

THIRD SECTOR REPORT

Volunteers: The Golden Egg Of Essential Capital For Nonprofits

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

There's one word that has been associated with the nonprofit sector from the very beginning that takes on a wide range of reactions today whenever it is uttered. Indeed, "volunteers" are the backbone of a sector that is often called, "The Voluntary Sector."

For virtually every organization in our community, their humble beginnings were the result of a voluntary effort. At the time, human capital was the only form of tender within their grasp to get something off the ground to help others.

The nonprofit sector is the only player in the American economy that includes paid and unpaid people as part of their labor pool. In December, the Corporation for National and Community Service reported that 62.8 million adults volunteered their time in 2014. Their combined efforts summed to nearly 8 billion hours of offered goodwill. Had these individuals been on the payrolls of the nonprofits that they served, their labors of love would have amounted to \$184 billion.

The math, while impressive, still only represents about a quarter of the country involved

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Digesting The Long Beach Sales Tax Measure

We've Grilled The Police Chief, The Fire Chief And The Public Works Director To Help You Decide

The sales tax measure on the June 7 ballot may come down to a single word: trust. Do voters trust the nine city councilmembers – the only people who get to vote on how taxpayer money is spent – to take the estimated \$384 million that the measure generates over a 10-year period and spend it exclusively on public safety and infrastructure needs? It's a legitimate question.

Mayor Robert Garcia has stated that he would veto any effort to spend money on items other than for public safety or infrastructure. Many people trust him. But, because of the city's district election system, most voters do not know eight of the nine councilmembers who decide on issues impacting the day-to-day lives of every resident and every business owner. Heck, as evidenced by the low voter turnout, residents may not know their own district representative. This lack of engagement with councilmembers presents trust issues, as does the fact that many councilmembers are

"I've been clear since day one about where these funds will be spent – fixing our roads, streets, public infrastructure, and maintaining and enhancing our police and fire departments. I am confident the council agrees. Any other expenditures would be vetoed."

Long Beach Mayor Robert Garcia

beholden to unions, whose members are openly saying they're looking for pay raises.

Even without the trust issue, many people are questioning the need for the tax. Why do we need more police officers, firefighters or equipment? Is our infrastructure really that bad or is it a way to hide salary increases? Why is relocating fire stations necessary? These, too, are legitimate questions.

So the Business Journal staff sought out more information to understand the issues and the impacts to quality of life for Long Beach residents. We learned, from lengthy interviews with city staff, that money is indeed necessary to improve public safety and to repair the city. As you'll read in this edition, violent and property crime is up significantly. The response time to a fire or medical emergency is considerably below national standards. The longer we wait to repair our streets, sidewalks, alleys, bridges, etc., the less safe and the more expensive they become.

Voters have two questions they need to ask themselves. One, if the measure fails, what then? The needs do not go away. Two, what type of city do they want to live in?

Before making up your mind to support the tax or not, we encourage you to read the articles below and examine the tables and charts presented on Pages 24-31. ■

– Publisher George Economides

As Crime Continues To Increase, Chief Luna Talks About Where We Were, Where We Are And Where We Need To Be

■ By **SAMANTHA MEHLINGER**
Senior Writer

Crime is increasing, and it's increasing at a rate that Long Beach Police Chief Robert Luna is not comfortable with, to say the least. To combat the surge of crime, Luna told the Business Journal he needs more resources – additional officers to make up for the cuts his department sustained during the Great Recession.

The department lost 351 budgeted positions since 2007, about 200 of which were sworn police officers, according to Luna. The remainder was civilian positions.

In 2015, violent crime increased 18.8 percent over 2014, Luna said. Property crime increased 15.4 percent. The current crime rate is still low in terms of historical averages, Luna noted, but the double-digit increase that occurred in just a year is cause for concern. "In 31 years in law enforcement, I've never seen this

(Please Continue To Page 24)

About The Sales Tax Measure

The tax measure has two components. First, it raises the city's sales tax from its current level of 9% to 10% for the first six years, effective January 1, 2017. During each of the subsequent four years the rate drops from 10% to 9.5%. This is known as Measure A, which ends after 10 years. The second component, Measure B, requests that 1% of the additional sales tax money raised is set aside as a "rainy day fund." Measure A is expected to generate about \$48 million a year during the first six years and \$24 million the following four years. That equals about \$384 million. (Figuring in the increasing cost of taxable purchases due to inflation, the total revenue should exceed \$400 million.) Measure A also includes – as first suggested by the Business Journal – a citizens oversight committee to monitor how the money is spent. We had suggested an 11-member committee; the city council approved a five-member advisory group. Annual audits of expenditures are also to be conducted. For more information or to read the ballot arguments, please visit: www.long-beach.gov/cityclerk/elections/ballot-measure-information/

Fire Chief DuRee Says Calls For Service Increasing; Response Times Not Meeting National Standards

■ By **GEORGE ECONOMIDES**
Publisher

According to fire professionals locally and across the country, every minute that passes, a fire doubles in size. Response time is therefore crucial to saving lives and property.

