bergstrom said the relationship with the bank provides support for her employees and keeps them accountable in meeting their goals. "Our team members know Dina and the managers personally. It feels comfortable; they're not scared of asking questions because they can go right across the parking lot," she said. "Dina will pop in and ask them if they're saving their receipts. It's a constant connection between workshops."

In February, Noe and Bergstrom planned out the topics of the presentations based on the needs of the Chick-fil-A team. In addition to their youth, another shared commonality is that many of them provide financial support to their families. This includes Camarena, who is the oldest of three daughters to a single mother. "I want to help out and hopefully that [Saving for Retirement] class helps me," Camarena said. "I want to help out at home. I want to help my family move to a bigger place. We live in an apartment now."

According to Natasha Mata, the Wells Fargo region bank president of the Central L.A. area, Camarena and her mother reflect a larger trend of financial insecurity, which she aims to combat through the Wells Fargo at Work program.

"We've identified that many of [our customers] do not have the education and foundation to understand what financial services are and how to understand the basic fundamentals of being financially successful," she said. "Our financial literacy program helps them get on their feet and know what

that looks like so they have a better opportunity to be successful in the future."

According to statistics from Wells Fargo, slightly more than half of Americans struggle to make ends meet, 71% report money as their biggest source of stress and 28% of workers report feeling distracted on the job due to financial concerns.

"Wells [Fargo] at Work is such a big component for us as a company to help all of our small business owners," Mata said. "We really believe in this program, that it will help our customers and community continue to thrive."

Camarena plans to attend all of the sessions offered at Chick-fil-A, since none of her classes at school focused on navigating life situations that require saving money and building credit. "I'm glad we have this opportunity; it's awesome," she said. "We want to go out, and we don't think about our future that much."

According to Mata, the program continues as long as the businesses want the workshops; there is no specific time line. "My big passion is developing my team and helping them grow out of the restaurant," Bergstrom said. "This is the first job for many of them and I certainly hope it's not their last. I don't want them to stay long term. I want them to grow in their career. Then we'll get new [employees] and we can start the program over with them."

"It's really nice to feel that support as a small business because you can talk one on one about what to do for the team members," Bergstrom explained. "The program is really personalized. That's so impactful for the business." ■



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Articles by Staff Writer Anne Artley and photographs by the Business Journal's Pat Flynn.

Support Local Small Businesses



My Bicycle

Cycling has always been a passion for My bicycle owner Cameron Vodegel, who started racing BMX bikes professionally at nine years old. By age 13, he was working in the service department at a local bike shop in Cerritos. “I got a business and a music degree while working full time as a bike shop mechanic,” Vodegel said. After spending 30 years in different shops, Vodegel decided to open his own place, an idea that came to him during a bike ride. “I stumbled upon this location and it was for rent,” he said. “I listened to my gut feeling that this would be a good bike shop.” Although bike repairs and restorations are his specialty, Vodegel has also branched out into selling skateboards and surfboards. “A lot of musicians and bike riders usually skate and surf. It’s a culture thing,” he said. “It’s something nobody captures and I do in my shop.” In addition to his business, Vodegel runs a nonprofit to support young skaters, Relaxxed Skateboards, which he started in 2001. “I visit skateparks and hang out with the kids there on my own time,” he said. “If I see a talented kid or one who doesn’t have much money, I help them out as much as I can.” Vodegel said he’d like to see another skatepark in Long Beach, located on the sand like the one in Venice. My bicycle is located at 212 Orange Ave. For more information, call 562/331-0190 or visit mybicyclelongbeach.com

Ellie’s

Jason Witzl, the owner of Ellie’s, has been cooking since he was 20. “I didn’t get into any college and didn’t know what I wanted to do,” he said. “One of my friends told me that if I went to culinary school, I’d get to eat for free. I took my first class and immediately fell in love. I’ve been full for 13 years now.” Ellie’s features Southern Italian cuisine complete with handmade pasta and a curated wine list. Witzl, who is also the executive chef, said his staple is grilled bread with pork butter and house-made pickles. “It’s a really unique and unbelievable thing,” he said. A yam dish with pickled onions, shallots, fried egg aioli, sesame seeds and herbs is another house specialty. “We put it out as the first course on the prix fixe menu,” Witzl said. “When you drop off a yam to someone, they’re not the most excited about that dish. But then they eat it and they’re like, ‘Wow, this is incredible.’ It’s one of those dishes that embraces the L.A. mentality: under-promise and over-deliver.” While Witzl loves cooking, since becoming a restaurant owner his favorite part of the business is watching his team grow. “Watching them become great chefs and be a strong contribution to the business makes me believe that what we’re doing here is right,” he explained. Ellie’s is located at 204 Orange Ave. For more information, call 562/437-4837 or visit ellieslbc.com.



Broadway Hair Studio

Although she at first aspired to become a nurse, Stephanie Madera decided to join her mother and aunt in her family’s business, Broadway Hair Studio, because she always enjoyed doing hair and makeup. Madera’s mother, Flor, moved to Long Beach from Nicaragua when she was 16 to join family members in the city. She obtained her cosmetology license and opened the salon in 1993, when Madera was three years old. “My mom always had a bad experience getting her hair done [in Nicaragua],” Madera said. “She wanted to know how to do it right.” According to Madera, the salon is known for its hair color corrections, highlights, extensions and Brazilian blowouts. It also provides waxing, styling for special events, perms. They even do house calls. “My favorite part is seeing clients’ reaction to how beautiful they feel. They might not need much, but one small change makes a big difference.” Although Madera’s mother does the majority of the haircuts, the three women “do a little of everything.” Madera, who grew up around the salon, said the business has retained some of its original customers. “I’ve had some customers who’ve known me since I was three,” she said. “They have some of the pictures I used to draw. It’s beautiful to see. Our clients have children and then their children come in. Everybody who comes to our salon feels like family.” Pictured from left are Stephanie, her mom, Flor de Maria Chavarria, and aunt Azucena Melgar. Broadway Hair Studio is located at 1222 E. Broadway. For more information, call 562/495-4046 or visit www.broadwayhairstudio.com.

Small Business Dollars & Sense

You Survived Tax Day: What Small Business Owners Need To Consider For 2018



By NATASHA MATA

The Tax Cuts and Jobs Act of 2017, passed in the last days of December, brought significant changes to tax law. For small business owners that have investments or estate plans, next year’s tax return could look a lot different from the one just filed.

According to a recent Wells Fargo/Gallup survey, investors are largely divided on the possible effects of recent changes to the income tax law, with those earning \$90,000 or above more likely than those earning less to expect personal benefits from the personal income-tax changes.

Are you impacted by changes in tax law?

Business owners – The tax rate for C corporations is reduced from 35% to a flat rate of 21% and Corporate Alternative Minimum Tax is eliminated. There is also a new deduction of 20% for qualified business income of S corporations, partnerships, and sole proprietorships. This deduction is not available for businesses that provide services in the fields of health, law, accounting, actuarial science, performing arts, consulting, athletics, investment or brokerage services, or any business where the principal asset is the reputation or skill of one or more of its employees. However, owners with taxable income below \$315,000 (if married filing jointly) or \$157,500 (if

single) can still take this deduction, without regard to the limit for wages or specified services businesses.

Education – The amount that can be withdrawn from a 529 college savings plan has increased to up to \$10,000 annually for elementary and secondary tuition, including private and religious schools. Accounts created under the Achieving a Better Life Experience Act of 2014 (ABLE), designed for beneficiaries with disabilities, may accept tax-free rollovers from 529 plans, up to the annual contribution limit for ABLE accounts. Under the new tax law, both 529 plans and ABLE accounts become more attractive tools for meeting savings goals.

Mortgage and home equity – The mortgage interest deduction limit on qualified acquisition debt has been reduced to \$750,000 from \$1 million – which means homeowners who refinance or buy a new home should be prepared to possibly deduct interest on a lower total amount than before. Interest is deductible on loan balances incurred on or after December 15, 2017, up to \$750,000, if the loan was used to buy, build, or improve a primary home or one second home. Interest on home equity loans is no longer deductible if the money is used for anything other than buying or improving a qualified home.

High-tax states – California is a high tax state, so if you also have high income, you may be impacted by the \$10,000 deduction limitation for state and local taxes. To preserve family wealth effectively, it’s increasingly important for affluent taxpayers to consider the potential impact of state taxes in the places where heirs and beneficiaries live.

Small business owners who continue to itemize may want to keep other new changes in mind, such as deduction limits on mortgage interest and state, local, and property taxes. Incorporated business owners will also want to review new rates and deductions for corporations with their tax advisors.

(Natasha Mata, a 22-year veteran of Wells Fargo, is region bank president of the greater Central Los Angeles Area, which includes Long Beach and some North Orange County cities.)

Small Business Optimism Remains At Record High

Labor Market Overtakes Taxes And Regulations As Biggest Concern

■ By **BRANDON RICHARDSON**
 SENIOR WRITER

March was the 16th consecutive month of historically high small business optimism as measured by the National Federation of Independent Businesses' (NFIB) Small Business Economic Trends survey. The survey showed that the optimism rating fell slightly from 107.6 on the NFIB Index in February to 104.7 in March, which is still among the highest readings since 1982. NFIB President and CEO Juanita Duggan noted that, for the first time in 35 years, taxes received the fewest number of votes as the biggest issue facing small business owners.

"For the longest time, small businesses' biggest problem has been taxes and regulation, but now it's the availability and quality of labor," Mark Vitner, managing director and senior economist at Wells Fargo, said. "That's been rising over time, and a very large portion of businesses say they have job openings that they have been unable to fill and that they've had fewer or no qualified applicants for those jobs."

