

THIRD SECTOR REPORT

Community Organizations: A No-Fail Recipe For Success?

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

Even with the promise that something is a sure cure, one size that fits all, or a no-fail recipe, something can invariably go wrong. Just ask any doctor, parent or cook.

If only adding the right ingredients or keeping the easy assembly directions handy made it possible for community organizations to thrive! Even with the volume of resources available on the Internet, in bookstores and through training workshops, every organization is looking for the right way to put their organizations on the path to success. After all, when people and communities believe in a cause, everyone wants it to be successful.

Because each is unique, however, there is no such thing as a no-fail recipe. But a full understanding of how any nonprofit organization can be successful is best gained by understanding what causes most of them to fail.

The sobering statistics about business failures are not irrelevant benchmarks for gauging the same reality that exists among tax-exempt enterprises. What can skew the numbers, however, is that nonprofit organizations have an added source of bailout

(Please Continue To Page 31)

MORE PERSPECTIVES:

- 29 – Inside City Hall
By Gerrie Schipske
- 29 – Technology And Innovation
By Forouzan Golshani
- 30 – HealthWise
By Shaun Setty
- 30 – Effective Leadership
By Mick Ukleja
- 31 – Realty Views
By Terry Ross
- 31 – Small Business Dollars & Sense
By Ben Alvarado



Real estate and technology professionals agree: technology is shaping the real estate industry now and for the future. Matthew Firth is one of the drivers of that change. His Long Beach-based tech firm, Hobizbo, has pioneered a mobile application that allows buyers, sellers and real estate agents instant access to tools previous only available by appointment and once involving complex paper trails. See story Page 22. (Photograph by the Business Journal's Larry Duncan)

For The First Time, Southwest Airlines Plans To Offer Flights From Long Beach Airport

By **SEAN BELK**
Staff Writer

If everything goes smoothly, Southwest Airlines may be offering service for the first time ever from the Long Beach Airport.

The Texas-based airline was granted four of nine additional flight slots that were recently added at the airport. JetBlue Airways, which already holds 32 slots as the airport's primary air carrier, received three new slots, while Delta Air Lines, another existing air carrier, received two new slots.

Southwest officially announced its interest in serving Long Beach at an employee gathering in Las Vegas on February

10, a day after airport management, the city attorney's office and outside counsel allocated the slots through a prescribed process. Southwest employees also gathered in Downtown Los

Angeles to cheer on the announcement.

In Southern California, Southwest currently serves four airports, including Los Angeles

(Please Continue To Page 11)



65th Annual Engineers Week Aims To Spark Interest In Youth, Diverse Groups

By **SAMANTHA MEHLINGER**
Senior Writer

Founded in 1951 by the National Society of Professional Engineers (NSPE), Engineers Week was originally meant to spotlight the contributions of engineers to society, and has since evolved as a tool for the field to reach out to youth across the nation

in the hopes of growing a valuable future workforce. This year's Engineers Week takes place from February 21 to 27.

"It was initially started for publicity and recognition of engineers. They were doing so many phenomenal things, and engineers are not big on talking about themselves or what they do," Kathryn Gray, a past presi-

(Please Continue To Bottom Of Page 26)

• Smart Engineering For Hospitals And Schools
• Shortage Of Qualified Engineers Persists
See Pages 24-27

Demand Is Growing Across The Board In Long Beach Real Estate Markets

By **SAMANTHA MEHLINGER**
Senior Writer

Low inventory and high demand are the prevailing dynamics across most real estate markets in Long Beach thus far into 2016, driving up lease rates and sales prices for most property types. The exception is the office market, which still has double-digit vacancy rates, although real estate professionals and economists expect to see increased demand for office space this year.

The industrial market remains the tightest real estate sector in Long Beach, with an overall vacancy rate hovering near 1 percent. Demand to buy and lease continues to be high due to strong activity at local ports, job gains in related fields and low interest rates, according to local industrial brokers. By comparison, Los Angeles County's overall vacancy rate was 2.5 percent at the end of

last year, according to Robert Kleinhenz, chief economist for the Los Angeles County Economic Development Corporation.

"Transportation, warehousing and wholesaling are all seeing big gains in jobs, and that's indicative of growth in those sectors," Kleinhenz said. "For example, wholesale trade added jobs at a 2.3 percent [rate] from December 2014 to December 2015, and transportation and warehousing in L.A. County added jobs at a 1.7 percent rate year over year in December," he explained. "Both have

(Please Continue To Page 12)

Taxing Issues For Voters

By **GEORGE ECONOMIDES**
Publisher's Perspective

By now, most of you have heard that Mayor Robert Garcia is proposing a measure for the June ballot that would raise Long Beach's sales tax from the current 9 percent to 10 percent. We'll get to the why in a moment.

What you may not have heard is that, on that same ballot, the Long Beach Community College District may be proposing a bond measure that could be as high as \$800 million. The college district's five-member board of trustees meets February 23 to discuss a recommendation from Superintendent and President Eloy Oakley.

The bond measure would be assessed on property taxes, thereby affecting property owners only. The sales tax would impact every resident and visitor. Twice in the past 15 years – 2002 and 2008 – local voters approved bond measures for the college. The latter measure was promised matching

(Please Continue To Page 28)

This Edition's Advertisers

ADG Commercial.....	16
Aquarium of the Pacific	7 & 25
Big E Pizza.....	23
Boulevard Cadillac.....	22
Boy Scouts of America, Long Beach Area Council	4
Brascia Builders, Inc.	17
Brix at the Shore	23
Buono's Pizzeria	28
Bustamante, George/Warshauer, Steve/ Jacques, Cameron – CBC BLAIR WESTMAC	15
Catalina Express	27
Coldwell Banker Commercial BLAIR WESTMAC	13
City of Long Beach, Department of Financial Management, Purchasing Division	25
Evans & Silver Attorneys	5
Eye Physicians of Long Beach.....	4
Gaut, Roy – CBC BLAIR WESTMAC	17
Gems & Jewels Fine Jewelry	21
Grounds Bakery & Café	3
Hoyt Realty & Investments	17
International City Bank	24
International City Escrow	17
International City Theatre	7
INCO Commercial.....	14
Irvine-Parker, Barbara – Keller Williams Pacific Estates	15
Kafe Neo.....	3
Knightling	5
LB Walker Automotive	23
Lee & Associates Commercial Real Estate Services...19	
Long Beach Airport	9
Long Beach Commercial Real Estate Council	19
Long Beach Symphony	7
Long Beach Water Department	20
Marcus & Millichap.....	12
Michael Levy Gallery	7
Naples Rib Company	23
P2S Engineering	25
Pacific Gateway Workforce Investment Network	Back Cover
Rubbercraft	11
Sares•Regis Group/CBRE	15
The Carson Center.....	10
The Social List.....	22
Volterra Dental.....	5

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Inside This Issue

4 In The News

- People News
- Grocery Outlet Bargain Market Opens In Northeast Long Beach
- Playa Amor Restaurant Opens At The Marketplace
- City Prosecutor's Office Presents IMPACT Award
- Erwin Dazelle Named Official Artist For Toyota Grand Prix
- Milana's New York Pizzeria Celebrates 6th Anniversary

6 Cultural Arts

- Baroque Orchestra Musica Angelica Brings Audiences Into The Fold – Onto The Stage

8 Focus On The Aviation & Aerospace Industries

- Update On Commercial, General, Corporate Aviation
- Southwest Given Flights Slots For Long Beach Airport, from Page 1

12 Special Quarterly Report: Real Estate

- Overview, from Page 1
- Residential Market
- Office Space
- Industrial Space
- Retail Space
- Future Plans For Douglas Park
- Update On The Bixby Knolls Market Area
- How Technology Is Shaping The Real Estate Industry

24 Engineers Week

- Shortage Of Qualified Engineers Persists
- Smart Engineering For Hospitals And Schools
- Massachusetts-Based EBI Consulting Opens Long Beach Office
- 65th Annual Engineers Weeks Aims To Spark Interest, from Page 1

28 Perspectives

- Inside City Hall: The Numbers Just Don't Add Up For Tax Increase
- Technology And Innovation: 3D Printing Made Easy
- HealthWise: America's Most Common Birth Defect
- Third Sector Report: Community Organizations – A No-Fail Recipe For Success, from Page 1
- Effective Leadership: 5 Ways To Overcome Your Fears
- Realty Views: Builders See Rise In Housing Demand
- Small Business Dollars & Sense:
Run A Year-Round Business In A Seasonal Market

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Arts Council For Long Beach Names Griselda Suarez Its New Executive Director

Following the announcement late last year that its executive director, Victoria Bryan, was retiring, the Arts Council For Long Beach has found its new leader: Griselda Suarez, pictured here. She begins March 1, with Bryan staying on throughout the transition period.

Suarez is a creative writer and a lecturer of Chicano and Latino Studies, literature, writing and other subjects at California State University, Long Beach. She is also a culinary artist as the co-owner of Long Beach-based Peppered Up Foods and Sliced and Diced Eatery.

“Griselda’s appointment comes at a very exciting time for the Arts Council,” council Board President Marco Schindelmann said in a statement. “Her background as [an] artist, advocate, activist, teacher and leader positions her perfectly to help move us forward towards our future vision in which arts and culture play a vital role throughout our dynamic and innovative city.”

Suarez said she is honored to take on the position. “Not only do I look forward to championing the arts, but I also welcome artists and residents to engage the arts in all parts of their lives so that we can become a city of art advocates,” she stated.

For more information about the Arts Council, visit: www.artslb.org.

Alison Bruesehoff Appointed New Executive Director Of Rancho Los Cerritos

Rancho Los Cerritos has named Alison Bruesehoff as its new executive director. She is set to take the reins on February 22 from Ellen Calomiris, who is retiring after 33 years managing the historic site. Bruesehoff has served as museum executive director for the Dominguez Rancho Adobe Museum in Rancho Dominguez since 2007, where she spearheaded a 10-year strategic plan, fundraising, public programs, facilities improvements and other projects. Prior to that, she was the executive director of the Forest Lawn Museum in Glendale. She holds a master’s degree in business administration in marketing and leadership from Woodbury University and a master’s in museum studies from George Washington University. The Rancho is located at 4600 Virginia Rd. in the Bixby Knolls area of Long Beach. For more information, visit: www.rancholoscerritos.org.

Pacific Merchant Shipping Association Names Carl Kemp Vice President

The Pacific Merchant Shipping Association (PMSA) recently named Long Beach local Carl Kemp (pictured) vice president, working from the organization’s Long Beach office. Kemp most recently worked for Federal Maritime Commission Chair Mario Cordero as senior advisor for legislative and public affairs. Prior to that, he operated his own government affairs firm, with



PMSA as one of his former clients. Locally, he is also known for having established the offices of government affairs for both the City of Long Beach and Port of Long Beach. He holds a bachelors degree and masters in public administration from California State University, Long Beach. “Carl joins our team of industry experts and will help us work with policy makers at the local, state and federal levels on trade issues that are so important to the environment and economy,” PMSA President John McLaurin said in a statement. “The shipping industry is entering a critical era as it adapts to larger vessels, new and more efficient technology and global economic changes,” Kemp stated. “We must work with policymakers to ensure that our ports are well positioned to respond to these changes.”

Dr. Kristin Mascotti Named Quality Medical Officer For Memorial’s Three Long Beach Hospitals

Kristin Mascotti, M.D., has been named quality medical officer for Long Beach Memorial, Miller Children’s & Women’s Hospital Long Beach and Community Hospital Long Beach. According to a hospital statement, Mascotti has “led quality efforts at academic medical centers and teaching hospitals, and is known for her contributions to clinical research and medical journals, presentations at medical conferences.” She most recently served as vice president of clinical quality at University of Minnesota Health, an academic health system with more 900 beds that includes the University of Minnesota Medical Center, Masonic Children’s Hospital and outpatient clinics. “My objective is to inspire, create and articulate a shared, compelling vision which translates into actionable measures that help achieve our strategic performance goals in quality management, patient safety and health information technology,” Mascotti said in a statement.

Susan DeLanghe Joins LBS Financial As Vice President

LBS Financial Credit Union has named Susan DeLanghe its vice president of electronic services. DeLanghe has more than 30 years of financial industry experience and most recently served as vice president of banking operations at Opus Bank. She spent many years with Kinecta Federal Credit Union where she worked in operations and information systems. LBS Financial was founded in 1935 as the Long Beach School District Employees Federal Credit Union. For more information, visit: www.lbsfcu.org.

Tony Gales Named Partner At Rossi LLP

Downtown Long Beach-based public accounting firm Rossi LLP recently named Tony Gales a partner after 11 years with the firm. In his new role, Gale oversees the tax department, focusing on small business consulting and tax compliance, planning and strategies. He is a member of the

American Institute of Certified Public Accountants and the California Society of Public Accountants. He is also involved with local nonprofit organizations such as the Long Beach Police Foundation and Long Beach Ronald McDonald House. Rossi LLP has been serving clients in Southern California and throughout the United States for more than 30 years. For more information, visit: www.rossillp.com.

New Boardmembers For Las Damas del la Plaza

Bev Cook is the new president of the board of directors for Las Damas de la Plaza, which provides volunteer assistance to Community Hospital Long Beach Foundation. Since its formation in 1984, the group has raised more than \$1 million for the hospital,

including \$50,000 for the recent emergency department challenge campaign. Other boardmembers are: Sheila Cantrell, vice president; and Phyllis Bowles, co-hospitality chair; Fran Bylund, event coordinator; Nancy Eilers, co-treasurer; Nell Kariger, co-hospitality chair; Yolanda Benavidez, nominating chair; Mary Eickenhofer; membership chair; and Christy Roeber, historian and in charge of press and photography.

GB Manufacturing, Inc. Recognized By Aftermarket Auto Parts Alliance

The Aftermarket Auto Parts Alliance recently presented its Diamond Award to Long Beach-based GB Manufacturing, Inc., a provider of remanufactured gasoline and

(Please Continue To Page 4)

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(Continued From Page 3)

diesel fuel injectors, injector components and diesel electronics. The award is given to companies that “stand apart from competitors for their superior customer service, support, marketing, sales assistance and other services,” according to a statement from GB Manufacturing. The award was presented at the Alliance’s recent winter meeting for shareholders in Florida. “We are honored to be recognized for our work by such an important member of the automotive aftermarket,” GB Manufacturing President and CEO Michael Kitching stated. The firm has been in business since 1986. For more information, visit: www.gbremen.com.