With the unemployment rate steadily decreasing nationally for the last several years, the labor market has tightened, Vitner explained. Additionally, he said many people are migrating toward higher paying occupations, higher paying positions and jobs that offer more security, which tightens the labor market even more for small business owners.

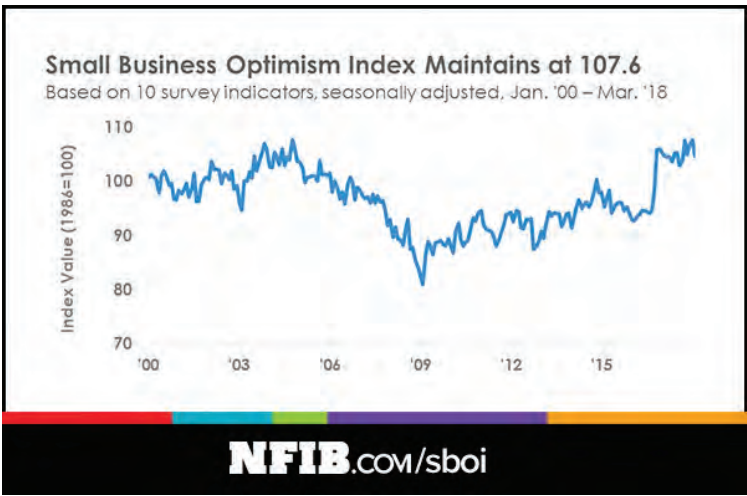
Despite the tight labor market, Vitner noted that small businesses are currently adding employees at the fastest rate since the Great Recession ended. However, he said small business owners have invested a lot of "sweat equity" in their firms and would like to find employees who share their passion and commitment, which is not an easy task. Vitner said a decline in the birth rate during the recession will only exacerbate the situation.

"We have a few more years where we have a healthy supply of young people entering the workforce and coming of prime working age, and then it's going to fall off a little bit," Vitner said.

Tax reform may provide some relief for the labor market, according to Vitner. It may encourage younger people to join the workforce and incentivize older employees to remain in the workforce longer, since people are taking home more of their paychecks. However, Vitner noted that any labor market relief from tax reform would not be substantial.

While tax reform may not do much for the tight labor market, Vitner said small business owners are seeing wider profit margins because of it. Being able to expense capital investment expenditures immediately is now a clear incentive for small business owners to reinvest profits into the business to grow, he explained.

Though still a "distant prospect," Vitner explained that immigration reform could offer great relief to the labor market by allowing many to become fully engaged in the economy.



"I think you have to have the residents know that they are going to be in the United States for the long haul so they can plan on starting a business or buying a home or working toward a major milestone," Vitner said. "I think immigration will have to be resolved in a way that accomplishes that end, as opposed to it resolving in a way where folks are going to have to be exiting the country."

If immigration reform does go the way of deportation, Vitner said that wages would be driven up, which may encourage some to enter the workforce. However, he noted that the net labor market would become even tighter, further exacerbating the existing problem. Allowing immigrants to stay would likely increase the number of startup businesses as well, he added.

"The battle over immigration has reduced the interest in immigrating to the United States," Vitner added. "Legal immigration is still pretty much at its limits, but we need to solve the immigration debate because we have certain parts of the economy that rely on immigrants as workers and the immigration battle has led to a few spot shortages, mostly in construction."

Since small businesses have so few employees and because owners often wear multiple hats in the operation, reducing regulations is extremely beneficial, according to Vitner. The less time an owner has to spend working to comply with numerous stringent regulations, the more time they can focus on making their business successful and growing, he explained. Currently, some federal regulations have been rolled back, but state regulations continue to be problematic in some states, including California, he pointed out.

At the federal level, Vitner said there has been some relaxing of developmental and environmental regulations as well as reworked definitions of FLSA (Fair Labor Standards Act) exempt and nonexempt workers, which have all benefited small businesses. However, for some states, including California, increasing minimum wages could soon cause serious issues for small business owners. Vitner said that many small businesses, particularly new startups, may not have profit margins to support mandated employee pay increases.

For those looking to start their own business, higher minimum wage is essentially a higher barrier to entry because it

increases startup costs, Vitner said. He added that similar regulations such as paid time off and mandatory sick time have the same effect, leading to more part-time labor and less full-time employment.

"There's always the battle of the way we want things to be and the way that they are. But the one thing that we can always count on in the U.S. is we have a healthy and diverse economy and it is going to grow. We think that we will probably grow 2.5% per year, nationally, over the next five years," Vitner said. "And the economy doesn't just grow, it's constantly changing and evolving, creating opportunities. I think that we're going to see a really great time to own a small business." ■

Small Business Optimism Remains High in March			
Index Component	Net %	Change From Feb.	
Plans to Increase Employment	20%	▲	2
Plans to Make Capital Outlays	26%	▼	-3
Plans to Increase Inventories	1%	▼	-3
Expect Economy to Improve	32%	▼	-11
Expect Real Sales Higher	20%	▼	-8
Current Inventory	-6%	▼	-3
Current Job Openings	35%	▲	1
Expected Credit Conditions	-6%	▼	-3
Now a Good Time to Expand	28%	▼	-4
Earnings Trends	-4%	▼	-1

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A ship passes beneath the Vincent Thomas Bridge into the Port of Los Angeles's inner harbor. Cargo volumes through the port decreased 27% in March, which officials attributed to the celebration of the Lunar New Year in Asia causing reduced shipments. (Port of Los Angeles photograph)

(Continued From Page 1)

typically results in a drop-off in transpacific shipments.

Exported container shipments have been flat over the past several years, Husing observed. “The record was 3.6 [TEUs] in 2012 and 2013. It fell off and it has come back a bit,” he said, noting that the San Pedro Bay ports processed 3.4 million TEUs in exports last year. “That may go up a tiny bit because the value of the dollar is now weaker.”

Changes in trade patterns could affect exports through the ports this year – either positively or negatively. Jock O’Connell, international trade adviser with Beacon Economics, noted that a major export to China – food-soiled paper goods – has dropped precipitously in the past year.

“Well, the Chinese finally got sick and tired of opening up a container on a hot, sticky day in July and finding all of this crud in there,” O’Connell said. “So they said, ‘Well, we’re going to increase the standards [for] the level of impurities that can be found in recycled paper, in cardboard.’ . . . And the industry in the U.S. and Europe reacted like, ‘We can’t achieve that standard. We’d have to go all the way back to the individual throwing their garbage out.’”

A year ago, soiled paper goods accounted for about 8% of containerized tonnage leaving the United States’ West Coast ports, with each grabbing an equal share of the business, O’Connell explained.

“And it’s down to like 0.2% now. The trade collapsed,” he said. Other Asian and South Asian countries such as Vietnam or India could pick up the slack, he speculated.

A growing demand abroad for resins, a type of plastic byproduct of oil production, could present an opportunity for local ports, assuming that they win the trade, according to O’Connell. Most resins in the United States originate from the Gulf Coast due to the high concentration of oil production there, he noted. “[The ports of] L.A. and Long Beach are eagerly pursuing, in conjunction with the railroads, a large chunk of that trade,” he said.

However, O’Connell pointed out that increasing manufacturing in the southeastern part of the country could present more of an opportunity for shippers who wish to maximize their backhaul – the return of their imported containers. Companies in Asian countries that traditionally ship their goods to the San Pedro Bay ports could choose instead to ship their exports through the Panama Canal to the Gulf and East Coasts, where they would have ample opportunities to reload those containers with goods and increase their revenues for service, O’Connell explained.

The San Pedro Bay ports handle 48.8% of all U.S.-China maritime trade, according to O’Connell. Of the ports’ own business, about half is conducted with China. For this reason, if the back-and-forth threats of tariffs made by President Trump

and China’s President Xi Jinping escalate, the local ports would be impacted.

“If there are steps taken to penalize trade by imposing tariffs on imports, then those are the ports that are likely to see the greatest impact,” O’Connell said. In March, Trump enacted tariffs on aluminum and steel imports, including from China. In response, China instituted tariffs on certain United States agricultural products such as wines, fruits and nuts. O’Connell said that the San Pedro Bay ports aren’t particularly vulnerable to these tariffs. “Most of the agricultural-oriented trade – the fruits, the nuts, certainly the wines – are shipped through the Port of Oakland,” he said.

However, the Chinese government also imposed a tariff on aluminum scrap metal, a penalty that is likely to have some impact at the ports of Los Angeles and Long Beach, O’Connell pointed out. “This is likely to have a more immediate effect and a larger effect on the sheer number of containers that are going out of the ports,” he said.

Trump also indicated that he would institute \$50 billion in tariffs on Chinese goods to dissuade the country from its practices of intellectual property theft – causing Jinping to respond with a threat of \$50 billion in-kind tariffs. On April 4, Trump asked U.S. Trade Representative Robert Lighthizer to consider \$100 billion in additional levies.

Husing suspects that Trump will ulti-

mately back off, as will China. If Trump goes ahead with additional levies on Chinese goods, Jinping would likely fire back by hitting American agricultural products, the producers of which represent a chunk of Trump’s support base, he explained. “I think the Chinese are smart enough to figure out that they don’t want to do this,” he said.

If the shadow of a potential trade war were not looming at the moment, O’Connell said the major issue at hand for the ports would be how to pay to comply with environmental regulations. Last year, the ports passed a new iteration of the Clean Air Action Plan, which calls for the conversion of terminal equipment to zero emissions by 2030 and of trucks to zero emissions by 2035. O’Connell referred to state air regulators’ rules as “draconian.”

“[The ports have] got to spend a colossal amount of money on meeting air quality standards that are being imposed by state and by regional air quality agencies,” O’Connell said. “They’re not going to get much help from Sacramento. And it’s unlikely that they’re going to get a lot of help [from the federal government], particularly under an administration that absolutely despises all things California.”