Sunset Designers & Builders Awarded Best Of Houzz 2016

Sunset Designers & Builders (SDB) of Los Alamitos is the 2016 winner of the “Best of Customer Service” on Houzz, a national platform for home remodeling and design. In business for 68 years, SDB is an elevated swimming pool design and build company. According to a statement, the firm was chosen by more than “35 million monthly unique users that comprise the Houzz community from among more than one million active home building, remodeling and design industry professionals.” John Zahn, owner of SDB, said, “I enjoy helping residents to elevate their outdoor living. We have ideal weather – why not make the best of Southern California living?” For information, visit: www.gosunset.net. ■



Grocery Outlet Bargain Market Opens In Northeast Long Beach

Grocery Outlet Bargain Market, a self-professed “extreme-value” grocer offering name brands at reduced prices, opened its first Long Beach store in early February on East Spring Street. The store is owned and operated by husband and wife team Jonathan and Jennifer Lawton (pictured), who have operated previous locations in Chico and Oroville. Founded in 1946, Grocery Outlet Bargain Market is based in Emeryville, California, and has 240 locations in California, Idaho, Nevada, Oregon, Pennsylvania and Washington. The Long Beach location is expected to generate more than 30 new local jobs, according to a company statement. It is one of 19 new stores slated to open in Los Angeles and Orange counties this year. The Lawtons made a donation of more than \$4,300 to the Junior League of Long Beach based on the number of Facebook likes their store received before its grand opening, at \$1 per like. “We are thrilled to open up a new Grocery Outlet in the Long Beach community and serve the local residents by providing exceptional service and an enjoyable shopping experience,” Jonathan Lawton said in a company statement. The store, located at 6436 E. Spring St., is open from 8 a.m. to 10 p.m. all week long. For more information, call 562/425-5550. (Photograph by the Business Journal’s Larry Duncan)



Playa Amor Restaurant Opens At The Marketplace In Southeast Long Beach

Chef Thomas Ortega, owner of Ortega 100 in Redondo Beach and Amor Y Tacos in Cerritos, and his business partner Todd Tsujioka recently opened Ortega’s third restaurant, Playa Amor, at the Marketplace Long Beach shopping center off of Pacific Coast Highway. Ortega is a native of Cerritos, where he met Tsujioka in first grade. While growing up, he spent time in Long Beach, according to an announcement for the restaurant’s opening. Seafood dishes make up a good chunk of the menu, including fish tacos, lobster and charred octopus. The approach to the menu is “playful yet gourmand . . . without the intimidation of white tablecloths and pricey plates,” according to a restaurant statement. Hours of operation: Mon-Thurs, 2-10 p.m.; Fri-Sat, 2 p.m. to 1:30 a.m.; and Sun, noon to 9 p.m. 6527 E. Pacific Coast Hwy.; 562/860-2667. Pictured at Playa Amor, from left, are: Mikey Gonzalez, executive sous chef; Erik Carpo, chef; Thomas Ortega, owner and head chef; and Eddie Gonzalez, managing partner. (Photograph by the Business Journal’s Larry Duncan)





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City Prosecutor's Impact Awards
Long Beach City Prosecutor Douglas Haubert presented his 5th annual IMPACT Awards on February 4 to individuals and groups who, "working with the City Prosecutor's Office, have made a positive, significant impact on the City of Long Beach in the past year." Joining Haubert in the salute was Long Beach Assemblyman Patrick O'Donnell. Pictured with O'Donnell (far left) and Haubert (far right) are some of the honorees, from left: John Dodson III, Long Beach East Division patrol officer; Claudia Lopez, a clinician/case manager of the Long Beach Trauma Recovery Center at St. Mary Medical Center; Erin Simon, Ed.D., director of student support services for the Long Beach Unified School District; Long Beach Quality of Life Police Officer Christopher Roth; Marcelle Epley, president/CEO of the Long Beach Community Foundation; and Brad Futak, also a quality of life police officer. (Photograph by the Business Journal's Larry Duncan)



Official Grand Prix Artist
Erwin Dazelle, pictured, is the official artist for the April 15-17 Toyota Grand Prix of Long Beach. The French artist's work is featured on the official Grand Prix poster. His work will appear on a variety of race materials. More about Dazelle: dazelleusa.com. (GP photo)

Milana's New York Pizzeria Celebrates 6th Anniversary
To celebrate its 6th anniversary, Milana's New York Pizzeria is offering two specials during separate six-hour increments on February 19. The first special – up to three slices of cheese pizza, per customer, for 60 cents each – starts at noon and lasts until 6 p.m. The second special – pick-up or dine-in \$6 cheese pizzas with toppings for an additional \$2 – goes from 6 p.m. to midnight. Owner Adriel Fasci encourages guests to choose a simple cheese pizza at his establishment because "If a cheese slice cannot stand on its own, it's not great pizza. An abundance of toppings only hides inferior pizzas," he said in a recent company statement. "It's been a privilege to operate in the downtown for the past six years. We have made many friends and customers but, most importantly, we've made many great pizzas together." An anniversary announcement stated that Milana's has made nearly 625,000 pizzas and served more than 22,236 slices since opening in 2010. For hours and more information, visit www.milanas-newyorkpizzeria.com. 165 E. 4th St.; 562/901-1111. Fasci is pictured with his wife, Ester, their son, Cameron, and their daughter, Milana. (Photograph by the Business Journal's Larry Duncan)



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Baroque Orchestra Musica Angelica Brings Audiences Into The Fold – Onto The Stage

■ By **SAMANTHA MEHLINGER**
Senior Writer

One are the days when audiences file in to a theater, wait for the lights to dim, listen to an orchestral performance, clap when the lights go up and then leave to talk amongst themselves in the lobby – at least, such is the case at Musica Angelica performances. For the historically informed baroque orchestra and relatively new resident performing arts group in Long Beach, the audience is an active participant in the musical experience.

New concertgoers attending a Musica Angelica performance at the Long Beach Performing Arts Center's Beverly O'Neill Theater can expect direct contact with the players, Music Director Martin Haselböck told the Business Journal from Austria during a conference call conducted at the Long Beach Convention & Visitors Bureau offices.

"They are sitting very close and have personal contact to the performance," Haselböck said. "They can meet the musicians after the performance. This direct contact with the music is a feature we really want to push with our programming."

Why the emphasis on getting up close and personal? The answer involves the orchestra's historically informed nature. "Today's normal symphony orchestras use different instruments than those that were used when the composers wrote the music," Haselböck said. "The instruments we use are exactly the instruments which were used at the time when the music was written. So, if we use a piano, we don't use a modern Steinway; we use a piano that is either an original or a copy of an instrument which was built 250 years ago."

This requires that all members of the orchestra – the number of which fluctuates from seven to 25 depending on the piece of music – be well-researched specialists in their historical instruments. As such, they are all, at one time or another, highlighted as soloists. "We could say the sound is authentic. It is related to the pieces when they were composed and written," Haselböck said.

During performances, Haselböck speaks directly to the audience to explain the historical background of musical pieces and to discuss the instruments being used. After performances, audience members are invited on stage to see the instruments up close and to chat with performers.

"What Musica Angelica really does well is build a two-way interaction with the audience," Ben Parr, author of "Captivology: The Science Of Capturing People's Attention," told the Business Journal. Parr is a former co-editor and editor-at-large for Mashable, an online news source, and is also a general partner of DominateFund, a venture capital fund. While he hasn't yet been able to make it to a performance of Musica Angelica, he's seen their performances online, and is a fan.

"They make it so that it's not just that you're the audience, you're listening and then you leave. You're involved. You come on stage, you provide suggestions, you get to learn, they talk to you," Parr said of the orchestra. "That doesn't happen in the vast majority of orchestras, and it's a mistake on their part in the modern era. You see this through social media and you see this through our new communication tools," he said. "We expect and want communication with the things we interact with: the brands, the TV shows and the performers. What Musica Angelica is doing is absolutely the smart way to go about it."

Being based in Long Beach provides Musica Angelica with an opportunity to get to know and build a relationship with a community, Haselböck noted. "If you know your audience and you can develop an attachment to your audience, you can react better," he said. "You can finally ask the people, 'What do you want to hear? In which direction should our programming go?'" He continued, "Usually, with a big symphony orchestra, you get tied to a certain repertoire. We are open." ■



Martin Haselböck conducts Musica Angelica, a Long Beach-based baroque orchestra for which he serves as music director. The orchestra plays with instruments that were either made during the periods of the pieces they perform or are replicas. (Photograph provided by Musica Angelica)



A musician with baroque orchestra Musica Angelica chats with a local student musician onstage following a performance. Audience members are invited onstage after Musica Angelica performances to learn about the historical instruments used by orchestra members. (Photograph provided by Musica Angelica)

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Aviation And Aerospace Industries Shifting Gears But Still Growing Steady In Southern California



Passengers deplane from a JetBlue Airways jet at Long Beach Airport. The New York-based airline has requested that the airport consider adding a U.S. Customs and Border Protection facility to offer international flights. A study on the feasibility of such a facility is expected to be released in July, with two public meetings to be held for community input. The Business Journal strongly supports a customs facility. (Photograph by the Business Journal's Larry Duncan)

■ By **SEAN BELK**
Staff Writer

Though the closure of Boeing's C-17 production line in Long Beach last year signaled an end to an era of aircraft manufacturing in Southern California, the region's legacy of aerospace still carries on, as commercial space flight companies, such as Virgin Galactic, have planted roots while suppliers maintain a strong presence.

Commercial aviation also continues to prosper with Southwest Airlines planning to offer flights from Long Beach while the city considers international travel at the request of JetBlue Airways. General aviation, meanwhile, has seen positive growth with executives purchasing larger corporate jets and businesses continuing to train pilots of the future.

It's a diverse mix of operations at the Long Beach Airport, which has daily flights of commercial airlines and commuter aircraft, along with general aviation

tenants, including corporate jet charter businesses, fixed based operators (FBOs), small private airplanes, helicopters and flight schools.

Commercial Aviation

Though commercial flight activity declined last year, causing the airport to raise rates and charges on airlines in an attempt to recoup a near 25 percent drop in revenue, flight activity and seat capacity have "stabilized" so far this year, said Bryant Francis, director of Long Beach Airport, in an e-mail.

"As of now, we expect a slight increase in passenger enplanements this year versus 2015," he said, adding that approximately 1.3 million passengers are expected to board commercial flights in Long Beach this year.

Should the forecast for future enplanements be as strong as expected, the hope is to maintain current rates for Fiscal Year 2017 as revenue begins to "rebound," Francis said.

The airport, meanwhile, has allocated nine additional flight slots to three commercial air carriers, including Southwest Airlines, which

received four slots and which plans to become the newest airline at the airport.

JetBlue Airways, which holds 32 slots as the main air carrier at the airport (considered its West Coast hub) since 2000, received three new slots. Delta Air Lines, another existing air carrier, received two new slots.

The additional flight slots were allocated after a recent noise analysis determined that more slots could be offered under the city's airport noise ordinance as airplanes have become quieter through technological advancements.

Francis said the airlines have up to six months to begin service of the new slots, pointing out that a potential increase in revenue for the airport may not be realized until fourth quarter 2017.

Future flights and destinations at Long Beach Airport, however, are largely dependent on whether the city moves forward with a U.S. Customs and Border Protection or Federal Inspection Services (FIS) facility to offer international flights.

About a year after JetBlue formally requested that Long Beach city officials consider applying for international flights, the Long Beach City Council approved an agreement on January 19 to hire consultants to study the issue.

The airport plans to hold two community meetings on the subject with results of the study expected to be available this July, after which the city council will determine whether to proceed with the project.

While JetBlue and general aviation tenants have asserted that such a change would be a boon for the local economy, a group of airport adjacent residents who have long fought airport expansion have expressed concerns it would legally threaten the noise ordinance.

Morgan Johnston, spokesperson for JetBlue, told the Business Journal in an e-mail that adding international flights at the airport would enable the New York-based airline to use its existing slots fully for flights to popular leisure and business destinations to the south.

"Demand for international travel continues to grow, and, to that end, we hope to be able to better serve our focus city of Long Beach with international service if and when the city requests such a customs facility from the federal government," he said. "More flights equate to more revenue for the city from the airport as well as more jobs, more tourism and more economic growth for the city."

"Getting a customs facility is a no-brainer," said Business Journal Publisher George Economides. "It does not add flights, it does not add noise. It is another asset that will continue to propel Long Beach forward and attract more businesses to locate in the city. This should be fast-tracked. We know the Feds can move quickly on this, but can, will Long Beach?"

Corporate Aviation

In recent years, corporate aviation activity in Long Beach has steadily grown at the airport, according to airport operators.

John Tary, general manager of AirFlite, Inc., an FBO operating as a fully owned subsidiary of Toyota Motor Sales, Inc., said the corporate aviation operation, which offers hangar space and other services, has seen a "slight increase" in activity year over year over the past five years.

Although issues remain on the horizon that have the potential to stymie general aviation activity, such as the Federal Aviation Administration's (FAA) recent push to privatize air traffic control, the hope is that the positive trend will continue, he said.

"We have been cautiously optimistic for the future," Tary said. "We definitely are seeing positive growth in all sectors, including charter business use."

He said private use of aircraft, however, has been fairly stagnant if not declining, a trend seen across the nation, mainly because it has become more expensive. However, Tary said the drop in fuel prices might help reduce expenses to encourage more private users.

Curt Castagna, president and CEO of Aeroplex/Aerolease, which has leased hangar space out to tenants at the airport since 1984, said corporate aviation activity continues to improve over the recession years.

(Please Continue To Page 10)



Kiyotaka (Kiyo) Ihara, president of Shimadzu Precision Instruments, Inc. (SPI), which manufactures aerospace assemblies and composites, is seen holding an engine gearbox component created using machining equipment at the company's new plant at Douglas Park in Long Beach. The company relocated last year from Torrance to a building with twice the floor space than its previous location. (Photograph by the Business Journal's Larry Duncan)



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Aviation/Aerospace

(Continued From Page 9)

Though Long Beach Airport is still considered by corporations a “middle market area” between Los Angeles and Orange County, the hope is that the city evolves with economic development, attracting more business and becoming more of a destination, he said.

“What we’re really hoping for is an evolution of Long Beach from an economic standpoint, targeting corporations to be here and that the airport, of course within the confines of the noise ordinance, plays a vital role,” Castagna said.

He added that corporate aviation tenants at the airport as well as the city as a whole will benefit economically if a U.S. customs facility is provided at Long Beach Airport as international corporate executives would be

able to fly directly into the city without having to check in at LAX or other airports first.

“All we hope to do is maximize these business ventures within the confines of what the noise ordinance is,” Castagna said. “We are very supportive of the noise ordinance but at the same time within those regulations we want to maximize business and we look to the airport as our landlord to facilitate that.”

Gulfstream Aerospace Corp., which provides completion services for newly manufactured business jets with exterior paint and interior installations, along with service and maintenance support, expanded operations at the airport last year.

The Georgia-based corporate jet manufacturer moved to a hangar space at the airport at 3521 E. Spring St., previously used as a modification center for Boeing C-17 production.

According Becky Johnson, vice president

and general manager of Gulfstream Long Beach, the new building, dedicated to aircraft maintenance, encompasses a 19,000-square-foot hangar and nearly 10,000 square feet of shop support and office space.

After Gulfstream added about 50 employees last year, the operation, which outfits new G650s, G650ERs and G550s, employs more than 800 people including contractors in Long Beach, she said.

“As the anchor for Gulfstream’s West Coast operations and also a supporter of customers in Asia, we simply needed additional space,” she said in an e-mail. “In 2015, Long Beach technicians serviced more than 1,100 aircraft at the facility or on road trips to nearby general aviation airports, including Van Nuys, one of the busiest in the U.S.”

General Aviation

General aviation tenants, such as flight

schools, have seen positive growth as well.

Angel City Flyers, Inc., which has operated as a private flight school at the airport for nearly 11 years, has seen more sales during the second and third quarters of last year and more activity is expected at least through the end of the first quarter of this year, according to operations manager Erick Bryant.

“It’s been fantastic,” he said. “We’ve been definitely seeing an uptrend over the last few years. Last year turned out to be a strong year for us and 2016 looks even more promising.”

Bryant said that about 20 percent of customers are people looking to become professional pilots while 80 percent are those seeking to fly for recreational or business reasons.

He added that business is booming in demand for light six-seat, two-engine jets that have become safer, easier to fly, more reliable and more fuel efficient through technological advancements.

Candy Robinson, owner of Long Beach Flying Club & Flight Academy, which has been providing flight training services for 35 years, said her business has seen a 7 to 10 percent increase in sales last year, defying national trends of decreasing general aviation activity.

She said foreign students from countries such as England, Korea, the Philippines and Italy, make up about 15 percent of her customer base while the other 85 percent come from the local area. However, foreign students, who require visas to train, often take up more flight hours since they are more serious about becoming pilots for airlines in emerging countries.

“We’re supplying pilots to the industry as one of the biggest U.S. exports of education,” Robinson said. “We’re educating the world right now.”

Aerospace And Defense

High-performing aerospace and defense industry businesses, meanwhile, have found a way to stay profitable despite the loss of Boeing’s C-17 manufacturing plant that has been a major blow to the city and regional economy.

One sector taking off is the commercial space flight industry.

Virgin Galactic, partly owned by Sir Richard Branson, moved to a 150,000-square-foot facility at Douglas Park near Long Beach Airport last year. The facility houses the design and manufacturing of the company’s small satellite launch vehicle, LauncherOne.

Somewhat similar in design to SpaceShipTwo, Virgin Galactic’s reusable vehicle for space tourism, the satellite launch vehicle is designed to be “flexible, affordable and responsive” so that it can be launched from an aircraft for commercial and governmental customers.