Despite challenges, both Husing and O’Connell agreed that, ultimately, as long as a trade war between the U.S. and China does not erupt, the outlook for the ports should be good through the remainder of the year. ■

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Port Of Long Beach Director Mario Cordero Bullish On The Future



"We have been able to prove to people that we could undergo the kind of corporate responsibility as it relates to reducing emissions from port operations and continue to be an attractive gateway."

Mario Cordero, executive director of the Port of Long Beach believes cargo volumes should continue to increase this year, despite the threat of a trade war with China. The port just closed out its best first quarter ever for cargo throughput. (Photograph by the Business Journal's Pat Flynn)

■ By **SAMANTHA MEHLINGER**
EDITOR

After its best-year ever in 2017, momentum at the Port of Long Beach is full steam ahead – the port recently announced that it closed out the best first quarter in its history this year. Executive Director Mario Cordero believes the port should continue growing cargo volumes passing through its terminals this year, despite the specter of a trade war with China.

Cordero estimated that the port could expect a nearly 7% increase in cargo volumes in 2018. "Comparatively speaking, last year the growth for the Port of Long Beach was estimated as we began the year at 4% to 7%. . . . We ended up at 11% growth," he noted, adding that he hopes a similar outcome will occur in 2018.

"Here at [the Port of] Long Beach we're very comfortable that, despite the concerns that are being raised at the political level, international trade continues in a way that's not only important to this country but important to the global community," Cordero said. "At the political level, there are certainly some discussions regarding issues related to international trade that need to be resolved. I am confident that at the end of the day we will continue with a very balanced approach as it relates to international trade."

Cordero explained that he did not intend to be dismissive of the potential impacts of tariffs being instituted on Chinese-American trade. "The uncertainties certainly have an impact on when you talk about investment – those people who are the investors of international trade and goods movement," he said. "It is worrisome with regard to that discussion."

Still, Cordero was confident that both countries would ultimately realize the importance of globalization to their economies. For many countries, international trade is a major component of their gross domestic product, he said.

There are a number of factors that played into the port experiencing its highest-ever cargo volumes last year. As always, business shifts back and forth between the ports of Long Beach and Los Angeles. Last year, the four major shipping alliances consolidated into three, which

resulted in some changes to which terminal ships were directed to within the dual port complex.

The consolidation of shipping alliances was a move to help reduce cost burdens on the ocean carrier industry, which has been contending with low rates for services due to an abundance of capacity – i.e., too many large ships and not enough cargo to fill them. Low shipping rates spurred the bankruptcy of Hanjin in 2016, as well as the merger of three Japanese shipping lines this month.

"The carriers have had a challenge since the 2008 recession with regard to having sustainable rates," Cordero said. "What's different today in 2018 as opposed to just a couple of years back is there's definitely light at the end of the tunnel. It's a combination of the global economy getting better and also the fact that this endeavor that the carriers underwent a few years ago under the concept of economies of scale . . . puts them in a better position on the profit margin with these larger vessels."

Cordero noted that cargo growth at Long Beach exemplified customer confidence in the port's operations. "It's safe to say for the Port of Long Beach, the three major alliances are represented at this port," he said. "Our growth numbers, when you talk about our success for 2017 . . . it basically indicates that the carriers and the BCOs [beneficial cargo owners] feel confident in terms of what we're able to provide here as a port."

The Port of Long Beach's \$4 billion-plus capital improvement program is another reason the port is benefiting from cargo growth, according to Cordero. "We are big ship-ready," he said, noting that the average vessel calling the port holds about 13,000 to 14,000 twenty-foot equivalent units (TEUs) of cargo. In 2003, the average sized vessel coming to the port carried only 3,600 TEUs, he pointed out. "We're ready to receive 18,000-TEU vessels. And in the future, because of our capital improvement investment, we will be ready to receive 20,000- to 25,000-TEU vessels."

The port's ability to handle such large ships is attributable to its investments in Long Beach Container Terminal, which is currently in the third phase of redevelopment to handle ships of this size, and the replacement of the Gerald Desmond Bridge. Currently, 8,000-TEU ships can fit under

the bridge only when the tide is low, Cordero explained. When the new bridge is complete in 2019, 18,000-TEU ships will be able to fit beneath it. "As you look forward in terms of what the Port of Long Beach may look like in the next decade or two, we're going to have continued projects to make sure that these large vessels, which are going to get larger in the future, are going to be able to come to the Port of Long Beach and navigate in a way in which there will be minimal obstruction," he said.

The port is also investing \$1 billion in rail infrastructure as part of its commitment to increase the velocity and efficiency of goods movement while reducing emissions. These investments demonstrate the port's commitment to customer service, Cordero explained.

When it comes to maintaining the port's market share, Cordero has his eye on customer service, infrastructure investment, and the efficiency and reliability of cargo movement. "Being able to make sure that the container moves faster at this port – that is, from ship to shore and from out the gate to inland connectivity – those are the things we need to do to make sure that we continue to be the port of choice," he said.

Cordero pointed out that the passage of the new Clean Air Action Plan for both ports in 2017 caused many to question whether the cost of implementing the plan would lead to a reduction in the ports' market share. The plan calls for all cargo handling equipment to operate at zero emissions by 2030, and for all trucks coming into the ports to operate at zero emissions by 2035. The same questions were asked with the passage of the original CAAP in 2007, and the ports have grown abundantly since then, he noted.

"We have been able to prove to people that we could undergo the kind of corporate responsibility as it relates to reducing emissions from port operations and continue to be an attractive gateway," Cordero said. "Ten years from now, people are going to look back and they are going to see electric trucks as commonplace here at this port. They are going to see [the number of] containers continue to grow. . . . If anybody doubts we'll be able to get there, just look to see what we've done to this point. I think it's a great success story, and it's going to continue to be a success story here at this port." ■

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is merely the shadow of a dream."*

- William Shakespeare



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Unrattled By Tariffs, Port Of L.A. Exec Maintains Positive Outlook



Michael Keenan, director of planning and strategy for the Port of Los Angeles, said that his positive projections for modest growth in cargo volumes moving through the port this year are based upon the strength of the overall economy. (Photograph by the Business Journal's Samantha Mehlinger)

■ By **SAMANTHA MEHLINGER**
EDITOR

Despite a drop in cargo volumes coming through the Port of Los Angeles (POLA) in the first quarter, Michael Keenan, the port's director of planning and strategy, said the outlook for the remainder of the year is positive.

"The first quarter is always a little odd just because of the impact of the Lunar New Year," Keenan said, referring to a celebration observed in some Asian countries in March. In February, the Port of Los Angeles experienced a record surge in cargo, which Keenan speculated was due to shippers sending out goods before Lunar New Year festivities.

Phillip Sanfield, director of media relations for the port, pointed out that POLA is coming off of two years of record cargo growth. "Whenever you have a record year, you're up against much tougher numbers to face the following year," he said.

"We're seeing continued cargo growth across the United States. Trade continues to be a very important part of the national economy and national discussion," Keenan said. "We have a very positive outlook for the year. . . . We're in a pattern of kind of sustained, single-digit growth in line with the growth of the overall U.S. economy. Trade typically grows at about double that rate, at least historically."

Last year, the four major alliances between shipping companies consolidated into three groups, causing some concern over how operations at the port could be impacted and whether the port could lose some business to its neighbor in Long Beach. "We have seen throughout this whole period of alliance adjustments a lot more volatility between L.A. and Long Beach, where for example last year we

picked up some additional market share in the first quarter because you'd see more vessels calling here than there," Keenan said. "But that switches back. It's essentially a pendulum."

He continued, "I think there have been some services that switched over to Long Beach as well, and with the new alliance structures, we just expect to see a lot more of that because the alliances don't look at L.A. and Long Beach as separate ports."

The consolidation of Japan's three major shipping lines into one company, a move made in early April to help shore up costs, has not impacted the Port of Los Angeles, according to Keenan. "The vessels involved in the shipping alliance called at both ports before and they continue to do so now. Their volumes are spread pretty similarly even with the adjustment."

Shipping lines, which have been contending with low rates for their services due to an overcapacity of ships, seem to be faring better this year, Keenan observed. "They recently saw some positive profitability in their quarterly numbers, so they are not doing as poorly as they were before," he said. "They continued to work on essentially enforcing more rate discipline and trying to balance how much capacity they add to the system." He added, "Some of the larger players have gotten larger, and that's added a little bit more to their competitive discipline, shored up their rates a bit and helped them get more profitability. Is the industry destined for more consolidation in the future? Maybe so. It really depends on how alliances work for them versus more serious consolidation."

What impact tariffs imposed on Chinese imports and on U.S. exports to China will have on the port is unclear, according to Keenan. "Certainly, tariffs on exports would have a large impact on the producers

— you know, farmers, manufacturers," he said. Because transpacific trade is primarily dominated by imports and because the containers those imports arrive in ultimately have to be returned to Asia, "the volume of containers may be relatively the same on the export side," he said.

Chinese tariffs and penalties imposed on U.S. goods, such as agricultural exports, may cause exporters to seek out other Asian markets, Keenan speculated. "Just because there are tariffs on goods to China doesn't necessarily mean that the goods don't get exported," he said. Similarly, he expected that, if tariffs were to be levied on imported Chinese-made goods, suppliers in other Asian markets might be sought out, he explained.

"Tariffs on trade with China doesn't necessarily mean the end of trade through the Port of Los Angeles," Keenan said. "Although, of course, our preference is always to not have increasing tariffs and increasing barriers to trade because of the huge benefits that trade brings to both sides in any trading relationship."