Christine Choi, Virgin Galactic spokesperson, told the Business Journal that the company, which employs 150 people in Long Beach, doesn’t require direct access to the Long Beach Airport since flights of LauncherOne, which have yet to be publicly disclosed, are expected to take place in Mojave.

She said Virgin Galactic’s decision to move to Long Beach had to do with the facility and Long Beach’s “enduring contributions to aerospace” along with the “high quality aerospace professionals and candidates who call Long Beach home.”

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hotbed of aerospace and, with the growth of the entrepreneurial space industry here, the future looks promising,” Choi said.

Although aircraft manufacturing has left the region, many aerospace and defense companies still rely on the large pool of talent and suppliers in Southern California.

Rubbercraft, for instance, which supplies rubber and composite parts mostly to aerospace and defense companies, such as Boeing, Northrup Grumman, Gulfstream and Space X, moved to Long Beach from Gardena about five years ago and finished last year with double-digit growth, according to CEO Larry O’Toole.

The company, which relocated simply because it needed more space and a better facility with close proximity to the airport and aerospace businesses, is expected to see the same “robust” growth this year, he said, adding that the company added about 16 managerial engineering positions last year and is hiring this year as well.

O’Toole said Southern California is still viewed as a “global player” in the aerospace and defense market if for no other reason than because of the large presence of suppliers. While original equipment manufacturers (OEMs) aren’t as close as they used to be, parts can easily be delivered to other states or overseas, he said.

“Even though some of the large aircraft are no longer being made here, that doesn’t say that the world-class suppliers that have been here aren’t still here,” he said. “When you think about what’s going to happen in the space industry . . . I don’t think the legacy is going to go away any time soon. It’s just being carried on in a different way.”

Shimadzu Precision Instruments, Inc.,

(SPI), a Japanese manufacturer of aerospace assemblies and components, relocated from Torrance to a new facility with twice the floor space at Douglas Park in Long Beach last year.

Kiyotaka Kiyo Ihara, president of SPI, stated in an e-mail that the company expects more than 30 percent growth in 2016 and more than 10 percent growth in 2017. He said the company employs about 60 people in Long Beach and plans to hire 10 more employees this year based on operational growth.

Ihara said the company, which services Boeing’s commercial aircraft division in Seattle and Honeywell Aerospace engine division in Arizona, moved to Long Beach in order to add new functions of in-house part machining and surface treatment capabilities.

He said a plus for operating in Southern California is the region’s rich experience in the aerospace business and skilled labor.

Still, Ihara noted that operating costs are “relatively high” and the company is always competing with businesses that have lower operating costs in other states and other countries, such as China, India, Brazil and Canada.

Long Beach city officials, meanwhile are in the process of transitioning Boeing’s now empty C-17 Globemaster III assembly plant, which once provided nearly 5,000 direct jobs, into productive use.

Mayor Robert Garcia recently announced that the city will be working with The Rose Center for Public Leadership, jointly operated by the National League of Cities (NLC) and the Urban Land Institute (ULI), to develop strategies for economic development, industry attraction, job reten-

tion and workforce training to transform the site into a “hub for emerging technology and innovation.”

Garcia and Rose Center representatives made a presentation to the public about the study on February 12, presenting preliminary findings.

“Repurposing the Boeing site is a priority for the city and the continued development

of Douglas Park as a business and technology center,” Garcia said in a statement.

The city is seeking a development strategy for the facility to be developed, acquired and planned for furthering emerging technology and innovation uses. The study area is about 130 acres, including the Boeing-owned assembly plant, portions of Long Beach Airport and parcels around Cherry Avenue. ■

increases the airport’s total air carrier flight slots from 41 to 50.

Under the city’s noise ordinance, the airport is required to offer additional flight slots to airlines if noise levels fall below an established floor. According to the analysis, noise has reduced primarily because airplanes have become quieter through advancements in technology.

Kelly told the Las Vegas Review-Journal that Southwest is considering Las Vegas as a potential destination from Long Beach.

Bob Montgomery, vice president of airport affairs for Southwest, stated in an e-mail to the Business Journal that he couldn’t confirm destination info, adding that details about flight schedules and low fares would be published in the weeks ahead.

Southwest, however, still needs to determine whether the level of capacity allocated for Long Beach Airport makes initiating service “financially viable,” Long Beach Airport Director Bryant Francis said in a statement.

He said the airport is currently in the process of drafting an allocation award letter to each of the three airlines. Air carriers have up to six months from the point of notification to begin operations and 90 days to make flights available for sale, Francis said. ■

Southwest Airlines

(Continued From Page 1)

International (LAX), Burbank, Santa Ana and Ontario airports.

“Long Beach would make it five for five in greater L.A. for Southwest, and would give us another service point to fulfill our promise to connect our California customers not only to what’s important but also to where is important in planning business, vacation or personal travel plans,” Gary Kelly, Southwest’s chairman, president and CEO, told employees, according to a statement.

“Nobody can match the value you all bring to air travel with our world-famous hospitality, and no one can offer California what we do on a daily basis, especially with the attractive addition of our low-fare service at Long Beach,” he added.

As a new air carrier to the city, Southwest was automatically given two slots as required by the city’s flight allocation resolution while the rest of the slots were allocated on a “sequential basis,” according to the city attorney’s office.

The nine additional flight slots were offered after a recent noise analysis audit indicated that cumulative noise levels from aircraft have decreased at the airport. This

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Real Estate Overview

(Continued From Page 1)

been growing steadily for several months running, so that tells us that the industries themselves have been expanding and have been putting pressure on the demand for industrial space.”

Real estate professionals from local offices of Lee & Associates and Coldwell Banker Commercial BLAIR WESTMAC expect sales inventory of industrial space in Long Beach to increase somewhat this year as potential sellers finally take advantage of high sales prices. Plus, Sares-Regis Group intends to break ground on several more industrial buildings at Douglas Park in East Long Beach this year.

By contrast, the office market still has the highest vacancy rates of all Long Beach real estate sectors. Cushman & Wakefield’s most

recent office market report showed a vacancy rate of nearly 18 percent among downtown office buildings and 16 percent among suburban offices. Those are improvements over recent years, however, when vacancy rates were closer to 20 percent.

Local real estate agents expect vacancy rates will tighten up further due to a trend of converting aging office buildings into multi-family residences. One such project is the conversion of former Verizon offices at 200 W. Ocean Blvd. to 86 residential units, which was approved by the Long Beach Planning Commission in September.

“The office market throughout the county has seen steady improvement over the course of the last year, really the last two or three years, and that’s being driven in part by nice gains in the kinds of industries that support office occupancy,” Kleinhenz said. Health care and professional services indus-

tries continue to have significant job gains, which is contributing to demand for office space in L.A. County, he noted.

The local retail real estate market continues to improve, with demand high in well-trafficked areas such as Belmont Shore and The Promenade in downtown, which is driving up lease rates in those areas. There is a high demand to purchase retail properties in Long Beach, but not much inventory available, according to local real estate agents.

Positive economic fundamentals should support more leasing and sales activity in the local retail market, Kleinhenz said. “The unemployment rate has fallen from more than 8 percent in December of 2014 to 6.4 percent in December of 2015,” Kleinhenz said. “That tells us that households and workers are moving forward financially, and as such they are able to spend money on both discretionary and nondiscretionary

purchases. All of that should support some greater health in the retail sector.”

Kleinhenz, who lives in Long Beach, observed that there has been an increase of new retail space opening locally. The Pike Outlets, for example, continues to seek tenants for its revamped retail center, while City Place near the downtown core is undergoing a contemporary facelift. “The market for retail space should be fairly good in 2016 and probably into 2017, to the extent that we think the economic expansion has legs into the next year,” he said.

Both the single-family and multi-family residential markets continue to experience very low inventory, strong demand and increasing sales prices.

“In general, we have a market that is characterized by very strong demand and limited inventory,” Leslie Appleton-Young, chief economist for the California Association of Realtors, told the Business Journal. “We have been in this situation for the past couple of years.”

According to Appleton-Young, annual sales transactions in Long Beach increased by 8.9 percent in 2015 compared to 2014. “In January, the median home price was \$458,500, which was up 11 percent on a year-over-year basis,” she observed.

Demand to buy single-family homes is “fairly robust,” Appleton-Young said. “We have got strong job growth, and we have got the lowest unemployment rate we have had in eight years,” she noted. “We have a rebound in household formation. And we have got historically low and falling mortgage rates. So the fundamentals underlying demand are positive.”

There isn’t enough inventory to meet demand – local real estate agents estimate there are fewer than 500 homes for sale in Long Beach, which would all sell in about a month and a half at the rate of current demand. The dynamic is part of what’s driving up sales prices, which is impacting affordability for homebuyers. This challenge is typically associated with first-time homebuyers, but it extends beyond them. “We have a systemic situation where baby boomers are not moving,” Appleton-Young said. “They want to trade up, they want to trade down, they might want to do something different, but they simply can’t afford to do it.”

Kleinhenz expected these trends to continue. “I think price gains and an increase in sales should be in the cards for 2016, maybe even 2017,” he said.

Even during the worst of the Great Recession, Long Beach had a fairly stable multi-family market, and it remains strong, as Eric Christopher, senior associate with Long Beach-based INCO Commercial, pointed out. “Across the board, in Long Beach we had maybe 7 to 8 percent vacancy in the worst recession that you and I will hopefully ever see,” he said. Vacancy rates are now closer 3 percent, he added.

“It is always the case that the L.A. region and Long Beach in particular have very tight multi-family markets,” Kleinhenz said. “We have seen that rents on apartments have continued to increase for the region as a whole.”

Although new household formation has been slow to gain traction since the recession, Kleinhenz said older millennials are now starting to look to purchase homes or move into rental markets, which should put more pressure on rents.

(Please Continue To Page 11)

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(Continued From Page 12)

Due to low vacancy rates, increasing rents and low interest rates, the demand to purchase multi-family properties remains high, according to local professionals. As in other real estate market sectors, there isn't much inventory available for sale, which continues to push up sales prices.

"If you look at L.A. County building permits, the lion's share of new residential construction is occurring with multi-family. A big chunk of that is for rent," Kleinhenz said. Long Beach is no exception. There are several projects underway in Downtown Long Beach, in particular, with most along Ocean Boulevard or near city hall. The Current, a 17-story residential tower at the northwest corner of Alamitos Avenue and Ocean Boulevard, is closest to completion. A temporary leasing trailer at the site is now open. ■

Tight Inventory, High Demand Persist In Local Residential Market

■ By **SAMANTHA MEHLINGER**
Senior Writer

For the past year, local real estate professionals have speculated that, when the Federal Reserve began raising interest rates, home mortgage and multi-family loan rates would also increase, putting a slight damper on demand to buy residential properties. But, even after the Federal Reserve raised interest rates by a quarter of a percent in December, banks have actually

reduced their own interest rates, allowing the high demand to buy property that characterized 2015 to persist.

Single-family Homes

According to real estate website Zillow.com, the average current 30-year fixed rate for a home mortgage in California is about 3.43 percent.

"It looks like we are going to start seeing interest rates down in the mid-threes [percent range] again," Mary Ann Edwards, office manager and agent with Re/Max College Park, told the Business Journal. "Nobody predicted it. Nobody thought that would happen, including myself." Edwards said banks might be lowering rates to remain competitive internationally.

Phil Jones, owner of Coldwell Banker Coastal Alliance, said the Long Beach single-family market experienced heightened activity this January. Compared to January 2015, "We saw a 10 percent increase, roughly, in sales," he said.

Very limited inventory coupled with high demand is continuing to drive up sales prices, according to Jones. "The demand outweighs the supply, clearly," he said. "At the end of December we had 1.6 months of supply . . . at the current rate of sales, that's how long it would take to sell all the inventory if nothing else came on the market," he said.

At the end of December, there were 486 single-family homes listed for sale in Long Beach, whereas four years ago there were about 1,000 more than that, Jones noted. "Historically, Long Beach used to have 2,000 listings on the market at any one time. So we are really in a historically low inventory period," he said.



Mary Ann Edwards, office manager and agent with Re/Max College Park Realty, said home prices in Long Beach are nearing pre-recession peaks. Homes highest in demand are priced between \$400,000 to \$600,000, like this two-bedroom, two-bath house she owns at 3255 Eucalyptus Ave., currently valued at about \$430,000. (Photograph by the Business Journal's Larry Duncan)

Jones estimated that the current median price of homes for sale in Long Beach is \$475,000, an increase of 9 percent compared to the same time last year. If low inventory and high demand persist, he said sales prices should continue to increase. "What I would hate to see is the rate of appreciation increase more, because that's not sustainable," he said.

Affordability for first-time homebuyers is becoming more of an issue as home prices continue to rise. "The level of first-time homebuyers has dropped," Jones said. "It used to be historically in the 40 percent range. We are seeing it right about 30 percent on average. The first-time homebuyers are literally either being priced out of the market or haven't reached a point where they feel comfortable buying a home."

Kelsea Mazzocco, a realtor with Sonocco Real Estate Group in Bixby Knolls, said potential sellers may be hanging on to their homes because they aren't sure when the real estate market will reach its peak and begin to decline. "People are starting to feel like, is this it? Is this the top?" she said. "Everybody is in thinking mode, like, is this it or should we hang on for one more year?"

Homes priced at \$400,000 to \$600,000 are highest in demand, according to Russ Caldarella, an agent with First Team Real Estate. "With the shortage of properties, that's why when there is a new listing that's reasonably priced, it has got multiple offers on it," he said.

"The higher-end market in Long Beach is also doing well," Caldarella observed. "It

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doesn't move as quickly sometimes as the stuff in that \$400,000 to \$550,000 range."

As a rule, the average number of days homes go unsold has decreased across price points, Jones said. "It's roughly between 50 and 60 days, and some are getting multiple offers within hours of being listed if they are priced well and they're particularly attractive," he explained.

The Bixby Knolls area has become popular with first-time homebuyers because homes there are often priced moderately and there are many places to eat and things to do in the area, Mazzocco said. The Los Altos neighborhood is also in high demand for similar reasons, she noted.

The neighborhoods south of Conant Street, as well as beach-adjacent areas like Belmont Heights, Bluff Park and Alamitos Beach, are also hot right now, according to Caldarella.

Multi-family Residences

As has been the case for more than a year, very low inventory and high demand continue to define the local multi-family market.

When word got out last year that the Federal Reserve planned to raise interest rates, Steve Bogoyevac, first vice president of investments with the Long Beach office of Marcus & Millichap, expected demand might cool off a bit. "In December everyone was kind of fearful that rates were going up, and the Fed bumped their rates, but interest rates [now] are actually probably a little lower today," he said. "The inventory is so low and rates are as good or better than they were at the

end of last year, so I don't really expect any change," he said, referring to buyer demand.

As of February 8, there were only 27 multi-family properties listed for sale on the MLS, a multiple listing service where real estate professionals share and gather information about properties for sale, according to Eric Christopher, senior associate with INCO Commercial. "Usually there are between 60 and 90 listings showing on the MLS," he said.

To get around the problem of low inventory, buyers motivated by improving rental rates and low interest rates are making offers on properties not even listed for sale, Christopher observed. "My analysis shows that about half the deals, or maybe even more than half, are going off market right now," he said. "You never even see it make it to the MLS."

Christopher called the imbalance of inventory and demand "huge," and attributed the dynamic to an increase in foreign investment and a desire among baby boomers to make tangible investments rather than looking to the stock market.