In maintaining the Port of Los Angeles' market share, Keenan said the main priority is to emphasize its competitive advantage. "Obviously our proximity to Asia is a natural benefit we have. [Another] benefit is the proximity to the huge Southern California market," he said. "If you want to get your goods into this market of 22 million people, depending on how far you extend our catchment area, these ports are the best way to do that."

Shipping goods from Asia via the Panama Canal to East Coast ports adds another two weeks in transit time before those goods are delivered, Keenan explained. Southern California is also home to an efficient, large goods distribution network, he noted.

"The other thing we can do to hold on to that competitive advantage and expand on it is the work we've been doing on supply chain efficiency, because the biggest enemy for us would be anything that increases congestion and reduces the reliability of the port," Keenan pointed out. "The biggest weapon we have is what we are doing on the technology front to speed up the processing of cargo, its pickup, its handling, its delivery."

Last year, APM Terminal at the Port of Los Angeles participated in a pilot program to use GE Transportation's Port Optimizer, technology that enables the terminal and different supply chain participants to see where cargo is moving, and when, in advance. That pilot program is expanding to all the port's terminals this year, as well as to three at the Port of Long Beach.

POLA has also continued to invest in its infrastructure. The expansion of the TraPac Container Terminal and improvements to the Yusen Container Terminal were completed in 2017, allowing for bigger ships to call at those terminals, as well as improving rail and wharf infrastructure. Improvements to allow the Everport Terminal to service larger vessels are currently in the design phase, and upgrades to the Yusen Terminal are undergoing the environmental review process.

Community investments are also taking shape in roadway improvements along Harbor Boulevard in San Pedro, the precursor to the redevelopment of the San Pedro Public Market, Sanfield noted. "We're completing the roadway improvements in May/June. After that, the port's contribution to the whole redevelopment down there is the roadways, and then we are also building a town square and promenade," he said. Once that infrastructure is built out, Sanfield expects construction of the market to begin in 2019. ■

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110 Acres Poised To Become Super-Efficient Cargo Container Staging Area

■ By **BRANDON RICHARDSON**
SENIOR WRITER

A portion of the proposed Harbor Performance Enhancement Center (HPEC) will begin operating as a container staging area within the next couple months, where containers will be stored for fast, easy pickup at a later time for the ports of Long Beach and Los Angeles, according to HPEC founder and CEO Jonathan Rosenthal.

“We have a pilot program [already approved by Los Angeles Board of Harbor Commissioners] and there is an exemption from CEQA [California Environmental Quality Act] for pilot programs,” Rosenthal explained. “So we will start operating in the next couple of months with about 400 spaces.”

Rosenthal’s proposal is to create a 5.5-million-square-foot container staging facility on 110 acres on Terminal Island at the Port of Los Angeles. In total, the completed facility will have 3,500 spaces for customers to store cargo containers already on chassis, wheeled frames used by truckers to haul cargo, to be transported at their leisure.

Rosenthal said there are much smaller facilities that stage cargo containers in a similar fashion but are controlled by and exclusive to specific shipping lines. HPEC on the other hand will be open to all termi-

nal operators, trucking companies, shipping lines and beneficial cargo owners (BCOs) at both ports, he explained. Additionally, HPEC will give its customers 100% control over the movement of their inventory by remaining open 24 hours per day. Having assigned storage spaces with containers already on wheels will mean that draymen will not have to search for containers or wait for them to be loaded.

The purpose of HPEC is to increase truck velocity through port terminals, Rosenthal explained. At the San Pedro Bay ports, containers are stacked on top of each other when they are offloaded from vessels. Other ports operate as “wheeled ports,” where containers are placed on chassis to await pickup by truck drivers, a more time-efficient method than stacking.

With ever-increasing container numbers passing through the ports on a monthly basis, Rosenthal said the stacking method has become the norm. Truckers are often assigned one specific container, which means the random stacking of containers at port terminals increases the time searching for and unstacking containers.

“The stacking of containers is inherently inefficient because you have to stack them and unstack them. When a driver shows up for a container, he never wants the one on the top; he always wants the one on the bottom,” Rosenthal said. “The average con-

tainer moves four times before it ever leaves the terminal.”

To reduce container moves and increase trucking velocity through the port, Rosenthal explained that “free piles,” a large grouping of containers with the same destination stacked together, could be formed at terminals through agreements with the BCOs. By doing this, trucks could line up and receive the first available container rather than searching through and rearranging stacks, a process referred to as a peel-off model. The containers would then be transported to HPEC. Currently, the average truck spends 45 to 110 minutes in a terminal, according to Rosenthal. He said studies show HPEC could increase velocity between 20% and 30%.

Increased truck velocity through terminals would have positive impacts economically and environmentally, Rosenthal explained. Economically, drivers and trucks would be utilized more efficiently because less time spent in terminals would result in shorter lines waiting to get into the terminal. This would also translate to less fuel being burned while trucks are idling at the terminal, which would reduce emissions.

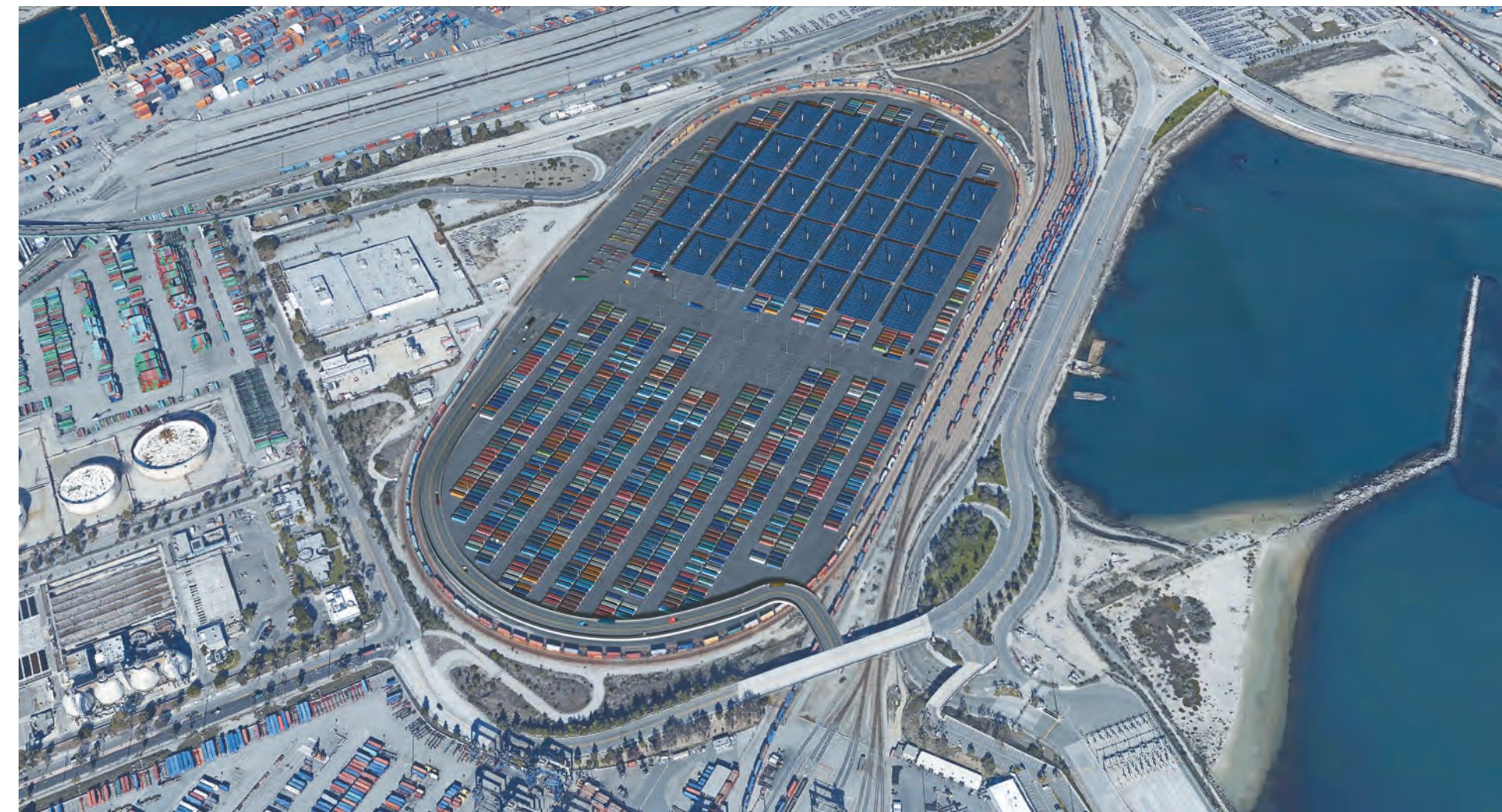
“This is not for everybody. It’s not as though everyone wants to control their inventory with that sort of precision,” Rosenthal said. “Some people don’t care very much because their inventory is not that time

sensitive. But we believe that there is a segment of the freight ecosystem that does want a lot more control over their inventory.”

The project is currently engaged in the CEQA process, which Rosenthal said should be completed in the next eight to 12 months. However, he said he does not expect any issues or pushback considering the project’s location is far from any urban or residential environments. The project also includes environmentally friendly features such as solar panels and amenities to facilitate the use of hydrogen, liquefied natural gas, electric and hybrid trucks onsite.

Once the CEQA process is completed, development of the project’s infrastructure, including bridge work, will be done in phases, according to Rosenthal, who added that construction would take a couple years to complete. Macquarie Capital, a division of Macquarie Group, the largest infrastructure investor in the world, has partnered with HPEC on a 50-year deal to bring the \$130 million facility to fruition.