"Price points are definitely right back where they were at the top," Christopher said, referring to the last multi-family market high in 2006. He said he expected sales prices to plateau because if they were to increase further, the amount buyers would spend on a property compared to the income that property would generate through rent would be too small and a disincentive. Certain areas of town highly popular among renters and investors, such

(Please Continue To Page 16)



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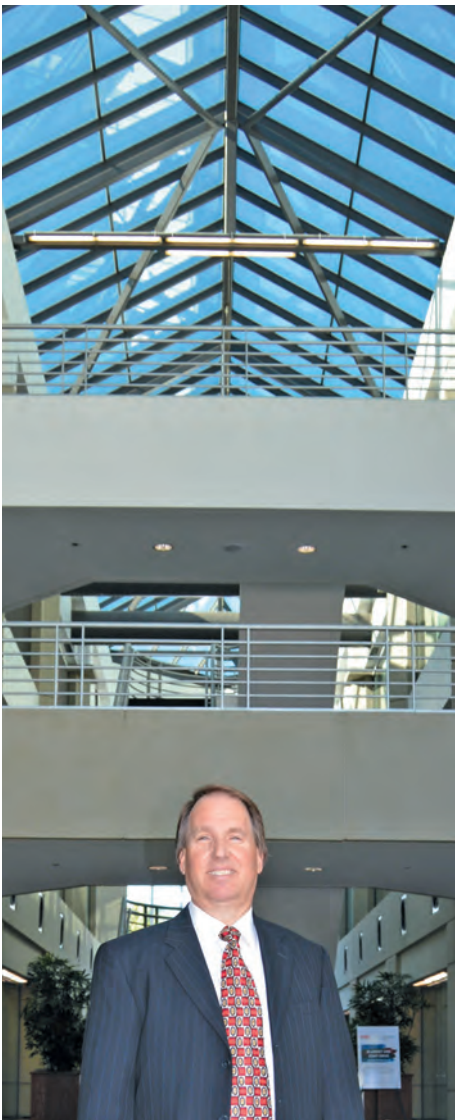
as Belmont Shore, may continue to see price increases, he added.

Bogoyevac said sales prices might continue to increase. “Looking at comps [comparable sales prices], things closing now versus what closed at the end of the fourth quarter last year are closing at higher prices,” he said. “It seems like it’s continuing to increase.”

Part of the reason buyers are willing to pay higher sales prices is that rents are continuing to increase, both Christopher and Bogoyevac noted. “The landlords out there most definitely have their minds on rent increases this year if they haven’t already,” Christopher said. Many are considering increases of at least 5 percent, he added.

Bogoyevac pointed out that landlords are able to increase rents partially because they are investing in higher quality countertops, kitchens and bathrooms. “They’re getting top-of-the-market rents,” he said. “There has got to be a ceiling somewhere, but I don’t know where it’s at.”

If the market were flooded with new inventory, that could bring down sales prices and rents, Bogoyevac said. There are several new apartment buildings planned over the next few years, most of which are in the downtown area, but Bogoyevac said the increase in inventory would have to be “incredible” to have an impact. The only factor that could quash high demand would be if interest rates began increasing at a rapid pace, he added. “Otherwise I see pretty much a similar story as we had last year.” ■



Robert Garey, senior director for Cushman & Wakefield of California, Inc., is pictured at the Kilroy Airport Center office complex, where Cushman’s Long Beach office is located. (Photograph by the Business Journal’s Larry Duncan)

Local Office Market To Tighten This Year As Demand Strengthens And Lease Rates Rise

■ By **SEAN BELK**
Staff Writer

As Downtown Long Beach undergoes a renaissance with new retail options and old high-rise buildings being renovated to cater to creative users, demand for office space is projected to further strengthen in 2016, with vacancy dropping and rental rates rising throughout the city.

According to local commercial real estate brokers, more tenants took up space than vacated at office buildings in downtown and the suburban area of the city last year as companies have expanded and market conditions have improved in the region. Brokers estimate that there will be even less available office space this year.

According to Cushman & Wakefield’s latest market report, some space was put back on the market in the fourth quarter due to some consolidations and changing market dynamics.

Overall for the year, however, the city saw positive net absorption, meaning more tenants were moving in than leaving, in the downtown and suburban markets.

Furthermore, the report states that office space vacancy rates in Long Beach (hovering at 17.8 percent for downtown) are expected to fall, as continued growth of the

office-using sectors in the South Bay should drive additional demand in 2016.

“We anticipate that with the improving market conditions, new space on the market will be absorbed in the near future,” said Robert Garey, senior director and commercial office real estate broker for Cushman & Wakefield. “I think the market is still on a positive trend of increased leasing, and rental rates will still continue to trend upwards as they are.”

He noted that conversions of office to residential use at some high-rise buildings downtown will further tighten the office market this year.

“Tenants that are in those buildings that may ultimately get converted will get displaced and likely go to other buildings in Downtown Long Beach,” Garey said. “We think the market will continue to tighten as that occurs.”

A factor fueling the demand for office space is the improving economy, he said, noting that the unemployment rate in Los Angeles County in December last year dropped to 5.9 percent, down from 8 percent the prior year. “The economy is doing better than it was and we’re seeing the fruits of that, so to speak, from the fact that office vacancies are going down,” Garey said.

He added that investments in office buildings increased substantially, noting that ownership of some large office buildings in Downtown Long Beach changed hands last year.

A major deal involved Santa Monica-based Ocean West Capital Partners purchasing the 209,882-square-foot office building at 100 W. Broadway from Adler Realty In-

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vestments, Inc. for \$35 million. Ocean West also purchased the 211 E. Ocean Blvd. building, which has more than 105,000 square feet of office space, for \$17 million, according to Cushman & Wakefield's report.

"Investment in office buildings is increasing," Garey said, noting that the two buildings are slated to undergo major renovations to develop the latest creative office space, which is what tenants in today's market are seeking.

"New capital coming in it bodes well for the overall quality of the stock of office space," he said. "More creative, inspirational space is what most tenants are leaning towards these days."

David Smith, senior vice president at commercial real estate firm CBRE, Inc., confirmed those sentiments, adding that existing Class B office buildings are being renovated to develop brand new state-of-the-art creative space.

"Tenants don't want the type of standard mid-to-high-rise office space," he said. "They want employee amenities and relaxed work environments. That's the type of thing they're looking for and where the demand is . . . Downtown Long Beach is becoming the type of environment that companies are looking for throughout the Western U.S."

Smith said office vacancy is expected to decline this year with rental rates steadily on the rise.

In the suburban area of Long Beach, an office building at 4900 and 4910 Airport Plaza Dr. is about 20 percent leased after Boeing left a hole after consolidating into company-owned facilities, Smith said.

Garey said sales prices for office build-

ings have been increasing throughout Southern California. He said appreciation largely depends on job creation, adding that all sectors, including health care, engineering, entertainment and technology, appear to be on a more "growth-oriented" trend.

Jon Sweeney, a commercial real estate broker for ADG Commercial who handles listings at Daugherty Sky Harbor at the Long Beach Airport, said parcels at the business park are 95 percent leased. He said Green Apple Event Company, which provides catering services, is moving into the top level of a three-story building at the site that has long been used as restaurant space.

In addition, about two months ago, 25,000 square feet of hangar space filled up, Sweeney said, noting that only about 5,000 square feet of office space is left for lease at the site. He said most airplane hangars at the airport are becoming occupied as the size of corporate jets has increased and some tenants have moved from Orange County/Santa Ana Airport. ■

Industrial Real Estate Market May See More Supply In 2016, But Vacancy To Remain At All-Time Low

■ By **SEAN BELK**
Staff Writer

Demand for industrial real estate in Long Beach and the surrounding

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Future Plans For Douglas Park

■ By **SAMANTHA MEHLINGER**
Senior Writer

What years ago was a vacant landscape left behind by the dwindling presence of the local aviation and aerospace industry has since been revived into a bustling mixed-use business community, Douglas Park, home to globally recognized firms like Mercedes-Benz USA and Virgin Galactic. With significant acreage left for development, developer Sares-Regis Group has big plans for the park, with a new hotel, expansive retail, and more headquarters-type office and industrial buildings already in the works.

In early March, Sares-Regis plans to break ground on a new extension of Douglas Park, Pacific Pointe East, at the southeast corner of Conant Street and Lakewood Boulevard, across the street from Mercedes. The land is currently an unused parking lot. “It will be comprised of three new industrial, flex-tech buildings totaling 494,000 square feet which were designed to appeal to a broad range of users, such as corporate headquarters, technology and light manufacturing uses,” Patrick Russell, Sares-Regis’s senior vice president, commercial development, told the Business Journal.

Pacific Pointe East is being built on speculation without pre-assigned tenants, like other previous preplanned projects at Douglas Park. “A portion of each building will include well-appointed office space and a mezzanine. The office layout is designed to allow for expansion depending on specific user needs,” Russell said. The buildings will also feature up to 34 feet of clearance for storage and manufacturing space, he noted.

Just as Sares-Regis has done along Lakewood Boulevard, the company plans to make extensive street and landscaping improvements to the project frontage, Russell said. The project should be complete and ready for tenants by the end of 2016, he estimated.

“In addition to Pacific Pointe East, there are several projects that we expect to begin construction on this year,” Russell said. “Some of these projects are by other developers who have purchased land from us.”

Perhaps the largest of these is a 241-room, five-story Hampton Inn and Homewood Suites to be built at 3855 Lakewood Blvd. on the south side of Cover Street, across from the existing Courtyard Long Beach Airport hotel. According to a city staff report, the development encompasses 3.94 acres. Plans include a 1,200-square-foot fitness center, an outdoor pool, a spa area, a gaming and barbecue area, a 900-square-foot meeting room, a 700-square-foot boardroom and a space for lounging and dining. The Long Beach Planning Commission approved the plans in December.

United Pacific Moving Headquarters To Douglas Park

United Pacific, an independent owner, operator and supplier of gas stations and convenience stores in the Western United



States, announced on February 9 that it had purchased land at Douglas Park to build its new headquarters. The firm is currently based in Gardena. It is not affiliated with another company named United Pacific Industries that is headquartered at Douglas Park, which is a supplier of commercial truck and classic car parts.

According to Russell, United Pacific’s headquarters are slated to be built on the west side of the new hotel at the southeast corner of the intersection of Cover Street and Worsham Avenue.

“We completed a major acquisition last June, essentially doubling the size of our company, tripling it in some respects,” Joe Juliano, CEO of United Pacific, told the Business Journal. “So we are just flat out of space in Gardena.” The firm, formerly known as United Oil, acquired 251 gas stations and convenience stores from Pacific Convenience & Fuels in June, expanding its reach to five states including California, Colorado, Nevada, Oregon and Washington.

After expanding, United Pacific conducted a thorough review of available properties in the Greater Long Beach area, but did not initially find anything to meet its needs. “Then we discovered Douglas Park, and the opportunity to build new or from the ground up was exciting to me,” Juliano said.

“In terms of just logistics, I wanted to have the company headquarters near a major freeway,” Juliano continued. “I wanted it to be near a large commercial airport, but didn’t want to go as far south as Orange County.” He noted that the location is central to most of his employees’ residences.

“When I actually visited Douglas Park for the first time, I was excited about all the amenities that were there and were being planned for construction,” Juliano said. “There was already a hotel and fast casual restaurants that would all be within walking distance of the location.”

The 40,000-square-foot corporate office is being built on 2.65 acres. Plans feature warehouse space for facilities maintenance equipment, offices for administration and support services for the company’s gas station stores, training space and conference rooms, Juliano said. The lobby has been designed as a fully operating gas station con-



Nautilus International Holding Corp. is moving into its new 40,000-square-foot headquarters at Douglas Park today, February 16. The LEED Gold-certified building is set to house 65 executives and administrative employees, with enough space to double that figure. The company is relocating from Wilmington, where it has been based for almost 90 years. The firm’s subsidiaries, which include Metro Ports, Metro Cruise Services, Metro Shore Services and Metro Risk Management, are also to be housed at the new building. Pictured at the new location on Cover Street are Chief Operating Officer Michael Giove, left, and Chief Technology Officer Boyette Fabio. (Photograph by the Business Journal’s Larry Duncan)

venience store for training employees and experimenting with new products and technology, he noted. Whittier-based Oltmans Construction Co. is slated to build the headquarters, which is designed by Newport Beach’s DRA Architects.

“We’re working with the city right now to get our plans approved and start the permitting process,” Juliano said. “We’re hoping to get started in mid-June with grading.” The company aims to have construction completed by the second quarter of 2017.

In The Works: Pacific Pointe Northwest

Sares-Regis expects to start work this year on new office-industrial buildings on undeveloped land at the northwest corner of Douglas Park off Carson Street, according to Russell. “A couple smaller industrial flex-type buildings are planned for the southerly portion of that quadrant, but the majority of the site is currently unplanned,” Russell said. “It could accommodate a corporate campus or a combination of build-to-suit buildings tailored to specific user needs. We’re still in the process of formulating our strategy for those parcels.” The future development has been dubbed Pacific Pointe Northwest.

Northeast Douglas Park: In Escrow

Last year, Burnham USA Equities, Inc. of Newport Beach, a real estate developer, told the Business Journal it was acquiring land at the northeast corner of Douglas Park off Carson Street and Lakewood Boulevard for a retail development. That deal is in escrow, according to Russell.

“They have a great reputation for creativity and high quality retail developments,” Russell said of the company. “They have shared some preliminary visions of what they would build at Douglas Park. It’s about 250,000 square feet of retail at that northeast corner,” he explained. “The vision is a very pedestrian friendly, diversified, highly creative retail experience, based on what I have seen. I think it’s going to be a fantastic amenity not only for the workforce there at Douglas Park and the junior college, but the community as well.”

Whether Douglas Park eventually expands beyond its existing parameters is up in the air. The main opportunity to do so would be if Sares-Regis acquired land formerly used by The Boeing Company for manufacturing the C-17 Globemaster III, a program which ended last year. “The vision for the C-17 site is still in flux,” Russell said. “We expect it will take some time for Boeing and the City of Long Beach to determine its ultimate use or reuse. We certainly have interest in the site; however, it is unclear as to the timing of offering the property for sale.”

As Douglas Park continues to grow, Russell had a positive outlook for the site.

“We believe Douglas Park has the potential to attract more high quality businesses that promote excellent employment opportunities in Long Beach,” he said. “Douglas Park’s highly desirable location adjacent to the Long Beach Airport as well as the freeway and the port, coupled with the state-of-the-art facilities and amenities that have been created, is a really unique workplace opportunity.” ■

(Continued From Page 17)

area is expected to stay strong in 2016 with vacancy remaining at an all-time low, but more supply may hit the market this year, according to commercial real estate brokers.

Last year, the biggest challenge for industrial users was a lack of product and that is still the case this year, said Brandon Carrillo, principal and industrial real estate broker for Lee & Associates's Long Beach office. He added, however, that space has started to open up in the first quarter, a sign that property owners may be more inclined to sell as prices remain at record highs.

"I think we're going to see some more product and more supply enter the market, and users are going to see more choices this year versus last year," Carrillo said. "We're starting to see that in the midst of the first quarter . . . More property owners are being open to selling if they get their price."

Still, aside from large corporate headquarters being built at Douglas Park near Long Beach Airport, developable land for new industrial product remains sparse, with most property contaminated or in the process of remediation, real estate brokers said.

According to Lee & Associates' latest market report, the direct industrial vacancy rate in the Long Beach/South Bay market this year is expected to hover at a historic low of near 1 percent, down from a 3.1 percent vacancy rate reported earlier last year.

Pent up demand from users taking advantage of low interest rates in a strengthening economy has put upward pressure on lease rates and even more so on sales prices for industrial property over the past year, Carrillo said.

This year, however, there has been a fair amount of "uncertainty" in the marketplace as the country experiences high volatility with regard to the stock market and oil prices, adding to concerns that the window for high sales prices may be closing, he said.

"With uncertainty, you usually see a slowdown as people take a breath and want to see where things are going in the marketplace," Carrillo said.

While local economists predict national and California economies to remain "healthy" over the next few years, worries remain about China's economy and its effect on the Los Angeles County basin's economy, the Lee & Associates' report stated.

Real estate brokers said whether the momentum of strong demand in the industrial sector continues will largely depend on



Pictured, from left are Lee & Associates' commercial real estate brokers, Associate Nate Ortega, Principal Brandon Carrillo and Principal Garrett Massaro, at an industrial building that the commercial real estate firm has listed at the Long Beach Technology Center. (Photograph by the Business Journal's Larry Duncan)

consumer spending and imports in the United States since industrial real estate is largely tied to the local ports.

Jim Flynn, president of The Carson Companies, which owns millions of square feet of industrial space in Southern California, said demand for industrial real estate has been "extremely strong," with the South Bay vacancy rate at an "all-time low." He noted that rental rates are at or near peak levels throughout the local area.

Flynn added, however, that it's unclear which direction the market will turn.

As the U.S. dollar strengthens amid turmoil in the world economy, it will be more difficult for local companies to compete globally, particularly as it relates to exports, he said. However, whether the United States is heading toward another economic downturn is anybody's guess, Flynn said.

"Clearly, there are some storm clouds on the horizon," he said. "They might blow over or they may blow up. Nobody knows."

New construction of industrial property, however, remains limited, Flynn said, adding that there isn't much land left for new development.

According to Lee & Associates, there was a total of 741,832 square feet of industrial property under construction in the fourth quarter in the entire South Bay market.

John Eddy, senior vice president and industrial real estate broker for Coldwell

Banker Commercial BLAIR WESTMAC, said the market for industrial property remains "incredibly tight." He said businesses related to the local ports are having trouble finding suitable properties.

"The amount of product that's on the market is just miniscule," Eddy said. "We have qualified buyers who are just unable to break through in the market."

Besides some new construction at Douglas Park, most new development of industrial property are "infill" projects in which existing structures are redesigned

and in-filled with new product at a cheaper cost, he said.

Demand for industrial space is mostly driven by the area's proximity to the local ports, Eddy said, adding that corporations and small businesses have consistently grown over the past three to four years as interest rates have remained "low and advantageous."

The Carson Companies, meanwhile, has a 183,000-square-foot building that will be available for lease in the next couple

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(Continued From Page 19)

months, Flynn said. Epson, which has a robotics division that manufactures printers and other electronics, is vacating the space and doubling in size to a 338,000-square-foot building, he said.

However, there remains very little available property for sale, Flynn said. With record prices for local land, The Carson Companies decided last year to expand into Houston, Philadelphia and New Jersey where there is more opportunity for investment, he said.

Although Boeing's C-17 assembly plant closed late last year while Toyota and other manufacturers announced their departure from California for more cost-effective states, demand from "trend-setting" companies, such as Virgin Galactic in Long Beach, has driven up prices and sent developers rushing to provide space, Carrillo said.

In addition, the announcement that the Rams professional football team will be moving to Inglewood and building a stadium there should make property even more valuable, he said.

Carrillo added that, with limited space available, local cities need to make it easier for companies, such as third party logistics firms and those that use trucks and trailers, to operate in heavy industrial-use zones. He said Long Beach's industrial zone, for instance, requires conditional use permits that range from \$10,000 to \$20,000 in cost.

"I hope cities remember that the port is our bread and butter," Carrillo said. "We need to find a way to make it more transparent and easier for companies with those uses to get approval in heavy industrial-use areas." ■

Long Beach Retail Market Experiencing Strong Demand, Repositioning Of Properties

■ By **SAMANTHA MEHLINGER**
Senior Writer

Citywide, vacancy rates of retail properties are ticking down, with restaurants driving the most leasing activity, according to local real estate agents. There is high demand to purchase retail properties, but, as in other local market sectors, there is a lack of inventory to meet that demand. Meanwhile, a trend of repositioning older retail properties is gaining traction and introducing new product to the market.

In a word, activity in the Long Beach retail real estate market is "brisk," according to Brian Russell, vice president of Coldwell Banker Commercial BLAIR WESTMAC. "We're getting a lot of phone calls and doing a lot of showings," he said.

Russell estimated that the citywide retail vacancy rate is nearing the single-digit range. "It's probably 10 to 12 percent, but I'd say it's getting close. What kind of skews it a little bit is all the new development going on at the Pike," he said, explaining that the rebranded The Pike Outlets still have a significant amount of square footage to lease out.

Restaurants are driving leasing activity, Russell said. He noted that this is a positive



Brian Russell, vice president of Coldwell Banker Commercial BLAIR WESTMAC, said activity in Long Beach's retail market is "brisk," with strong demand in Belmont Shore, downtown and other areas. He is pictured with Sheva Hosseinzadeh, a Blair associate, at gallery421, a downtown apartment community for which they oversee ground floor retail leasing. (Photograph by the Business Journal's Larry Duncan)

economic indicator, as it suggests that consumers feel comfortable spending money on going out to eat.

"There is a ton of activity in the restaurant realm," Doug Shea, president of INCO Commercial, said. "On January 1, the flood gates opened up. Our whole office is just humming."

Leasing activity is going strong in areas of town that typically have healthy retail activity, such as Belmont Shore, Los Altos and East Long Beach, Shea said. Russell noted the same areas, in addition to Downtown Long Beach.

Elizabeth Dana, a broker associate with INCO specializing in the downtown market, said she is seeing a trend of retailers moving to the area. "Pine Avenue is still a hot spot because of the foot traffic. You also have really great spots along Linden and 4th Street," she said.

The Promenade has been a hot spot of retail activity within the past month. A new chain restaurant specializing in hot dogs, Dog Haus, opened at the intersection of The Promenade North and 3rd Street last month, and city hall records indicate that Beer Belly, an L.A.-based craft beer joint, will soon open just around the corner at 3rd Street and Long Beach Boulevard. Plus, in late January, the Long Beach office of Lee & Associates closed a \$5.2 million sale of a 27,173-square-foot office and retail space at 210-218 The Promenade North.

In areas with strong demand, lease rates are ticking up, Shea said. "Lease rates are still nudging up in East Long Beach and Belmont Shore," he said, adding that rates are flat in Bixby Knolls. Downtown lease rates are, overall, relatively flat in comparison to last year, with the exception of The Promenade. "The Promenade can command more money than the rest," he said.

There is a high demand to buy retail properties in Long Beach, but not enough inventory to meet that demand, Shea said. "Some of the older centers where you can come in, redevelop it and get higher rents, I mean there is huge developer demand for that. But there is not a lot for sale," he said. "It's really hard. There is just no product at all. I mean, if you know of any, tell me."

Single-tenant properties are also in high demand, according to Russell. "In fact, Carl's Jr. on Atlantic [Avenue] in Bixby Knolls just sold and closed in January," he said. That property sold at a capitalization rate – the ratio of net operating income to property value – of 3.5 percent, he added.

The repositioning of properties like The Pike Outlets is also driving activity in the retail market. Formerly a sleepy shopping center called the Pike at Rainbow Harbor, the waterfront center was recently rebranded and given a contemporary facelift by property management firm DDR Corp. Major tenants such as Gap Factory, F21 Red, H&M, Converse, Nike Factory and others have since moved in, and space is still available.

Further inland, work has begun to modernize the City Place shopping center based on the designs of local firm Studio One Eleven, a division of P+R Architects, which is also set to become a new tenant there. The first phase of construction has started on the north side of 3rd Street between The Promenade North and Long Beach Boulevard.

Other parts of town are seeing similar developments. In East Long Beach, Douglas Park is set to bring in a new retail development soon (see story on Page 18). And in Bixby Knolls, a major shopping center on Atlantic Avenue is steadily gaining a list of new tenants (see story on adjacent Page). ■

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Bixby Knolls Sees New Office And Retail Tenants As Commercial Developments Move Forward

■ By **SEAN BELK**
Staff Writer

New office and retail tenants are filling up space quickly in Bixby Knolls, where a budding dining scene is taking shape and commercial developments are set to transform the neighborhood-oriented business district.

Blair Cohn, executive director of the Bixby Knolls Business Improvement Association (BKBIA), said numerous new restaurants are slated to open up this year at commercial corridors along Atlantic Avenue and Long Beach Boulevard with potential for more on the horizon.

“We’re pretty optimistic,” he said. “We know there’s a number of other restaurants sniffing around looking for places to open, so we’re very excited about that.”

A major development moving forward this year is a project slated for the corner of Long Beach Boulevard and Bixby Road in which developer and general contractor Howard CDM is partnering with local design firms to repurpose shipping containers into a multi-tenant commercial park to be called SteelCraft.

Considered the first of its kind in Los Angeles County, the complex is expected to house several eateries, a craft beer taproom for Torrance-based Smog City Brewery, public gathering space and a local produce stand, among other amenities. Cohn said the project is to be completed in May.

A few blocks north, Trader Joe’s is planning to relocate from its Atlantic Avenue location to a site formerly occupied by Ralph’s at Long Beach Boulevard and San Antonio Drive.

Also moving to the shopping center, which is being renamed “The Knolls” and is undergoing an overhaul, are Chipotle, Jersey Mike’s Subs, Crunch Fitness and Pet Food Express, Cohn said. The center’s landlord, Red Mountain Retail Group, is still looking for two more tenants, he said, adding that the project should be completed in early April.

Meanwhile, at a small shopping center at the southeast corner of Bixby Road and Long Beach Boulevard, The Pan Restaurant, which serves breakfast all day in Glendale, is opening a third location at 3550 Long Beach Blvd. by the end of next month, he said.

At the same shopping center, new owners of Liquorland are remodeling the space to make it more upscale, adding a new restaurant called The Green Olive, which serves Mediterranean food, Cohn said. He said the BKBIA plans to help with façade improvements, including new paint, lighting, landscaping and signage.

At the Bixby Knolls Shopping Center at Atlantic Avenue and 45th Street, a new Smart & Final extra! store is opening this year, taking up a portion of the building formerly occupied by Orchard Supply Hardware (OSH), which closed three years ago.

In addition, ALDI, a German-based discount grocery store chain, plans to open its first Long Beach store at the shopping cen-



Blair Cohn, left, executive director of the Bixby Knolls Business Improvement Association (BKBIA), welcomes Luis Navarro, owner of Lola’s Mexican Cuisine to the neighborhood. Navarro, who owns two popular restaurants on 4th Street’s Retro Row – Lola’s Mexican Cuisine and The Social List – is opening another Lola’s at the site in Bixby Knolls that formerly housed Le Yen Chinese restaurant (Photograph by the Business Journal’s Larry Duncan)

ter at 4580 Atlantic Ave., replacing the Bixby Knolls post office. ALDI, which hopes to break into the organic food market, currently operates 1,400 stores in 32 states and is opening its first stores in California this year.

The shopping center, owned by Glendale-based Gaska Inc., is getting a complete makeover as well this year, Cohn said, adding that some façade improvements are already finished. He said Massage Envy has opened up next to Marshalls as well.

Several new retailers are also moving to the Atlantic Avenue corridor, Cohn said.

Lola’s Mexican Cuisine on 4th Street’s Retro Row is expected to soon open its second location at 4140 Atlantic Ave., replacing Le Yen Chinese Family Restaurant, which closed last year after being in business for 45 years.

Cohn said that a new Chick-fil-A is slated to be built on a lot at 33rd Street and Atlantic Avenue.

Also recently expanding to Bixby Knolls from 4th Street is boutique Twig & Willow. Other new retailers moving to Atlantic Avenue are The Better Half Boutique and Share And Do Good, opening its second location from Fullerton.

Hoyt Hochman, president of Hoyt Realty & Investments with listings in Bixby Knolls, said an undisclosed regional retailer is negotiating a deal to take up a space at 3630 Atlantic Ave., where a 98 Cents Plus Toys store is closing, with other offers coming in as well.

“There’s strong activity on the property and it just shows that the demand for retail space in Bixby Knolls is only getting stronger,” he said. “What I’m seeing now is as soon as a site goes vacant or even before it gets listed, people are contacting the owner trying to see if they can get in.”

Hochman said office space is also filling up fast in Bixby Knolls.

In the last month, two law firms signed deals to take up an entire floor of about 12,000 square feet at the multi-tenant office building at 3711 Long Beach Blvd. One of the law firms is relocating from Downtown Long Beach’s Catalina Landing building, he said.

Office users are attracted to Bixby

Knolls by its proximity to upscale neighborhoods, local freeways and retail options in addition to lease rates that are lower than downtown or near the airport, Hochman said. He added that medical users are also expanding out of Long Beach Memorial’s campus, taking up space along Long Beach Boulevard. ■



Hoyt Hochman, left, president of Hoyt Realty & Investments, and Brendan Morris, senior associate of Hoyt Realty & Investments, are leasing the agents for Long Beach Towers, located at 3711 Long Beach Blvd. and pictured in the background. They also represent the Meadows office park at 3701 Long Beach Blvd. The commercial real estate agents have leased more than 30,000 square feet of office space in the past six months. (Photograph by the Business Journal’s Larry Duncan)

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How Technology Is Shaping The Real Estate Industry

■ By **SAMANTHA MEHLINGER**
Senior Writer

Mobile applications and online platforms offering more access to data and greater autonomy to real estate buyers and sellers are becoming increasingly prevalent. In doing so they're reshaping the role of real estate professionals to an extent – but they're also assisting those in the industry by improving communication between parties and streamlining transaction processes.

"The consumer is much more educated now before they even contact somebody about looking for property, which is a

very good thing," Geoff McIntosh, president-elect of the California Association of Realtors and owner of Long Beach-based Main Street Realtors, told the Business Journal.

Websites and mobile applications such as Zillow or Trulia not only give homebuyers access to home listings and photos, they also provide data about the areas they're searching in. "Now 47 percent of real estate searches by consumers are done on mobile [devices]," McIntosh said. "Because of the new apps that are available, I can be standing in front of a property that has a for sale sign on it,

open an app, and it will give me all the information about the house before I ever go inside. That's pretty cool."

Technology that provides buyers access to average and median price points for certain areas helps keep their expectations in line with reality – a bonus for real estate professionals.

"One of the things that used to happen to us back in the dark ages in the real estate business was we would get calls from people who wanted the \$150,000 house in Belmont Shore, which never existed," McIntosh recalled. "And they would think we were hiding it. Well, now they have full access to all the data. They can see exactly what's available and what isn't."

Being able to search for properties online enables buyers to narrow the criteria of what they're looking for in advance of consulting with a real estate professional.

"When I started selling real estate in the '80s, it was not unusual to show someone 25 to 30 houses before they found one they wanted," McIntosh said. "Now, because of the change in technology, frequently people will find a house in five or 10 showing appointments because they've already eliminated what they didn't want."

As a result, agents are "doing less driving people around on a Saturday and telling them which homes they should buy," according to Matthew Firth, CEO of Long Beach-based Hobizbo, a real estate technology company. Hobizbo launched a beta platform for its mobile application in 2014, and officially launched in 2015.

Hobizbo allows users to search the regional multiple listing service (MLS), which aggregates information about listings in Orange and Los Angeles Counties. "It allows buyers to search the MLS and make appointments with agents on demand," Firth said. Through a partnership with Newport Beach-based The Boutique Real Estate Group, Hobizbo is able to send out an agent on demand to meet with users and show them a home.

"The main functionality is geared toward the consumer in searching for properties and making an appointment with an agent," Firth said. But it's also useful for agents. "Agents can write offers back and forth to each other. The buyer can also obviously write their own offer, but it's not as common."

Hobizbo was partially born out of



Firth's own experience as a real estate agent trying to contend with complex paperwork and communication between buyers, sellers and other agents. In one instance, a home he had listed for sale received 25 offers, resulting in mountains of paperwork – but none of the offers even panned out. Hobizbo allows users to solidify key points of a deal before moving forward, such as price, an end date for closing escrow, how much money will be put down, closing costs, and so on.

"If you go through the app you can very simply enter those data points, and once terms are agreed upon then it goes to a binding, legal purchase contract," Firth explained. "It's the same one that everyone uses from the California Association of Realtors. So we aren't trying to circumvent their forms or anything, we're just trying to make the initial negotiation easier."

For single-family real estate, nearly all aspects of transactions are done digitally now, according to McIntosh. "Back in the olden days, it was pretty common to have a 60-day escrow because it took that long to generate paperwork and hand deliver it or wait for the mail to come," he said. "Now something I might have waited three or four days for, I can have in a few minutes."

Most transactions are done through digital signature programs such as DocuSign, which allows official transactions to take place online or through mobile devices without generating any actual paper, McIntosh noted.

Similar trends are taking place in commercial real estate, according to Garrett

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Shortage Of Qualified Engineers Persists, More STEM Graduates Needed

■ By **SEAN BELK**
Staff Writer

Partnerships between local educational institutions and companies have helped narrow the gap between employers' needs and the skills of current applicants in recent years, but a shortage of qualified engineers still persists and more graduates in science, technology, engineering and math (STEM) disciplines are needed to meet demand, business and university leaders told the Business Journal.