“They have opportunity to invest anywhere in the world. This is their first principal investment in the San Pedro Bay. That’s a big deal – to get on their radar screen and attract their capital,” Rosenthal said. “A company like Macquarie would not be doing this unless they saw opportunity and saw that San Pedro Bay was going to grow.” ■



Located on 110 acres of Terminal Island, the Harbor Performance Enhancement Center will begin operating as a container staging area in the next couple months as part of a scaled-down pilot program, according the founder and CEO Jonathan Rosenthal. The full project would consist of 3,500 spaces for container storage and is currently in the environmental impact report phase. (Rendering courtesy of HPEC)

Technology Could Provide Much-Needed Transparency, Efficiencies For Supply Chain

■ By **SAMANTHA MEHLINGER**
EDITOR

Technology undergoing testing at the San Pedro Bay ports may stand to inject some much-needed transparency into the supply chain, allowing the various stakeholders – from shipping lines to trucking companies, chassis providers to beneficial cargo owners – to know in advance when shipments are due and where, and thereby better allocate their resources to prepare for them.

GE Transportation's Port Optimizer, software launched in a limited pilot program at the Port of Los Angeles (POLA) last summer, provides one integrated platform for supply chain stakeholders to access information about cargo movement. The platform was first tested at POLA's APM Terminals with the cooperation of the shipping lines Maersk and Mediterranean Shipping Company. This summer, the port will roll it out to all its terminals and is working to get all other shipping lines on board as well as trucking firms, chassis providers, rail companies and other goods movement players, according to POLA Business Development Manager Christopher Chase.

The Port of Long Beach is also rolling out the program in a pilot phase this summer with Long Beach Container Terminal and Total Terminals International participating.

One of the greatest challenges in initiating the pilot program is that companies are often reticent about sharing their data, according to Jennifer Schopfer, vice president and general manager of transport logistics for GE Transportation.

"The willingness and openness to sharing data remains a challenge," Schopfer said. "It's not a technical challenge anymore. We have the technology to share data in a secure way. It's more of a cultural challenge." The ports and GE Transportation are still working to educate potential participants about the Port Optimizer to address this concern.

"We're not collecting any competitive or sensitive information. No information about individuals, no information about pricing, no information about what is inside the containers themselves," Schopfer clarified. "We're really seeking information at the container level: Where is the container? What kind of container is it? What size and type is it? Where is it ultimately going?

And where is it at any point in time?" This is the type of information that facilitates equipment and resource planning, and helps to support a more efficient flow of goods, she explained.

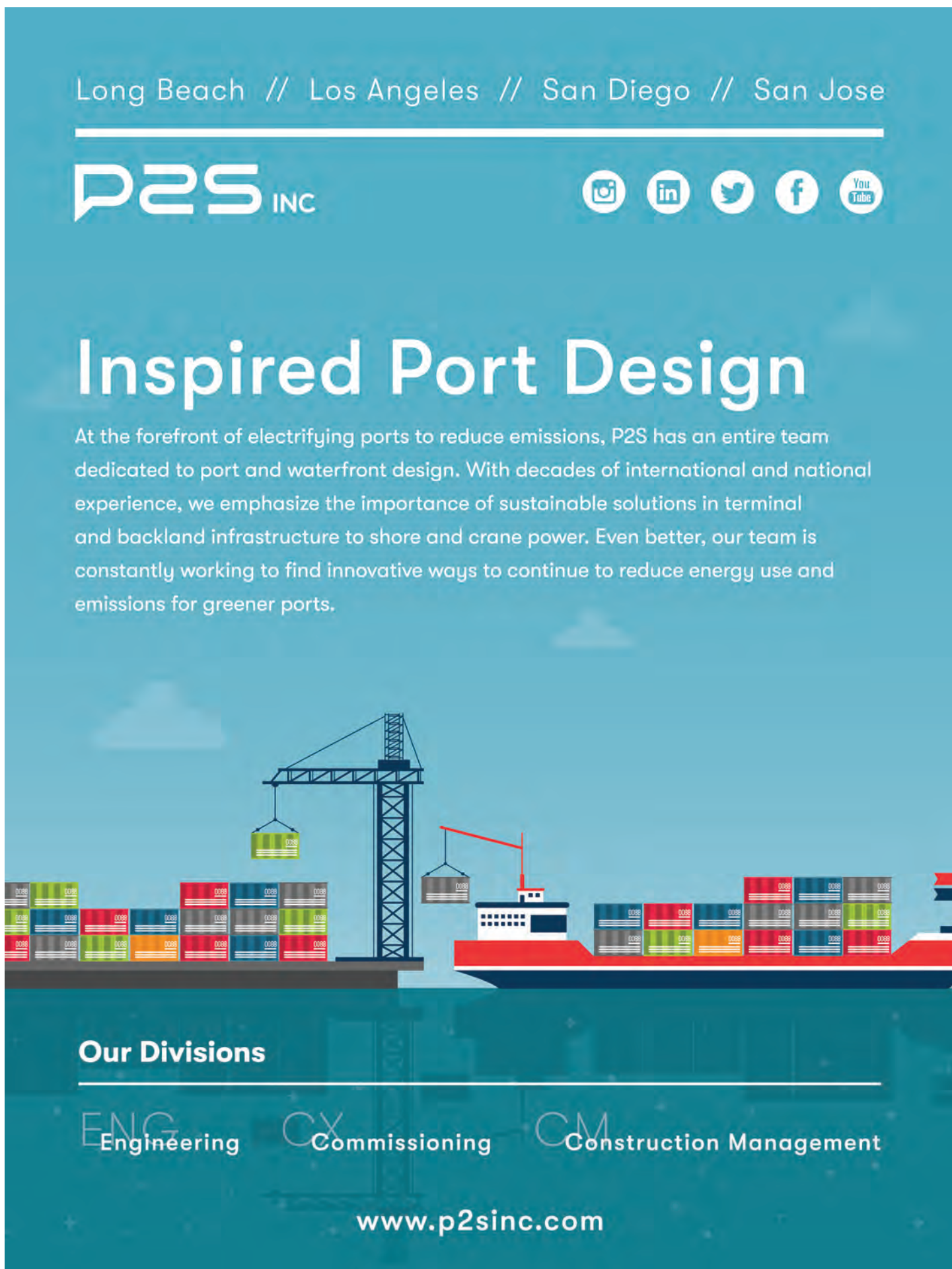
When a user logs into the Port Optimizer, the system recognizes who that user is and to which company the user belongs. "You're only going to see information about containers that you're a party to or that you should have rights to see," Schopfer said.

In last year's pilot program with the Port of Los Angeles, GE Transportation took feedback from users and made some changes based on their recommendations, according to Schopfer. "We sought a lot of feedback from all of those folks in order to actually understand what they want to see and how they want to see it," she said, explaining that many changes had to do with how information was displayed. But some bigger changes are due for this summer's pilot programs at the ports.

The first version of the Port Optimizer applied only to imported cargo. The next iteration will also include export data, Schopfer said. "The scale of the solution is much bigger," she noted. "This is a product that is going to continue to evolve with new features and enhancements as we roll them out. Our development process is very iterative."

GE has also been working with the trucking community to integrate information about appointments at multiple terminals. For example, if a trucker misses an appointment to return an empty container to one terminal, the Port Optimizer would be able to show the trucker other openings

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Last year, APM Terminals at the Port of Los Angeles participated in a pilot project to implement technology developed by GE Transportation. The program, Port Optimizer, allows supply chain stakeholders to see where cargo is and when it is due to arrive, enabling them to better allocate their resources to handle that cargo in advance. The program is expanding to the entire Port of Los Angeles as well as to two terminals at the Port of Long Beach this summer. (Port of Los Angeles photograph)

(Continued From Page 29)

to bring it to that terminal or others within the complex, Schopfer explained.

Mario Cordero, executive director of the Port of Long Beach, believes the program could prove to be the solution to creating a universal, port-wide appointment system for trucks. “One of the things we need to do in this gateway is move towards a uniform appointment system,” he said. “In the 2017 Clean Air Action Plan of both these ports, in addition to the quest for zero emissions, one of the short-term objectives is to implement a uniform appointment system. The way some of us think we’re going to do this is through this information portal.”

Benefits of implementing this technology mainly pertain to better strategizing throughout the supply chain. “The benefits that we see are better equipment planning, especially on the land side,” Schopfer said.

“The folks we have dealt with have all been very positive on it,” Chase said of the response to the pilot last summer. “What they basically said is, we need more. If everybody is on board then this really is something. . . . And that is what we are working on right now, is getting all the parties in the harbor to participate.”

Chase said that the initial pilot phase achieved the port’s goals. “People could see the cargo earlier,” he said. “It was in a format that was easy to read and understand. And, more importantly, they could make

decisions off of it. They had information further in advance than they had in the past.” While supply chain stakeholders would typically receive information about incoming shipments about 48 hours in advance, the Port Optimizer enabled them to learn about them as much as two weeks in advance, he explained.

Anthony Otto, president of Long Beach Container Terminal, noted that multiple companies are working on developing similar programs. “Be it GE or whatever the company is that puts that together, I think a single platform or a single portal . . . everyone could go to without having to go to 12 different websites is a good thing,” Otto said. “The mechanics of all of that still needs to be worked out. I think the idea of moving towards . . . a common portal to do all of your business is a positive step.”

Schopfer said GE Transportation is shopping the program around to other ports throughout the nation and the world. Asked if it would ultimately be sold to port authorities or as a subscription service to individual companies, Schopfer said it’s hard to say at this point. But ports will likely retain a major role. “Inherently, we need a convening force and that tends to be the port authority,” she said.

Both Chase and Schopfer noted that ports around the world are watching to see what happens within the San Pedro Bay complex. ■

Upcoming PierPass Changes To Address Congestion, Truck Turn Times

■ By **SAMANTHA MEHLINGER**
EDITOR

After stakeholder input and the completion of an independent study, PierPass’s OffPeak Program to regulate the movement of trucks into and out of terminals at the San Pedro Bay Ports is set to undergo changes meant to address congestion issues and improve goods movement efficiency.

The 12 terminal operators at the ports of Long Beach and Los Angeles, which oversee the OffPeak Program operated by the non-profit PierPass, voted in mid-April to alter the current program. Currently, a traffic mitigation fee is charged on weekday daytime visits by truckers dropping off or picking up loaded containers at the terminals. The fee incentivizes truckers to arrive during off-peak hours, at night or on Saturdays, to reduce congestion and the emissions that idling trucks cause during peak times.

Through the West Coast Marine Terminal Operators Agreement (WCMTOA) sanctioned by the Federal Maritime Commission, the 12 terminals at the San Pedro Bay

ports voted to institute a flat fee for all terminal shifts, rather than charging a traffic mitigation fee for peak hours. “The traffic mitigation fee is currently \$72.09 on a 20-foot container and \$144.18 on a 40 [-foot container] and other sizes,” John Cushing, president and CEO of PierPass, said. “Payment on those containers is currently done via the PierPass website. It will be the same payment process. It’s just going to be at a lower rate: \$31.52 per 20 [-foot container] and \$63.04 on 40 [foot containers] and other sized containers.”

The new fees were determined by examining how much fee revenue was collected in 2017 and for how many containers, according to Cushing. “Basically, it’s revenue neutral going forward.”

The WCMTOA members also voted to adopt appointment systems to schedule truck visits. According to Cushing, nine of the 12 terminals already use appointment systems, and the remaining three have now agreed to implement their own. While the ports’ recently adopted update to the Clean Air Action Plan calls for a universal ap-

(Please Continue To Next Page)

pointment system across the ports, for now the terminals are each operating their systems independently, he explained.

The OffPeak Program has, by many accounts, been successful in reducing congestion and emissions; however, it has created some inefficiencies that the new arrangement is meant to address. “There were some inherent inefficiencies associated with the old program,” Anthony Otto, president of Orient Overseas Carrier Line-owned Long Beach Container Terminal at the Port of Long Beach, told the Business Journal.

The primary issue is that trucks queue outside of terminal gates between peak and off-peak shifts, from about 3 to 6 p.m., to wait to enter during off-peak hours and avoid the traffic mitigation fee, Otto explained. By instituting a flat fee, this problem should be resolved.

The terminals will leverage their appointment systems to ensure that there is an equal flow of traffic between day and night shifts, Otto said. “The appointments, which have become much more sophisticated in our industry, will allow us to regulate that flow.”

Cushing pointed out that having an appointment system would facilitate more dual transactions by truckers. In a dual transaction, a trucker would, for example,

bring an empty container to a terminal and leave with a loaded container for delivery. Currently, some truckers bring empty containers back during the daytime because those loads are not subject to the traffic mitigation fee. But they then wait until the off-peak shift to come back for a loaded container in order to avoid the fee, he explained. Because there is now a flat fee for both shifts, truckers are more likely to visit a terminal once for both transactions.

Otto has been an advocate for making changes to the program and said he has been pleased with the process. PierPass conducted stakeholder meetings for about a year and a half and commissioned an independent study to come up with recommendations to make the OffPeak Program more efficient.

“The trucking industry embraces it. The ports are embracing it. The terminals obviously are, because it’s going to make our ports even more efficient than they had been,” Otto said.

Mario Cordero, executive director of the Port of Long Beach, praised PierPass for being open to changing the status quo. However, he reserved an opinion on the changes to the program until a full plan has been released. “Whatever the direction they are going to go in terms of how specifically



Under the current OffPeak Program operated by the nonprofit PierPass, trucks are incentivized to visit port terminals during night time or weekend shifts, when a fee is not charged. As a result, truckers often queue outside of terminals before the off-peak shifts, causing congestion. PierPass is changing to a flat-fee system across shifts to address the issue. (Port of Long Beach photograph)

they implement this new version of PierPass, the ultimate question for us that needs to be answered is: is the service going to be improved?” he said.

Cordero believes that creating extended gate hours for terminals would result in reduced truck turn times – the time it takes for a truck to pick up and deliver cargo and return for another load. This concept is not a part of the OffPeak Program changes. “In my view, if that objective is reached and we have extended gate hours that are predictable, reliable and efficient, then this gateway and this port will continue to be the port of choice,” he said.

In an official announcement sent out by PierPass, Gene Seroka, executive director of the Port of Los Angeles, said that he was pleased with the organization for taking a

step forward in improving efficiencies at the ports.

The trucking community also gave positive feedback. “The California Trucking Association (CTA) appreciates the proposal put forth by PierPass regarding its restructuring of the TMF [traffic mitigation fee],” Alex Cherin, executive director of the CTA Intermodal Conference, stated. “This is the culmination of many collaborative discussions between the marine terminal operators and trucking communities over the last few years, and we look forward to supporting these efforts.” Weston LaBar, CEO of the Harbor Trucking Association, called the changes a “giant step in the right direction.”

Cushing said the changes should be implemented in August, pending review by the Federal Maritime Commission. ■

Greener, Safer and More Efficient



**Long Beach
Container
Terminal**



Sean Gamette, managing director of engineering services at the Port of Long Beach, said the port has plans for \$1 billion worth of rail infrastructure projects to relieve bottlenecks and increase efficiency. The port currently transports about 25% of cargo by rail but Gamette said the projects could increase that number to 35%. (Photograph by the Business Journal's Pat Flynn)

San Pedro Bay Port Rail Systems Key For Speed To Market

■ By **BRANDON RICHARDSON**
SENIOR WRITER

As the ports of Long Beach and Los Angeles continue to increase cargo throughput, each having had record-setting years in 2017, officials are consistently examining their operations for opportunities to increase efficiency. Currently, between 25% and 30% of containers are transported out of the ports by rail, but they hope to increase these numbers.

“The San Pedro Bay ports complex itself has an enormous rail infrastructure. If you look at the Port of Long Beach (POLB) today, we’re moving on-dock cargo at the rate of about 25% of our containers,” Sean Gamette, managing director of engineering services at POLB, said. “We’re looking forward to making a significant investment in our rail infrastructure to create more efficiency and push that percentage of on-dock cargo to 35% or maybe more.”

POLB currently sees about 60 trains pass through its terminals each day, along about 102 miles of tracks. The port has about \$1 billion worth of planned rail infrastructure projects, including adding double-track access between Piers J and G and a fourth track at Ocean Boulevard from Pier B, expanding the railyard at Middle Harbor, and the Pier B on-dock rail and support facility.

The importance of increased and effi-

cient rail within the port complex is speed to market – ensuring that goods get to their destination as quickly as possible, Gamette explained. In order to remain competitive with other West Coast ports, including those in Canada and Mexico, the San Pedro Bay ports must be able to discharge, load and move cargo through its infrastructure network faster than other ports. Rail is a large part of that, he said.

The double-track project between piers G and J is currently being designed and will go out for bid this year, according to Gamette. He said the project would add an 8,000-foot mainline track (the main artery for through trains) between the piers, which is currently a bottleneck for the rail system.

The San Pedro Bay ports are getting ready to begin a two-and-a-half-year study of its rail infrastructure, according to Tony Gioiello, deputy executive director of development at Port of Los Angeles (POLA). The study will evaluate current infrastructure and identify future needs, including major projects and a timeframe for implementation. (Photograph courtesy of the POLA)



The port estimates the extra track would allow for one more train to pass through that area per day, about a 25% efficiency gain.

“Projects like the fourth track at Ocean Boulevard are really just small, simple projects that . . . allow for a little bit more efficiency through what [are currently] bottlenecks,” Gamette said. “It’s not a lot of additional trackage there but it’s a very key element to increasing our efficiency.”

Long Beach Container Terminal is the largest terminal at the Port of Long Beach, with an annual capacity of 3.3 million twenty-foot equivalent units (TEUs) of cargo. Currently, the terminal’s railyard has about 10,000 linear feet (a little less than two miles) of track. The final

phase of the terminal redevelopment project, which is currently underway, includes increasing that figure to 75,000 linear feet, or just over 14 miles.

The Pier B project will have five 10,000-foot arrival/departure tracks, as well as 40 storage tracks measuring 90,000 linear feet. Gamette said there is nothing comparable to this project currently at the port. No trucks will call at the facility, as containers will move directly from ship to train – a concept called on-dock rail. The project has received pushback from dozens of Westside Long Beach businesses that will be displaced because of it. However, after court proceedings and appeals, the project has gotten the greenlight.

“It’s one thing to say that we can handle these larger ships with upwards of 18,000 containers, but to load and discharge cargo from a ship that size requires a massive amount of infrastructure behind it on the land,” Gamette said. “If we’re focusing on speed to market, we have to be able to move those containers right onto rail and through a facility like Pier B without having to go through bottlenecks, and get that 10,000-foot-long train out to places like Chicago.”

POLB has a rail efficiency team that meets monthly to evaluate the rail network and identify ways to increase efficiencies by working with the railroads or recommending small changes to the network. For

major projects, Gamette said the ports approach them strategically and scientifically by first conducting a study of the entire San Pedro Bay complex. The last study was conducted in 2006 and another study is about to get underway, according to Tony Gioiello, deputy executive director of development at Port of Los Angeles (POLA).

“Our board just approved the cost-share agreement with the Port of Long Beach for the study. So it’s probably going to start in a month or two and be about a two-and-a-half year study,” Gioiello said. “We’ll work with the railroads and the different stakeholders to really identify the needs, and the breadth of the infrastructure needs out there.”