The concern for decades across the nation has been whether there will be enough skilled applicants to fill positions left by retiring senior-level engineers. More recently, growing companies are seeking prospective engineers to heed the call of making sure

the United States remains a leader in technology and innovation.

While progress has been made in bridging the so-called "skills gap," many companies continue to experience challenges with recruiting enough qualified applicants in a wide variety of disciplines, including mechanical, electrical, environmental, aerospace, civil and manufacturing engineering fields.

Forouzan Golshani, dean of the College of Engineering at California State University, Long Beach (CSULB), said in recent years the Long Beach Unified School District and local community colleges have made strides in building a "pipeline" of students seeking engineering and sciences as a profession.

In fact, the number of engineering graduates produced through CSULB's College of

Engineering has doubled over the past eight years, increasing from about 430 graduating engineers in 2007 to more than 1,000 graduating engineers last year, he said.

"We have taken the message that we should not overlook STEM disciplines and that we should prepare students for success in these areas that are the backbones of successful study in engineering or sciences," Golshani said. "Because of that, we have been able to increase our enrollment . . . We are producing an astounding number of engineers who are successful in the regional workforce . . . We are very active and we continue our work to do what we can to help solve the nation's problems."

Still, with many engineering industries expected to grow over the next decade, and

as more senior engineers retire, there are still concerns that there aren't enough qualified applicants coming out of universities to meet the projected demand in the United States, which competes with highly skilled applicants in other countries, he said.

"It is not so much that we are completely out of qualified engineers for various jobs," Golshani said. "It's that the potential for this country is so great that we need to be producing many, many more engineers to keep up with the global competition that has started in the past decade and a half."

He added that other countries are gaining in technology and innovation, and the only way the U.S. can maintain its "sovereignty and superiority" that has lasted over a century is to produce enough talent that can support the country's "innovation engine."

Golshani noted that many engineering students come from other countries to study in the U.S., adding that, if more students locally aren't entering STEM fields, companies in an increasingly global economy may be forced to look elsewhere to find talented applicants.

"We definitely want to give preference to U.S. born individuals, except that, if they're not going to go into these disciplines, then you have to rely on transplanted individuals to come and study," he said.

In addition, there has been more focus on encouraging women to enter engineering fields, Golshani said, adding that, unlike other professions such as medicine and law that enjoy gender parity, engineering continues to be "lopsided" with an 80 percent male and 20 percent female workforce.

"Women have not participated as strongly as we would like them to in this field," he said. "Part of the solution is to tell the young women that this is a great career for them and that they can make great contributions to a field that directly impacts the quality of life for people."

Golshani pointed out that, despite the loss of Boeing's C-17 production plant, the aerospace company continues to hire engineers in Southern California, which still has a large base of suppliers. He said the industry locally is shifting from manufacturing to more technically oriented positions.

Boeing's operation in Seal Beach is expected to grow to over 2,000 engineers in the foreseeable future, adding that the company hired 1,000 new engineers last year, Golshani noted.

"Boeing has changed its workforce here," he said. "It is not completely gone. The manufacturing and building of whole airplanes have left Southern California with the C-17 shutting down, but engineering work is coming from Boeing because they recognize the talent pool that exists here. It's just that the nature of the work that they do has changed and will continue to evolve in the foreseeable future."

Nationally, however, there is still a great need for engineering in manufacturing, although the type of engineers needed in today's workforce have changed from decades ago, according to industry experts.

While many companies have offshored manufacturing jobs to other countries with lower labor costs, many of those jobs are now returning to the United States, such as the automotive industry, albeit more related to working with automation and technologically advanced equipment.

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The national Manufacturing Institute, considered an authority on the attraction, qualification and development of world-class manufacturing talent, issued a report in 2015 stating that over the next decade nearly 3.5 million manufacturing jobs, including engineering jobs, will likely need to be filled. The skills gap is expected to result in 2 million of these jobs going unfilled, the report states.

“The situation is definitely a reality, and it’s only going to get worse,” said Jeannine Kunz, director of Tooling University for the Society of Manufacturing Engineers (Tooling U-SME), which is based in Ohio and is considered an industry leader in the United States for online manufacturing training and working on comprehensive programs.

She said the shortage of skilled applicants has already caused manufacturers in the United States to have trouble with meeting customer demand and has forced companies to run a second shift because they don’t have the people to run the job.

“It hasn’t gotten better,” Kunz said. “The challenges and issues the manufacturers are facing continue to be repeated in the research . . . It’s pretty prevalent among manufacturers that the issue exists.”

Over the last five years, many companies have been challenged with developing programs to attack the skills gap problem, she said.

Kunz said the main focus of Tooling U-SME is to help supplement curriculum for students at schools across the country while working on developing partnerships between educational institutions, local communities and employers to address the situation. In many cases, employers are pro-

viding funding to schools through an education foundation to bolster such programs.

Locally, many engineering firms have become more proactive in working with local educational institutions, such as at career fairs, in order to help address the issue and recruit talented applicants.

Kevin Peterson, president of P2S Engineering, which has been based in Long Beach for 25 years and which provides electrical, mechanical and construction management engineering consulting services, said the company has grown over the last three years, adding about 50 new employees.

He said the company sees no shortage of people applying for jobs, noting that the company receives about 1,000 to 2,000 applications for open positions. From that pool, the company interviews about 100 applicants. However, many of the applicants lack the experience needed for the job, Peterson said.

“From an industry perspective, the skills gap still exists,” he said. “I don’t think it’s been narrowed quite yet.”

Peterson said the impact on the industry is that companies have become more efficient and in some cases have acquired other firms in order to obtain experienced, qualified talent.

Still, he said that the curve is going back up in engineering schools, such as at CSULB, as universities have recently taken major steps to increase the number of engineering graduates that had been on the decline across the nation.

He said the company has also been more proactive in strengthening ties with local universities in an attempt to recruit more

(Please Continue To Top Of Page 27)

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TITLE	BID NUMBER	DUE DATE
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Rifle Plate Carriers/Rifle Plates/First Aid Kits	ITB PD16-074	2/18/2016
Used Car Purchase	RFI FS16-096	2/23/2016
Purchase and Development Opportunity	RFP EP16-002	2/25/2016
Citywide Oleander Removal/Replacement Project	ITB PR16-020	2/25/2016
Purchase of Two Chevrolet Colorado Extended	ITB FS16-084	2/25/2016
Digital Citizen Interaction Strategy	RFP TI16-077	2/25/2016
Purchase & Dev. Anaheim St. & Lime Ave	RFP EP16-002	2/25/2016
Citywide Oleander Removal/Replacement	ITB PR16-020	2/25/2016
Thirty-Two Toyota RAV4 Hybrid	ITB FS16-091	2/25/2016
Business Assistance Challenge	RFI CM16-098	2/25/2016
Sparking a Culture of Tech Innovation	RFI CM16-099	2/25/2016
Signs-Traffic, Custom, Poles & Supplies	ITB LB16-029	3/02/2016
Purchase of Four Trailers	ITB FS16-101	3/07/2016
Purchase of One Ford F-350 Regular Cab CNG	ITB FS16-102	3/07/2016
Purchase of Three Ford Fusion Hybrid S	ITB FS16-103	3/07/2016
Airport Noise Consulting Services	RFQ AP16-095	3/09/2016
Purchase & Develop Opportunity at 1675	RFP EP16-065	3/10/2016
Purchase & Develop Opportunity at 1680	RFP EP16-068	3/10/2016
Transportation Services for Parks, Rec & Marine	RFP PR16-093	3/10/2016
Trees and Shrubs	ITB PR16-019	3/10/2016
Medical Bill Review	RFP LW16-071	3/15/2016
55th Way Landfill Cover	R-7018	3/16/2016
El Dorado nature Center Improvements	R-7017	3/16/2016
Intersection Modification at Walnut Ave.	R-6843	3/16/2016
As Needed Vehicle Towing Services	RFP FS16-037	3/17/2016
Expansion of Citywide Fiber Optic Network North	RFP TI16-076	3/22/2016
Purchase & Develop Opportunity at 14th Street	RFP EP16-066	4/19/2016

****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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Smart Engineering For Hospitals And Schools

■ By **SAMANTHA MEHLINGER**
Senior Writer

Engineering firms will readily tell you that California has some of the strictest building requirements, not just within the United States, but also in the world. This is especially true for schools and hospitals, the designs for which must be approved at the state level, rather than locally.

As regulations are continuously updated, schools and hospitals, many of which have limited funding, must contend with meeting state requirements, as well as ensuring the comfort of students and patients and keeping up with new technology. To meet these needs, engineers are continuously at work devising smart and creative methods for seismic safety, energy efficiency and creating more comfortable spaces within these building environments.

Hospitals

One of the biggest infrastructure and design issues facing California hospitals is seismic safety. Signed into law in 1994, Senate Bill 1953 requires all California hospitals to either retrofit their facilities or build new structures to meet modern seismic standards by 2030, or face closure.

The bill was in part a reaction to the 1994 Northridge Earthquake, which caused some hospitals' systems to fail, according to Michael Gilmore, manager of Long Beach-based P2S Engineering's Healthcare Group. "That spawned an enormous amount of construction within the health care industry. Groups like Kaiser built a lot of replacement hospitals," he said.

As technology advances, health care facilities are adding new pieces of equipment, which also must meet seismic safety standards.

"The greatest change we've seen is the requirement for electronic medical records.



Kevin Peterson is president of Long Beach-based P2S Engineering, which provides electrical, mechanical and construction management engineering consulting services for a number of local projects, including the Middle Harbor redevelopment at the Port of Long Beach.



One of the top challenges when engineering for schools and hospitals is ensuring seismic safety requirements are met, according to Lance Kenyon, left, and Rick Beall, partners at Douglas Park-based MHP Structural Engineers. One of their current projects involves modernizing and retrofitting Long Beach Polytechnic High School's historic auditorium. (Photograph by the Business Journal's Larry Duncan)

It has increased the need for mobile work stations and wireless devices for both hospitals and clinics so they can perform patient charting at the exam rooms themselves," Rick Beall, partner with MHP Structural Engineers, based at Douglas Park, explained. Multi-functional pieces of equipment are also now commonly being installed at hospitals to allow for diagnosis and treatment in one location, he noted.

All of this equipment must meet seismic

safety standards. "What happens is they put the equipment on a shake table and the manufacturer actually shakes it and makes sure that through a certain level of earthquake it's still operable," Beall explained.

MHP works with hospitals to anchor equipment and ensure the facility's structure is able to handle the weight. "We have to anchor it and then also check the floor level that it rests on or it is suspended from, because these new MRIs may weigh 40,000 pounds," Beall said. "So, when you put them on the third floor of a hospital, you have to make sure that the floor is okay to handle it."

Gilmore pointed out that meeting stringent seismic standards comes at significant cost to hospitals. "California is very unique. It costs a lot [more] money to build a hospital here than, say, Arizona or Florida or Ohio because of the strict seismic and structural implications," he said.

One of the ways engineers help hospitals offset these costs is through energy-efficient infrastructure and design.

"Across the country, acute care hospitals or inpatient hospitals are the second biggest energy hog of any building, second only to fast food restaurants," Gilmore said. "So the power usage per square foot in a hospital is the second worst among all types of buildings."

A big push in the health care industry right now is to identify energy cost savings to help make up for lost reimbursement dollars due to the Affordable Care Act, Gilmore said. "A lot can be done in energy savings," he said. P2S is currently working with an Orange County hospital to create an onsite central utility plant. "We are able to really design and optimize our systems, to

where a plant today is going to use 20 to 25 percent less energy than a plant that was installed 20 or 30 years ago."

In addition to hospital safety and reduction of energy consumption, a top priority for hospitals today is creating comfortable conditions for patients. "Another thing we're seeing is . . . a lot of improvements with comforting and calming environments," particularly for patients undergoing long-term treatments, such as chemotherapy, Beall said.

MHP performed the structural engineering for Long Beach Memorial Medical Center's Todd Cancer Institute Pavilion, which has a rooftop garden, plentiful natural lighting and other calming features. The facility opened in 2013. "As you walk through that project you'll see waterfalls, and they have really nice views so that patients can be there for a long period of time and not have the sterile type of environment they used to have when they went into this type of a treatment center," Beall said.

Another way hospitals and engineers are working together for the benefit of patients is by creating flexible environments able to adapt to different patients' needs. "I have seen a push in the last five years to really make hospital spaces much more flexible in nature, especially when it comes to the patient experience, because a lot of reimbursement now is tied to patient satisfaction and no repeat business on the same illness," Gilmore said. "In health care today, the smart designs are going to be very flexible in nature, so that we aren't continually ripping out stuff, putting in stuff and then five years later having to rip it out because of a new technology."

P2S is working with a Los Angeles hospital on what Gilmore called a "room of the future." When completed, a patient would be able to check in at the front desk or a kiosk, and would receive a mobile tablet device that would provide them access to their information and enable them to control various aspects of their environment. "When they get to their room, they are able to create their own environment through specialty lighting and almost scenery-type elements," Gilmore said.

The room of the future also features large-scale wall installations for video, which would enable clinicians and patients, as well as their families, to review information together on a large scale. Having control over their own environment and access to their own health information would be a comforting benefit for patients, Gilmore noted.

Schools

California has no shortage of aging schools and universities, many of which may have met seismic safety standards at the time of their construction but do not meet modern standards.

"In California, we have probably one of the strictest building codes in the world, and it's a constant struggle to keep up with it," Paul Soltis, vice president of geotechnical operations for Twining, a Douglas Park-based engineering firm, noted. "In California the building codes change every three years, and it seems to get more and more strict, especially with respect to the seismic stuff. It leads to us engineers having to figure out ways to retrofit existing buildings to make them work," he said.

As Soltis put it, when it comes to schools, the challenge is making sure classrooms are as safe as possible and function properly "without breaking the bank of the school that you're working for."

Engineer's Week

(Continued From Page 1)

dent of NSPE, told the Business Journal. Gray owns a software engineering firm in Illinois called GrayTech Software Inc. and is a past chair of the American Association of Engineering Societies. She currently sits on board of directors for DiscoverE, a coalition of more than 100 organizations dedicated to growing a dynamic engineering profession through outreach and education, which oversees Engineers Week.

When Engineers Week began in the 1950s, it was limited to state and local chapters of the NSPE. In the '80s, it grew to include other technical societies, schools, companies and interested parties. "Over the years it has grown because of the fact that we saw less and less people joining the engineering profession, and more need for engineering knowledge and the ability to design and come up with ideas for the future," Gray said. Now, many organizations and schools, such as California State Uni-

versity, Long Beach's School of Engineering, host their own Engineers Week events.

The engineering field needs not only to grow the size of its workforce, but also the presence of women and diverse voices within that workforce, according to Gray. Part of the reason this is a hot topic in engineering today is the concept that diverse thought leads to better designs. For example, if a group of engineers were to design a piece of equipment for someone who is disabled, that design would be better informed if a disabled engineer were included in the work process, she explained. "That's something we're missing right now," she said.

As Gray put it, engineering is "essential to our health, happiness and safety." Engineers make our buildings seismically safe, build bridges for us to cross, design cars and planes for us to travel in. They create the software on our computers, and our computers themselves. Biomedical engineers create the medicines that protect our health. Getting the youth of America to see the real-world implications of engineering

through events and programming like Engineers Week may be key to growing the future of the industry, according to Gray.

The DiscoverE website, www.discovere.org, provides informational resources and activity guides for educators, parents, volunteers and students to help them plan their own engineering-related activities throughout Engineers Week and all year long. "This year we have close to a 60 percent increase in downloads of our K-12 resources," Gray said. "We have exceeded two million views on that."

One of the largest Engineers Week events is the final for Future City, a national competition challenging groups of middle-schoolers to design their own cities of the future using the program SimCity. "They have to solve a problem that's designed each year," Gray said. "Perhaps it's how do we make sure everyone will have the necessary water resources, or energy, or necessary transportation, and what's that going to look like."

For more information about Engineers Week, visit www.discovere.org/our-programs/engineers-week. ■

One of Twining’s recent projects accomplished just that. When California State University, Long Beach (CSULB) was planning to build a new student recreational and wellness center, they contracted with Twining for construction work. They got more than they asked for when Soltis and his team reviewed the project plans and came up with a cost-saving alternative.

“They originally had the idea that, in order to properly support the building, they were going to remove 10 to 13 feet of the onsite soil upon which to build the building, and effectively replace most of it with gravel,” Soltis recalled. He and his team had doubts about the plan, and expressed them to the university. Removing so much soil would require many truck trips, which would represent a significant on-campus disruption and disturbance to neighboring residents, he explained.

“The alternative was a system called geo piers,” Soltis said. Instead of removing soil throughout the project site, rock columns were placed in 15-foot-deep holes beneath the structure’s footings. “Instead of excavating and replacing the entire site, you just do it selectively below the foundations where it’s needed,” he explained.

CSULB listened to Twining, and decided to go with their new plan. “That saved them probably \$1-to-\$2 million,” said Soltis.

When existing campus buildings represent good space conditions for students, a cost-saving measure (as opposed to building a new structure) that also avoids creating excess waste is retrofitting and modernizing the structures, according to Lance Kenyon, a partner at MHP.

Engineers are able to run computer tests to determine how well buildings can stand up to earthquakes, which may help determine when retrofitting is an option, rather than rebuilding. “You can model a building on the computer and really predict its behavior,” Kenyon said. “You can put in an old existing earthquake record and actually shake the building on your computer with an earthquake that occurred in the past and see how it performs.”

“Most of the existing buildings can be modernized,” Kenyon said. “They can become really good buildings as long as the space plan is good enough to start with.”

But, he pointed out, aging school buildings often come with many issues.

“You know, ADA [American Disability Act] laws have changed, and older buildings don’t have ramps. There are stairs everywhere, and that’s a big problem,” Kenyon said. “Structural safety, seismic safety is a huge issue,” he added, as are insufficient insulation, heating and cooling.

MHP recently upgraded CSULB’s Liberal Arts buildings for seismic safety, ADA access, and heating and cooling. “It’s not rocket science to fix these things. It’s science, but it’s not rocket science,” Kenyon said.

Older school buildings often aren’t as energy efficient as they could be, Charles Musser, electrical engineer and project manager for P2S Engineering, observed. “One big modernization aspect that schools are pursuing has to do with energy efficiency,” he said. Simple fixes include updating existing lighting fixtures with LEDs, which save energy, or installing sensors on the windows of classrooms to automatically adjust the amount of artificial light in the room based upon the natural light coming in, he explained.

Some universities are considering building on-campus cogeneration plants, which

Qualified Engineers

(Continued From Page 25)

engineers while implementing workplace practices to boost employee retention.

Brian Kundert, senior vice president of human resources for Arcadis, an international design and engineering consultancy firm that has offices in Long Beach, said there still remains a shortage of engineers across the country and the world, adding that the need is interdependent on location.

“I don’t know a time when there wasn’t a

shortage of engineers and it’s still true today,” he said, adding that the company does its best to hire entry level engineers to grow the skills of individuals within the company. Kundert said that the shortage persists primarily for engineers with experience.

Julio Nuno, vice president of environmental services for Long Beach-based SCS Engineers, which provides engineering services related to landfills, said the company has recently seen longtime engineers retire, leaving a void.

He said that the number of qualified en-

gineers has somewhat increased from about a decade ago, but the biggest problem is finding mid-level engineers with “specialized” experience.

“I think the biggest problem we have is finding those mid-level people with the right experience and demeanor to be in the consulting business to be able to provide the services that we need,” Nuno said. “We will get a fair number of applicants whenever we do have a position that’s available. It’s just trying to find the right person with the right experience.” ■



Massachusetts-Based EBI Consulting Opens Office In Bixby Knolls

EBI Consulting, a national engineering and due diligence firm headquartered in Burlington, Massachusetts, recently opened its first West Coast office in Long Beach’s Bixby Knolls neighborhood. The company has about 400 employees nationwide, most working remotely. Twenty employees are associated with the new office on Long Beach Boulevard. Jose Gandara, senior project manager, said the company could easily double the number of local employees in the near future. “Long Beach is a perfect location for us. It gives us the flexibility of working in the L.A. markets as well as the Orange County markets,” he said. Shana Hurley, retail account manager, said employees love the Bixby Knolls area. “With the airport so close, it’s been great for when people fly in,” she noted. EBI services an array of industries, including retail, manufacturing, health care, real estate, financial services, wireless telecommunications and more. According to the firm’s website, “EBI Consulting provides environmental risk and compliance management, due diligence, energy efficiency, and engineering services to organizations seeking to improve operations, lower costs, manage risk and exceed stakeholder expectations.” Pictured above at EBI’s new office, are, from left: Suemur Bezabeh, account executive; Hurley; Gandara; Leo Bertolino, environmental consultant; Benjamin Clark, vice president of telecom; Ashley Brown, regulatory reporting specialist; and Victoria Kim, architectural designer. (Photograph by the Business Journal’s Larry Duncan)

– Samantha Mehling, Senior Writer

simultaneously generate power, heating and cooling for facilities. “It’s kind of expensive to build those, but, once you’ve got one, you’re going to save 50 percent on your electricity,” Soltis said. These plants are typically also fueled by natural gas, which is considered a clean source of energy, he noted.

Musser pointed out that, by cutting back on energy use or even generating their own energy, schools are able to save funds and put them towards other resources, such as teachers or supplies.

Energy efficient lighting may also hold promise for creating more learning-conducive environments at schools, Musser said. Studies have shown that LED colored lights may influence student learning, he noted. “For example, if the color blue helps creative learning, when it is art class time, the color scheme in the room could shift to a blue tone,” he explained. “It could not only help with being able to learn better, but also it would help the kids recognize [the change in subject].”

Engineers are also helping implement new technologies that aid in student learning and student-teacher interaction.

“One thing we’re doing at a lot of schools is called smart boards,” Musser said. “It’s kind of like a white board, but you can project on it from the computer or the Internet,” he explained. “What you’re writing can be recorded as well, so that can be posted to the Internet . . . and kids could basically have a recap of what was taught that was captured real time.”

In the end, Musser emphasized that the end goal of engineering for schools is working within the means of the educational institutions to achieve necessary functionality and usability. ■



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Publisher's Perspective: Taxing Issues For Voters

(Continued From Page 1)

funds from the state. That did not occur. There is no record on file of Long Beach voters ever approving a tax increase. And there's a good reason why.

Prior to 1996, voters did not get a say on tax increases. Neither the state legislature or city councils needed voter approval to raise taxes. In fact, twice in the early 1990s the Long Beach City Council voted to increase the utility users tax (UUT), taking it from 5 percent to 7 percent, then to 10 percent. Voters had no say.

Both times the UUT was increased, councilmembers promised it would be "temporary." Councilmembers did not keep their word, which led to voters taking matters into their own hands in 2000 by reducing the UUT back to 5 percent, where it stands today. By the way, the average UUT in the state is around 3.5 percent, so Long Beach remains higher than most cities.

In November 1996, California voters approved Proposition 218 – the "Right To Vote On Taxes Act." Borrowing language from the California Tax Data organization, "This constitutional amendment protects taxpayers by limiting the methods by which local governments can create or increase taxes, fees and charges without taxpayer consent. Proposition 218 requires voter approval prior to imposition or increase of general taxes, assessments, and certain user fees."

The question is, will voters support one, both or neither measure if they are placed on the June 7, 2016, ballot? Do the measures hurt their chances for passage by being on the same ballot? As "outsider" presidential candidates have proven, the electorate is angry. Is the anger shown by voters in Iowa and New Hampshire spreading to California? If so, both measures could fail.

Sales Tax Justification

Mayor Garcia's argument – shared by many residents and business owners – is that Long Beach needs to fix its infrastructure now because the longer we wait, the more expensive it becomes. City staff has identified about \$2.8 billion in infrastructure needs – from streets and sidewalks to alleys to community buildings and storm drain systems and more. City officials also claim that money is needed to hire more police to battle the recent rise in crime and "to restore fire staffing to maintain 911 paramedic response times at stations across the city." These are all important issues, and the mayor is correct in putting them before the city council and the voters.

Many law enforcement officials blame the rise in crime throughout the state to the passage last year of Proposition 47, which changed some nonviolent felonies to misdemeanors. Thousands of inmates were let out of prison early or did not serve jail time. The hoped-for rehabilitation of these nonviolent criminals has, it appears, not materialized. Police officers are being tested physically, and overtime is considerable as the ranks have dwindle

dled due to funding issues, retirements and a lack of academics.

If Mayor Garcia gets his way and the city council approves his 10-year sales tax measure – set at a 1 cent increase (10 percent sales tax) for the first six years and dropping to a half-cent increase (9.5 percent sales tax) for the final four years – for the June ballot, it would require a simple majority of city voters to approve it for passage. That means the additional money raised – estimated for the 1 cent increase to be \$48 million a year at current prices – would go into the city's general fund.

And there's the rub. General fund money can be spent pretty much however councilmembers wish, including on infrastructure repairs, hiring more law enforcement personnel and, of course, pay raises for city employees.

That takes us to the "trust" issue. Will councilmembers spend the "new" revenue on infrastructure and more police officers? Unlike the recent city college bond measures – where a citizens' committee oversees how the money is spent and conducts public meetings – there is no independent oversight (no offense to city staff) of councilmember budget appropriations.

(The college's citizens oversight committee, consisting of seven members, is constrained by bylaws and must produce annual reports, etc. For information, visit: www.lbcc.edu/bondprogram/COC.cfm.)

One of our concerns is, indeed, trusting city councilmembers to do the right thing. Since a majority of the council is union friendly – as illustrated by votes raising the minimum wage and establishing a project labor agreement – can we trust that the city council will not use new tax dollars for hefty pay increases for union employees? After all, the city's nine unions are either in negotiations with the city or soon will be. It is a pretty safe bet that the unions will not forgo pay raises.

There are differing views on city employee salaries. Unions and their employees say they're too low "compared to other cities," while many residents feel they are too high compared to what the average household income is locally and statewide.

We've never bought into the "city comparison argument" since unions intentionally pit one city against another to achieve pay and benefit increases. We believe many city employees – especially at the lower end of the pay scale – probably deserve increases. However, our caveat is: can we afford it?

Voters have much to consider if one or both of these measures appear on the June ballot. They need to ask questions of the college trustees and of the mayor and councilmembers.

Our Recommendations – In The Name Of Transparency

The Business Journal generally supports all school bond measures, which require a threshold of 55 percent to pass. The maximum that can be asked of property owners is to pay \$25 per \$100,000 of assessed valuation. According to LBCC's Oakley, once the need for new classrooms, renovations, etc. are accomplished through this proposed measure, the college will be set for 50 years. That's a sound investment that we can all support.

The sales tax proposed by the mayor is the fairest of taxes since everyone con-

tributes (we would have opposed an attempt to increase the UUT). We do not oppose this sales tax – but let's be clear, that is different from supporting it.

We would like to see the mayor and councilmembers take several steps prior to asking voters to approve a sales tax increase:

Public Safety Command Staff – We believe the fire and police departments could eliminate a few command staff. There are currently (budgeted) 3 deputy police chiefs and 11 police commanders. The number of commanders should be reduced through retirement by one or two positions. The fire department has 3 deputy fire chiefs, 2 assistant fire chiefs and 12 battalion chiefs. The latter positions were created in 2000-2001 as a way to promote more people from captain and battalion chief, where some of them felt "stuck." The assistant fire chief positions should be eliminated altogether. The savings from the above positions can translate into additional firefighters and patrol officers. We hope the police and fire chiefs embrace these suggestions in the spirit they're intended.

Contracting out – The city council should show taxpayers it's willing to look at cost-saving measures. One of the best methods is contracting out city services. There needs to be a citywide department effort to identify work that can be performed as well or better for less money by the private sector. Efficiencies – in both the public and private sectors – are always possible if one is willing to explore. We fully understand that several general fund departments have been squeezed, but let's take another look. Reaching out to employees for cost-saving ideas should also be encouraged and rewarded. Every \$1 million in savings could fund 7 police officers, so it's worth making an effort.

City Council Office Budgets – We encourage councilmembers to lead by example. Specifically, take a look at your city council office budgets – which are the same for each council district – and trim 10 percent of your costs. That savings would allow for 3 more police officers on the street.

Oversight Committee – Finally, if councilmembers have nothing to hide, then they should be willing to form a citizens' oversight committee to monitor how the new sales revenue is spent. We would suggest one representative from each of the nine city council districts, plus two mayoral appointees from the business community – preferably budget managers, CPAs or the like. Public meetings should be held at least quarterly. Elected officials are always talking about transparency. Here's their chance to prove it.

Long Beach has tremendous economic and cultural assets, an enviable geographic location and tens of thousands of residents and business people who are willing to get involved so their city can move forward in a positive way. Public safety and infrastructure are two critical keys to Long Beach achieving its potential. We believe taxpayers are willing to support a sales tax increase if the mayor and councilmembers prove they support taxpayers – many of whom are struggling in a very fragile economy. Adopting the above four recommendations is a good place to start. ■

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Inside City Hall

The Numbers Just Don't Add Up For A Tax Increase



By **GERRIE SCHIPSKE**

By the time this column runs, there will have been a press conference featuring current and past elected mayors who think it is very wise for the taxpayers of Long Beach to pony up again and pay more taxes.

These politicians think it is perfectly fine to ask taxpayers to approve an increase in sales taxes.

California already has the highest state level sales tax rate at 7.5 percent. Counties and cities have added on their own sales taxes, which is what Long Beach is proposing to do by increasing the tax.

The increase is being justified to voters because, gosh darn it, the city needs more money. And, remember, they are only asking for a “one-cent increase.” So, on every \$1.00 you spend, you currently pay 9 cents in taxes. Long Beach wants you to pay 10 cents. It adds up.

What will the increased taxes be used for?

Everything. See, they have to say that because, if they specified how that increase is going to be used, it would require two-thirds of those voting to approve it.

When you don't specify how tax increases will be used, then you only need to convince a “simple majority” of those voting to say “yes.”

There is chest pounding and wailing about how the city needs more money for police and fire and infrastructure. And we will likely start seeing the roll-

out of the “why we need more taxes” show at community meetings.

Apparently, it doesn't matter that over the past 10 years, according to the City of Long Beach Comprehensive Annual Financial Report, revenues increased from \$263,132,000 in 2005 to \$349,352,000 in 2014. That's a nearly 33 percent increase!

It also doesn't matter that not everyone in Long Beach has to pay sales taxes. Over the years, the city has given away sales tax revenues to shopping centers, car dealers and other businesses. And many of the largest businesses in Long Beach are nonprofits whose products or services are not taxable.

It also doesn't matter that this mayor and council have moved forward on very expensive, unnecessary projects – such as a Civic Center complex that is so costly that the State Legislature had to pass a bill allowing Long Beach to increase the number of years it could finance the debt from 35 to 50 years.

And was anyone listening when the mayor promised 1 percent to the arts community in his state of the city?

So who is left to pay the sales tax increase? The working (and not working) people whose incomes have risen less than sales taxes, which is insulting considering that this tax increase will help pay for increases in salaries and benefits for city employees.

The politicians are counting on a large voter turnout in June of mostly Democrats for the presidential primary and, as an aside, a handful of council elections. Without protections of strong oversight on how this new money will be spent, the not so “simple majority” should vote against this tax increase.

Next column: Why Sex Trade Hurts Long Beach

(Gerrie Schipske was elected to both the Long Beach Community College Board of Trustees and the Long Beach City Council. She is the author of several books on Long Beach history. Her blog is www.longbeachinside.blogspot.com.)

Technology And Innovation

3D Printing Made Easy



By **FOROUZAN GOLSHANI**

The dawn of personal computers brought printers from offices into our homes. These simple dot-matrix devices used a moving print head that struck an ink-soaked ribbon just like its predecessor, the typewriter. Dot-matrix technology was soon replaced by Inkjet printing, which sprayed tiny ink droplets without the device making contact with the printed surface. The technology was further improved by laser printers that used toner instead of ink.