The study will examine the existing capacity of the complexes’ rail infrastructure and compare it to cargo growth projections. Gioiello said the comparison would then be used to identify future projects needed to keep up with demand, as well as when those projects would need to come online.

One of the major projects POLA will be examining during the study is an expansion of the Badger Avenue Bridge, which serves port operations on Terminal Island. Currently, the bridge has two tracks; however, Gioiello said the port an-

ticipates needing a third track and possibly more depending on the outcome of the study. He added that the project will likely be needed in about 10 years.

“On the L.A. side . . . every single one of our container terminals has an on-dock facility. We just finished our last one [at] our TraPac terminal a little over a year ago,” Gioiello said. “We recognize that having rail as close to the terminal as possible is critical to reduce truck trips, and having rail where you can get the cargo onto the trains as quickly as possible . . . is important.”

While every terminal has on-dock rail facilities, Gioiello said the port is looking to maximizing them by increasing the amount of track. He explained that the current layout leaves space between tracks for top picks (a forklift-type vehicle used to move shipping containers) to maneuver and load trains. The next generation of POLA railyards will see tracks added between the existing ones to maximize accommodating the number of trains waiting to be loaded. To accomplish this, the port will abandon the use of top picks at these facilities, instead utilizing cranes that span the tracks.

POLA is also looking at a couple of proj-

ects to increase mainline capacity by adding a second mainline track in certain areas. By doing this, trains can move in and out simultaneously, rather than having to wait for another to completely clear the only mainline track into a terminal.

Gioiello said that, with each new project, POLA invests a lot of capital to maintain separation between rail and other infrastructure. He explained that the separation is needed to ensure that any addition to rail does not impede or disrupt other aspects of port operations, such as

by blocking truck traffic. Paying attention to these details allows the port to move cargo through the complex quickly.

“Speed to market is critical to our business model here in L.A. and on the West Coast. It’s one of the many reasons that shippers choose L.A.,” POLA Director of Media Relations Phillip Sanfield said. “The cargo gets here quicker than if it was going to the East Coast . . . but it also moves out of here quicker. We’re just a couple of days away from Chicago, New York, Denver and the Midwest.” ■

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Clean Air Action Plan Is Driving Technology Innovation At San Pedro Bay Ports



In November of last year, the San Pedro Bay ports approved an updated Clean Air Action Plan to continue their work to drastically reduce emissions at the ports through innovative low- or zero-emissions technologies. The ports currently have a number of projects in the early phases, with some expected to come online later this year or early next year. Pictured are Heather Tomley, director of environmental planning at the Port of Long Beach, and Christopher Cannon, director of environmental management at the Port of Los Angeles. (Photograph by the Business Journal's Pat Flynn)

■ By **BRANDON RICHARDSON**
SENIOR WRITER

The ports of Long Beach and Los Angeles originally approved the Clean Air Action Plan (CAAP) in 2006 as a means to significantly reduce

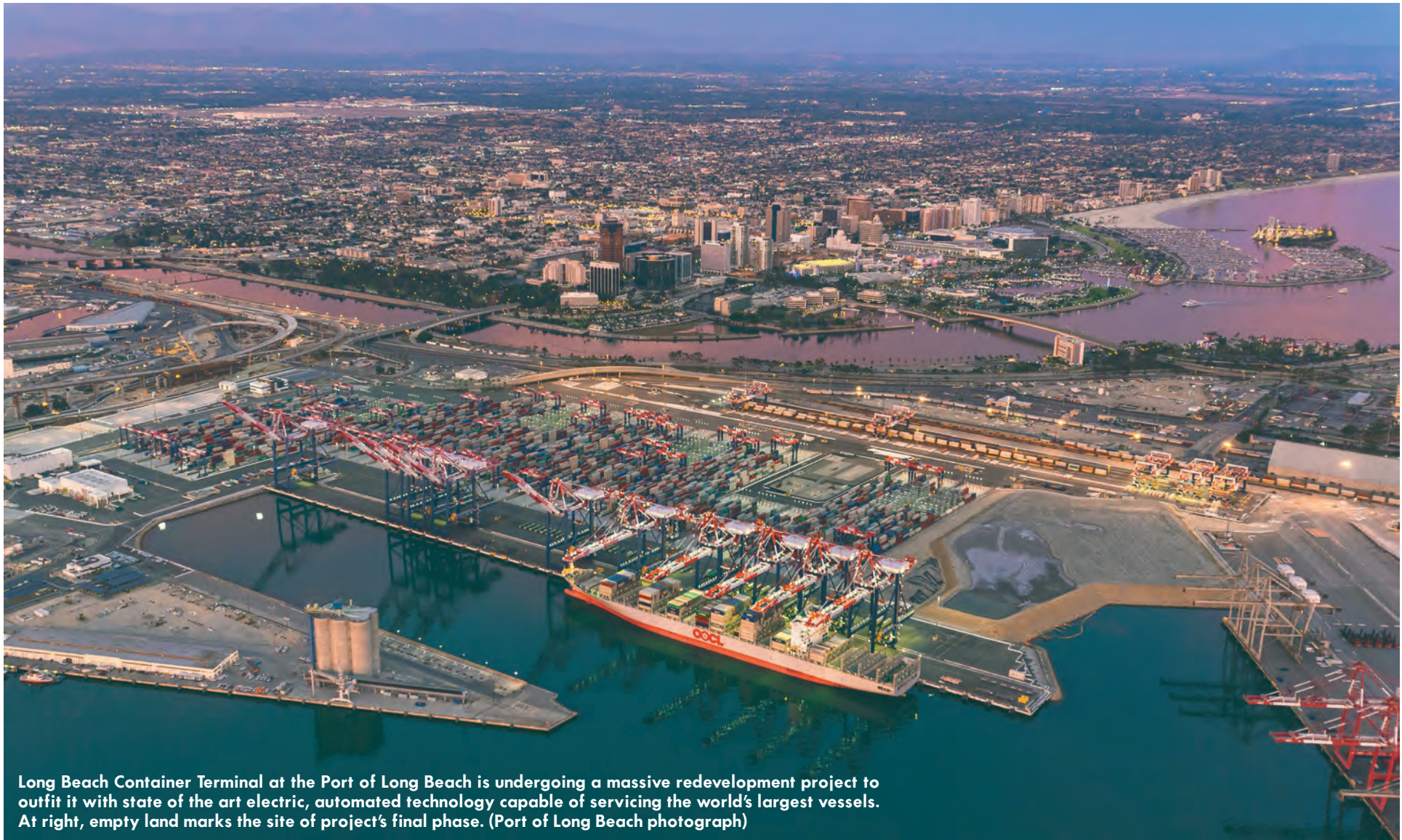
pollution produced by port operations. In November of last year, the ports updated the plan with ambitious goals, including converting all container terminal operations to zero emissions by 2030. The CAAP efforts have been driving technological innovation since inception, which

continues today through development and demonstration.

“Both ports have been putting funding into developing and demonstrating advanced technologies,” Heather Tomley, director of environmental planning at Port of Long Beach (POLB), said. “We have a

long history of working on these types of demonstrations and have been able to move forward with a lot of different pieces of equipment, putting them out in the real world at terminals or with the trucking companies.”

For the past several years, POLB has



Long Beach Container Terminal at the Port of Long Beach is undergoing a massive redevelopment project to outfit it with state of the art electric, automated technology capable of servicing the world's largest vessels. At right, empty land marks the site of project's final phase. (Port of Long Beach photograph)

put an emphasis on testing zero-emissions technologies for terminal equipment and on-road trucks, Tomley explained. One of the port's largest programs currently is the conversion of terminal equipment, including yard tractors, top picks (large forklift-type vehicles used for moving and stacking containers) and rubber-tire gantry cranes. Converting these three pieces of equipment at container terminals would drastically reduce emissions, Tomley said.

Through various grant opportunities, Tomley said the port is moving forward with demonstration projects with several technology developers and terminal operators to test zero-emission versions of those key pieces of container terminal equipment. A large focus is being put on battery-electric technology; however, fuel cell yard tractors will also be tested. Additionally, a rubber-tire gantry crane to physically plug into the electrical grid will be tested.

"Our goal right now is to work with as many different operators as possible so that everybody has the opportunity to test these pieces of equipment and get an understanding of how they work and how they can be better integrated into their operations going forward," Tomley said. "We're really looking forward to the input that we're going to get from the operators because that's going to help us continue working with the technology developers to make sure we're developing equipment that really meets [the operators'] needs."

Contracts are being finalized for these projects and Tomley said she expects the equipment to be deployed next year for demonstrations to begin. However, before the equipment can be utilized at the port, infrastructure must be put into place to support it.

To support such a large increase in the demand for electrical power, the port must expand its infrastructure, Tomley explained. She said that, while the equipment is being developed and built, Southern California Edison and port engineers will install additional electrical infrastructure, including charging stations. The port recently received a grant from the California Energy Commission to install additional electrical infrastructure at one container terminal specifically for charging traditional plug-in battery forklifts, the type most often used in warehouses.

The Port of Los Angeles (POLA) is

currently working on implementing the same technologies at its container terminals, according to Christopher Cannon, director of environmental management at POLA. He said the Pasha terminal is currently testing zero-emission yard trucks and that the Everport terminal will likely begin demonstration battery-electric yard trucks and top picks later this year. He said the timeline for building equipment and infrastructure upgrades is similar to that of POLB, with deployment expected later this year or early next year.

"We're currently doing a power and electrical demand and needs study through our engineering division in order to evaluate the infrastructure requirements at all of our terminals for zero emission and other types of clean technologies," Cannon said. "The equipment and the infrastructure are currently being purchased and installed. . . . the cost of the infrastructure is almost as much as the cost of the equipment itself."

The updated CAAP identified a cost of up to \$14 billion, which covers the development and construction of new technologies, as well as the infrastructure to support it at both ports. Cannon said costs

will likely go down over time as technologies are developed and economies of scale and other commercial advantages come into play.

Though POLA has the largest number of berths set up for shore power than any other port in the world at 25 terminals, Cannon said both ports are working to expand efforts to minimize emissions from berthed ships. To accomplish this, the ports have previously demonstrated a system where hoods are placed above a

vessel's stacks to capture emissions. Also, the ports recently released a request for proposals (RFP) to identify additional technologies to lower emissions of ships at berth. The target of the new technologies will be vessels that are not currently subject to shore power regulations, including bulk ships, tankers and car carriers.

On April 17, the ports released an RFP that includes upgrading harbor craft to reduce emissions. ■

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San Pedro Bay Ports





Gerald Desmond Bridge

Construction on the replacement for the Gerald Desmond Bridge over the Port of Long Beach harbor has reached monumental proportions – literally. The two towers that will serve as the support structure for the bridge's 40 cables have been topped off at 515 feet, making them the tallest structures in Long Beach. The new bridge's main span clearance will be 205 feet above the water, allowing room for larger vessels to pass beneath it. The bridge is a cable-stayed structure, with the longest cable measuring 573 feet in length. If all the cables were laid end to end, they would measure 1.7 million feet in length. The blue and orange structures in these photos are called movable scaffolding systems. The 3.1 million-pound pieces of equipment enable construction crews to build the bridge in place, one piece at a time. The project will ultimately use 18 million pounds of structural steel, 75 million pounds of rebar, and 300,000 cubic yards of concrete. (Port of Long Beach photograph, rendering)

– Editor Samantha Mehlinger

World Trade Week Events Calendar May 2018

Calendar Information Provided by
the Los Angeles Area Chamber of
Commerce – www.lachamber.com

April 26-May 4
2018 US Ambassadors' Tour
Contact: hpham@usasean.org
<https://www.usasean.org/>

April 29 – May 2
Global Conference 2018
8 a.m. – 7 p.m.
Beverly Hilton Hotel, Beverly Hills
9876 Wilshire Blvd., Beverly Hills
www.milkeninstitute.org

May 1
Doing Business Without Borders
1:15 – 6:00 p.m.
Bobrick Washroom Equipment, Inc.
6901 Tujunga Ave. North Hollywood
www.thevalley.net

**German Spotlight at the 2018
Newport Beach Film Festival**
7 – 11 p.m.
Triangle Square Cinemas
1870 Harbor Blvd., Costa Mesa
Contact:
R.Hellermann@gaba-network.org

May 2
**U.S.-India Future Connectivity
Series Los Angeles**
9 – 11:30 a.m.
Los Angeles Area
Chamber of Commerce
350 S Bixel St., Los Angeles
<http://www.usibc.com>

May 3
**2018 California-China
Business Summit**
8 a.m. – 5 p.m.
Beverly Hilton Hotel, Beverly Hills
9876 Wilshire Blvd., Beverly Hills
www.chinaweek.la

May 3-4
City Age Build the Future
The California Club
538 S Flower St., Los Angeles
Contact: info@cityage.org
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**Southern California
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Resort & Spa
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Indian Wells
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May 3-9
**5th Annual Starring
Europe Festival**
Egyptian Theatre and Aero Theatre
www.starringeurope.com

May 4
**91st Annual World Trade Week
Kickoff Breakfast**
7:15 – 11 a.m.
InterContinental
Los Angeles Downtown
900 Wilshire Blvd., Los Angeles
Contact: jgonzalez@lachamber.com
www.worldtradeweek.com

LA Trade Numbers Explained
11 a.m. – Noon
InterContinental
Los Angeles Downtown
900 Wilshire Blvd., Los Angeles
<https://www.worldcityweb.com>

**Trade Ambassadors Workshop:
Los Angeles**
11:30 a.m. – 3:30 p.m.
InterContinental Los Angeles
Downtown Roosevelt Room
900 Wilshire Blvd. Los Angeles
Contact:
james.sheehan@eupopusa.com

May 10
**Recent US Fiscal Reform
Challenges and Opportunities for
Mexico and International Business**
8 a.m. – 5 p.m.
1800 Century Park East, Suite 300
Los Angeles
Contact: marlen@usmcocca.org
<http://www.usmcocca.org>

Air Cargo Day
11 a.m. – 2 p.m.
Westdrift, 1400 Parkview Ave.
Manhattan Beach
Contact: nyclady1@ca.rr.com
www.laaca.us/

May 11
Global E- Commerce Summit
9 a.m. – 2:30 p.m.
Marriott Hotel
555 McMurray Rd., Buellton
www.scheinfeld.sbccc.edu/

May 13-16
TechConnect World Innovation
Anaheim Convention Center
800 W Katella Ave., Anaheim
www.TechConnectWorld.com/World2018/

May 15
**FTA & LACBFFA Annual World
Trade Week Workshop & Lunch-
eon**
8 a.m. – 1:30 p.m.
The Grand Events Center
4101 E. Willow St., Long Beach
Contact:
info@foreigntradeassociation.com

May 16
**JASSC 109th Anniversary
Dinner & Gala Celebration**
The Queen Mary
1126 Queens Hwy., Long Beach
Contact: amano@jas-socal.org
www.jas-socal.org/DinnerGala

May 17
**31st Annual Seafood Feast
hosted by the Propeller Club**
5:30 – 7:30 p.m.
San Pedro Fish Market
1190 Nagoya Way, San Pedro
www.propellerclubalb.org

Orange County World Trade Week
7 – 11:00 a.m.
Irvine Marriott
18000 Von Karman Ave., Irvine
Contact:
prussell@irvinechamber.com
<http://www.irvinechamber.com>

May 18
History of the Port Tours
10 – 11:30 a.m.
Port Hueneme
Historical Society Museum
220 Market St., Port Hueneme
www.visithuenemebeach.com

May 19
Free Harbor Boat Tours
10:30 a.m. – 3 p.m.
Location 1: LA Maritime Museum
600 Sampson Way, San Pedro
Location 2: Bannings Landing
Community Center, 100 Water St.
Wilmington, CA 90744
www.portoflosangeles.org

May 22
**Cybersecurity & Computer
Forensic Investigations
in Mexico and Latin America**
1800 Century Park East, Suite 300
Los Angeles
Contact: marlen@usmcocca.org
<http://www.usmcocca.org>

Tokyo-LA Forum
Noon – 6:00 p.m.
Contact: events@pacificcouncil.org
www.pacificcouncil.org

Pacific Islands Business Webinar
3 p.m.
Email: Douglas.Wallace@trade.gov
www.export.gov

May 23-24
Select LA Investment Summit
JW Marriott at LA Live
900 W Olympic Blvd., Los Angeles
Contact: Michael.Smith@wtcla.org
Phone: 213.236.4883
www.selectla.com

May 24
**Emulation: A Korean Model
of Economic Development**
4 – 5:30 p.m.
School of Global Policy and Strategy
9500 Gilmann Dr., #0519, La Jolla
Contact: lisalee@ucsd.edu

May 31
Citizen Diplomacy Celebration
6 p.m.
The Olympic Collection
11301 W. Olympic Blvd. #204
Los Angeles
Contact: hstoddard@ivcla.org
Phone: 213/388-1428 ext. 26

Stanley T. Olafson Award Winner MacLellan Aims To Open Trade Portals For Small Businesses

■ By **ANNE ARTLEY**
STAFF WRITER

Jim MacLellan, director of trade development for the Port of Los Angeles, will receive the Stanley T. Olafson award at the Los Angeles Chamber of Commerce's World Trade Week kickoff breakfast May 4.

The award is presented each year to a member of the world trade community in Southern California who has contributed to the advancement of the industry beyond his or her job requirements, according to the chamber.



MacLellan has served in his role since 2007. Although he prepared to embark on a career in finance after studying economics in college, MacLellan said he ended up in the transportation sector “accidentally,” and found himself enjoying the field. “It permitted me to travel the world and work with a whole range of people,” he said. “It was never dull.”

In addition to his work at the port, MacLellan serves as the chair of the Pacific Chapter of the United States-Mexico Chamber of Commerce. He also gives lectures at Marymount University.

MacLellan's primary responsibility is to increase trade through the port. To accomplish this objective, he conducts outreach to trade organizations, professional associations and chambers of commerce. He said one of his goals is to connect to more small businesses.

“Big corporations can take on the top trade attorneys and the top international accounting firms, but the small businesses are really the folks who need a helping hand,” MacLellan explained. “It's kind of overwhelming for them, so we try to answer their fears by providing services that offset their challenges and apprehensions.”

MacLellan said he hosts seminars for these entrepreneurs at local and ethnic chambers of commerce as well as at municipal and county governments. He connects them to experts to help them meet their trade goals in an environment he described “like speed dating.”

“I want to [make] videos of our events and get them to the media so people can access them,” MacLellan said. “People say, ‘Nobody's interested in business subjects on TV.’ I don't agree. I think people are very interested, especially small businesses.”

According to MacLellan, the economy in Southern California is mostly made up of local entrepreneurs. “We have to rely on them,” he said. “Even micro-entrepreneurs. That's a source of creativity and ingenuity for the next generation. How can we open the world to them rather than just the local market?”

MacLellan described international trade as one of the pillars of the region's economy. “It provides millions of jobs, not directly, but indirectly,” MacLellan said. “We are in the key strategic location in the United States. . . . It is essential that we keep growing fair, bilateral and multilateral trade for us to keep the economy growing. Anything that might negatively affect trade and good relations with other countries, especially in the Pacific Rim, will [directly hurt] our bottom line.” ■

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