Given a computer file, ordinary printers create images on two-dimensional surface. 3D printing follows a similar process, whereby a three-dimensional object is synthesized while successive layers of material are laid down under the instructions of a precise computer model. While 2D printers work with ink or fine powder, 3D printers are built to deposit powder, plastic, metal, composites or – virtually any type of material. The object being printed can have a complex shape or geometry. It may be defined by a Computer-Aided Design (CAD) model or any other digital data source such as a range camera. Simply put, a 3D printer is an industrial robot with extruders of different types attached to it, depositing materials under a precise computer program.

The layer-upon-layer process used in 3D printing is often characterized as “additive manufacturing,” contrasting it to the traditional fabrication methods known as “subtractive manufacturing.” Starting with a solid block, subtractive manufacturing involves removal of extraneous pieces through various milling processes using lathe machines, drills, or saws.

3D printing technology is especially important for rapid prototyping – construction of

an illustrative and functional sample of a desired object. It is also used increasingly in large-scale production due to its potential for cost-saving, precision, and timelier delivery. However, the main strength of additive manufacturing is the fact that it allows a design-driven manufacturing process.

Instead of the manufacturing process determining the design, 3D printing enables the design and manufacturing of highly complex structures that are light, stable, and robust. This high degree of design freedom leads to more optimizations and allows for the integration of additional functional features. Furthermore, manufacturing in small batch sizes can be done at more reasonable costs, and product customization can be achieved even within serial production.

Already today, there are numerous application areas for 3D printers, including the medical field, nanostructures, and microelectronics. Combining a variety of processes such as extrusion, fusion, lamination, and deposition, the material(s) that make up the designed object are positioned layer after layer. For example, with 3D bioprinting we can generate spatially controlled cell patterns that preserve cell function and viability. Imagine a bioprinter that re-constructs a bone or a tissue in patient's body.

Many believe that in time the production line assembly that has been the backbone of manufacturing in the past century will become obsolete and 3D printing will create a third Industrial Revolution. Such a belief is not too farfetched, considering that we already have the ability to send a CAD model of any product to a 3D printing facility and it will be built using the material that we have specified. Even better, if you have a 3D printer at home, next time when a part breaks down, instead of running to your local hardware store, just find the part's specifications from the Internet and print it at home.

(Forouzan Golshani has led the CSULB College of Engineering as its dean since 2007. An IEEE Fellow, he holds a dozen U.S. and international patents, is the founder of three successful companies, and has authored more than 200 articles. He's a former advisor to the Costa Rica Minister of Science and a member of California Assembly's Aerospace Advisory Council.)

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Stuart A. Ashman
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HealthWise

America's Most Common Birth Defect



By **SHAUN SETTY, M.D.**

Each year approximately 40,000 babies are born in the United States with a congenital heart defect, and twice as many children die from congenital heart defects than from all forms of childhood cancers combined.

Congenital heart disease is a defect or malformation of blood vessels or the heart structure that occurs during fetal development before birth. Depending on the defect, symptoms can appear right away, or may not present themselves until later on in life. The defects can range from a simple “hole” between two heart chambers, abnormal heart valve development, abnormal connections between veins/arteries and the heart, to missing heart chambers, and more. Many congenital heart defects can require surgery by pediatric congenital heart surgeons to correct the defect and prevent problems in the future. Some examples of types of defects include:

- Atrial Septal Defect (ASD)**
ASD is a defect (ie: “hole in the heart”) in the wall that separates the left and right atriums. The hole allows blood to overload the right side of the heart and places an undue stress on it.
- Atrioventricular Septal Defects (AVSD)**
Commonly seen in patients with the genetic syndrome, Trisomy 21 or Down Syndrome, this defect includes the abnormal development of the inside of the heart including holes in the heart and improper development of heart valves.
- Anomalous Left Coronary Artery from the Pulmonary Artery (ALCAPA)**

ALCAPA is a congenital heart defect where the left coronary artery stems from the pulmonary artery rather than the aorta. The low oxygen content and pressure of this system causes the left heart to weaken and valves to improperly function.

Transposition of the Great Arteries
This congenital heart defect is when the pulmonary artery and the aorta are switched so that the aorta stems from the right side of the heart and the pulmonary artery from the left side of the heart. In this condition, the blood is pumped in parallel circulations and is life threatening at birth without additional maneuvers to temporize the situation till surgery can be completed.

Ventricular Septal Defect (VSD)
VSD is a hole in the wall between the heart's right and left ventricles. The size of the hole may vary between patients and may cause symptoms dependent on the amount of blood flowing through it.

Signs & Symptoms on Congenital Heart Defects
The wide variety of congenital heart defects can affect the ability of the heart to perform well. Some of the common signs and symptoms to be aware of include: bluish color to lips, tongue or nailbeds; increased rate of breathing; difficulty breathing; difficulty feeding or poor appetite; weight loss or failure to gain weight; heart murmur; sweating; and decreased pulses in the lower extremities


Although congenital heart disease is generally associated with children, advances in surgical treatment means most babies who would have once died of congenital heart disease now survive well into adulthood. Many defects have to be monitored over a lifetime

When a congenital heart defect is found in a teenager or adult, they still require the expertise of a congenital cardiac surgeon to correct the defect. Surgeons specializing in congenital heart defects can care for any person with a congenital heart defect at any age.

(Shaun Setty, M.D., is the medical director of the Pediatric Heart Center at Miller Children's & Women's Hospital Long Beach.)

Effective Leadership

5 Ways To Overcome Your Fears



By **MICK UKLEJA**

We are living in a political atmosphere where fear is exploited and we are the target. Fear mongering is an easy tool for manipulative purposes. Do not fall to its antics.

Understand that fear is a fact. It impacts all leaders – great and small. If you are in business or working for an organization there are plenty of opportunities to allow fear to control you, or at least make you miserable. I'm not referring to the phobias that people have or the adrenaline that explodes through our body when our safety is suddenly threatened. The first needs clinical help, and the second recedes as the danger passes.

I'm talking about those fears that keep you stuck in some area of your life.

We might regret the past, but we don't fear it. The present isn't what we fear either. What we are anxious about

and fear is the future. And since it hasn't arrived, it is not real. It's also true that most of the things we fear will not come to pass.

We all fear shark attacks even though they are extremely rare. And here's my point: most dangers we feel are disproportionately relevant to our lives.

When fear persists, it distorts our ability to make decisions. It impacts our relationships, our health, our work, and our spirituality. In short, it prevents us from experiencing the “good life.” We can forget about our strengths, brilliance, and resilience.

Do you fear failure, rejection, going broke, living alone? Who hasn't had these fear-filled thoughts at some point? The problem is when they are isolated, amplified, and take control. When that happens, you have bought into the illusion. The side effects are a speeding heart and sleepless nights.

Here are five ways to overcome your fears and take back control.


1. Be specific about your fears. Is it fear of loss, failure, risk, change, or even success? Hiding them gives them energy. Bring them out into the light of day and you decrease their power. By identifying them you begin to take back control. Rather than being haunted by them you are now dealing with them.

2. Change your perception. Listen to the stories you tell yourself about your intelligence and strengths. Your self-worth is just that – worth you ascribe to yourself. You can expect the best or the worst, so why not expect the best. Habits take work. So you'll need to

Third Sector Report

Community Organizations: A No-Fail Recipe For Success?

(Continued From Page 1)



By **JEFFREY WILCOX**

funds and life support: the back pockets of their fans offered up at times when no financial institution would ever qualify them for lines of credit or financing.

Throughout history, there are five elements that have proven themselves as essential ingredients in the no-fail recipe for a thriving community organization. The first is its ability to prove its effectiveness or impact. Eventually, every organization must provide convincing evidence, rather than conjecture, that its work is creating a measurable difference for its stakeholders. There are more than a handful of organizations that have found out the hard way that doing something nice isn't the same as doing something meaningful.

When charitable and public dollars or member dues are a stake, demonstrating economic savvy is required. Proving efficiencies and balancing overhead costs that are appropriate for the work being done against the impact that is being sought, requires a careful minding of the store. A second ingredient is never giving lip service about how efficient and resilient an organization is at all times. A dashboard is the best way to keep a transparent watch on the road to either thriving or dying.

Evolving with the community is the third essential ingredient. Resting on the laurels of a glorious past does not paint a rosy picture for the future. Making sure the organization is contemporary is a constant responsibility, and an expensive game of catch-up when ignored. Involving new generations of people, embracing technol-

ogy whenever feasible, employing new best practices, striving to pay good people at market, and knowing the trends that are shaping their stakeholders are ways for any organization to not only stay in the game, but remain at the top of their game.

An organization's equity is founded in its base of support. If an organization looks more like a closely held, family-run business controlled by a tight inner circle, the chances of building adequate equity from the masses to assure its future is pretty slim. The fourth ingredient in the no-fail recipe for success is continually finding ways to engage and involve more people in the cause. Successful organizations measure growth in terms of both available human and financial capital to fulfill the mission.

The final ingredient is the secret one. It's the one factor that has closed the doors on more churches, clubs, neighborhood programs, and associations than all the others ingredients combined: the amount of respectful cooperation occurring throughout the organization. When the malignancy of disrespect for others is compounded with passive-aggressive behaviors, different camps emerge under the same tent, and the agenda turns to satisfying internal concerns rather than external responsibilities, a one-way ticket to implosion is in the making. It's the one ingredient that no amount of bailout money can ever turn around.

There's no claim that a no-fail recipe exists for successful community organizations. However, history has taught us that unless effectiveness, economic savvy, evolution, community equity and respectful cooperation are a part of an organization's leadership recipe, there is little chance of ever unleashing the incredible potential that lies within it for making a difference for us all

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

focus what you want. Your thinking will snowball in the direction you choose.

3. Applaud the success of your friends. Thoughts of envy and negativity toward others are energy vampires. (Facebook users, beware). Be happy for people who get what you want. Their victories have nothing to do with yours. Negative projections diffuse the focus you need to create your own victories.

4. Create space for gratitude. What's going on in your life that you appreciate? Fill your mind with that. Be grateful for the love you give and receive. Stop to acknowledge your strengths, determination, accomplishments, and uniqueness. By doing this you build a positive image, and that's much closer to reality than your fears.

5. Get comfortable with the uncomfortable. We all have a built-in system that makes change difficult. These boundaries can be described as our “comfort zone.”

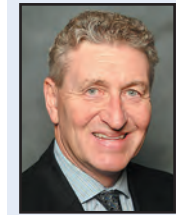
Sometimes our fears are simply our natural tendency to stay in our comfort zones. It keeps us stuck. The greater the change, the greater the intensity of resistance.

Doing the thing we thought we couldn't do awakens the warrior in each of us.

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

Realty Views

Builders See Rise In Housing Demand



By TERRY ROSS

Despite the overall economic chaos that has been the trademark of Wall Street early in 2016, those who make a living in building, renting and selling housing are seeing strong signs of steady improvement this year and are gearing their businesses accordingly.

First of all, single-family housing construction is predicted to increase by 18 percent this year to 840,000 units – up from 711,000 units in 2015. This is on the heels of a 14.5 percent increase in new home sales last year, which was the highest level since 2007 – just before the start of the Great Recession. In fact, sales rose in December by almost 11 percent over November to a seasonally adjusted rate of 544,000 units. Sales increased in all four regions of the country in December. The Midwest, West, Northeast and South all posted respective gains of 31.6 percent, 21 percent, 20.8 percent and 0.4 percent.

Using the 2000-2003 period as a healthy benchmark when single-family starts averaged 1.34 million units on an annual basis, the ongoing housing recovery will see single-family starts steadily climb from 55 percent of normal production at the end of the third quarter of 2015 all the way up to 87 percent of normal by the end of 2017. In the multi-family sector, the National Association of Home Builders (NAHB) predicts that building starts will be up 5 percent to 417,000 units this year – up from 397,000 in 2015.

“There are a number of positive indicators that provide solid evidence this will be a good year for housing and the economy,” said NAHB Chief Economist David Crowe. “Relatively low interest rates and an improving economy are motivating buyers to make a new-home purchase. Builders are upping their inventory in response to heightened consumer interest. Housing inventory is now at its highest level since October 2009.”

Private sector job growth has been averaging 240,000 jobs per

month over the past two years. GDP growth is expected to climb slightly above last year’s level, and consumer confidence is nearly back to its pre-recession peak, Crowe added.

Higher rates of household formation and pent-up demand are two additional factors for the optimism in the housing sector. Labor market conditions, a key driver of housing demand, are strong in many metropolitan statistical areas – supporting faster household formations and boosting local housing activity through rising incomes.

With the unemployment rate declining in 90 percent of the metro areas over the past year, housing fundamentals are the strongest in over a decade, according to David Berson, chief economist at Nationwide Insurance. This is a trend supported by the labor market, demographics and consumer preference to own. However, Berson noted, many areas with strong ties to energy exploration and production in states including Louisiana, Texas, Wyoming and South Dakota are expected to see limited housing expansion in the near term, as low oil prices are reducing employment.

The mortgage equation in all of this is a mixed bag. Rates are currently very low given historical levels – running at or below 4 percent. On the other hand, underwriting is much tighter than 15-20 years ago – but is expected to loosen somewhat in the coming months and years.

According to Frank Nothaft, the chief economist at CoreLogic, rates will go up gradually over the year one quarter to one half percent higher than they currently are, and sales should enjoy a 4 to 5 percent increase overall and 13 percent for new homes. The South and West look to be the growth leaders in housing this year because of the growth in households, population and demand in these areas, he added. Nothaft predicted that home prices will reach the previous 2006 peak by mid-2017.

For builders there will be increased challenges to developing and building homes in the current environment, including the cost and availability of developed lots, building material prices, labor, federal environmental regulations and policies that are making it more expensive and difficult to build.

Overall, however, it looks like builders are pretty optimistic and are planning accordingly when it comes to increasing production in anticipation of the increased demand.

(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.)

Small Business Dollars & Sense

Run A Year-Round Business In A Seasonal Market



By BEN ALVARADO

Whether your small business specializes in landscaping, air conditioning, bicycles, taxes, or a myriad of other areas, chances are you experience a seasonal market. Running a seasonal business calls for a high degree of financial flexibility. Here are some tips for success:

Build A 12-Month Budget

Planning is the key to making a seasonal business thrive financially. Even if you earn most of your revenue in just a few months, consider your income and expenses over a full 12-month period because expenses continue year-round even if you scale back your operations in the off-season.

- For the minimum budget your business needs for the year, add up all your fixed costs such as rent, loan payments, utilities and year-round payroll.
- Factor in variable costs such as inventory, supplies, and seasonal staff.

- Establish a business savings account to help cover ongoing costs and unexpected expenses.
- Think about how you pay yourself. In a startup or smaller business you may not draw a salary, but you should plan ahead for paying personal expenses year-round.

If your peak revenue doesn’t match expectations, adjust the expense side wherever possible. And if you take in more than you expect, consider making investments in the business, building up the savings account, or both.

Ramp Up Your Down Time

“There is no off-season” is the rule today for athletes who want to perform their best. That maxim holds true for many businesses as well. Some business owners find new ways to expand their products and services to appeal to customers beyond high season. For example, a landscaping company might provide holiday decorating services in December.

Chances are, however, that you will still face a drop in income at some point on the calendar. When the revenue falls off, a line of credit can help you cover your expenses and keep your finances in order. Depending on your financial partner, you may even be able to link a line of credit directly to your business checking account and online banking – so you’ll have easy access to your funds at any time.

Keep In Touch

Perhaps the single most important thing you can do in the off-season is to stay in touch with your customers. To help sustain customer relationships year-round, many business owners send thank-you messages, special offers, and other regular contact by mail or electronically. Others launch promotions such as off-season or early-bird discounts. Whatever tactic you choose, make every communication a welcome one by offering something of real interest or value.

Protect Your Investment

While the demand for products and services may vary throughout the year, risk is a constant. Take advantage of some down time to make sure your business is protected from business-related risks. If you haven’t yet done so, talk to your banker or business insurance planner about the risks inherent in your business and learn how to set up a business property and liability plan.

By keeping your perspective during the peak season and making the most of the off season, you can even out some of the financial bumps, and groom your business for a smoother ride year-round.

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

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