In Long Beach, the fire department's response time increased significantly over a 10-year period and, according to the department's "2015 Year-End Statistics" report, was meeting national standards on less than half of its calls for service. For example, in 2005, 72.8 percent of emergency calls were within the standards set by the Na-

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Craig Beck, Director Of The Public Works Department, Discusses City's Infrastructure Needs And Mandates

■ By **GEORGE ECONOMIDES**
Publisher

Craig Beck, the newly appointed director of public works for the City of Long Beach, and Sean Crumby, deputy director and city engineer, visited the Long Beach Business Journal office

Spending The First \$150 Million See Pages 30-31

to answer questions about infrastructure needs. One question focused on technology and innovation, which has a price tag of \$70.6 million for "critical infrastructure related to technological advancement, public safety, disaster recovery and ongoing cyber security needs."

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REAL ESTATE QUARTERLY

Coldwell Banker Coastal Alliance Owner/CEO Phil Jones Reflects On Career And Advocacy For Homeowners

■ By **SAMANTHA MEHLINGER**
Staff Writer

After serving as a military police officer in the Vietnam War, Phil Jones went home to Sacramento, where he declined the recruitment overtures of the local police force in lieu of a career in real estate, an industry his father was in and encouraged him to pursue. He received his real estate license in 1968, his

(Please Continue To Page 12)



Phil Jones, owner and CEO of Coldwell Banker Coastal Alliance, is highly active in state and national real estate organizations as an advocate for homeowner rights, which he said are under constant threat. (Photograph by the Business Journal's Larry Duncan)

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July 31

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New Entity Formed To Oversee Project To Restore Los Cerritos Wetlands, Consolidate Oil Drilling

■ By **SEAN BELK**
Staff Writer

Synergy Oil and Gas, LLC has formed a new entity called Beach Oil Minerals Partners, LLC that will be responsible for overseeing a proposal by the oil operator to restore portions of the Los Cerritos Wetlands and relocate oil drilling to a consolidated location, according to a statement released by Synergy.

John McKeown, CEO of Synergy, said in

a statement that forming the new entity allows for a “much-needed infusion of capital and resources” necessary to ensure the success of the project and sustained preservation of the wetlands. The project will require city, state and federal approvals as well as an environmental impact report (EIR).

Synergy, which has acquired wetlands property and mineral rights from the Bixby Land Company, plans to establish a “wetlands mitigation bank” that would allow the oil operator to receive credits for restoring

several acres of wetlands. The credits would then be sold to developers interested in pursuing development in the area.

The project also involves relocating Synergy’s oil drilling infrastructure in the wetlands to a seven-acre site owned by Lyon Housing at 6701 E. Pacific Coast Hwy, known as the “Pumpkin Patch,” where Synergy also plans to relocate its executive offices and headquarters.

Oil drilling will also be relocated to an adjacent site owned by the Los Cerritos Wetlands Authority (LCWA), a governmental entity formed in 2006 for purposes of wetlands preservation in an agreement between the California State Coastal Conservancy, the Rivers and Mountains Conservancy and the cities of Long Beach and Seal Beach.

This will consolidate oil operations to approximately 10 acres using new oil drilling technology from the current 178 acres, according to Synergy, which adds that the project will remove approximately 95 percent of the above-ground pipeline immediately, with the remaining 5 percent of pipeline removed over time, while half of the existing oil wells will be removed within 20 years, with the remaining to be removed over 40 years.

“We will be utilizing new technology that is cleaner, safer and more efficient than the older technology currently in use on site,” McKeown said. “The new wells increase the time of extraction and will be located in a well cellar, below grade and unseen to

passersby, unlike the ‘horse heads’ currently bobbing up and down now.”

According to the statement from Synergy, the project includes restoring 154 acres of wetlands within the currently activity oil field and conveying the property to the LCWA for the ongoing stewardship and management of the property.

The oil operator states, “Tidal exchange will be re-established through methodical grading and re-contouring of mostly disturbed uplands and un-vegetated mudflats. These areas will be planted with a variety of coastal salt marsh species, thereby increasing the overall ecological function of this portion of the Los Cerritos Wetlands.”

Synergy also states that the project includes repurposing the current Bixby Ranch office building into an on-site visitor’s center, and establishing a designated trail around the perimeter of the property for passive recreational uses. ■

City Building Code To Require More EV Charging Stations In New Construction

■ By **SEAN BELK**
Staff Writer

The Long Beach City Council at its meeting on May 3 unanimously approved moving forward with recommendations to update the city’s building code to require electric vehicle

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EV Charging Stations

(Continued From Page 4)

(EV) charging stations in new construction that would exceed state standards.

Under Assembly Bill (AB) 1236, which was approved by the state legislature last year, the state's building code already requires that new development incorporate EV plug-in charging stations based on a percentage of parking relative to the size of development. The City of Long Beach, however, is expected to propose an ordinance that would increase the minimum requirements.

In March, the Long Beach Sustainable City Commission, which was tasked with coming up with ways to expand EV infrastructure throughout the city, provided three broad policy recommendations for the city council to consider.

Those recommendations include: creating an EV Charging Station Task Force (EVCS) to proactively look for opportunities to expand EV charging stations at city-owned facilities for use by residents, visitors and city employees; streamlining permitting processes using recommendations from AB 1236; and increasing requirements for the number of spaces "EV Ready," with electrical panel capacity and electrical conduit connecting to a parking space and that enables easy installation of wiring and charging equipment, while in some cases requiring that a minimum number of spaces have electric vehicle supply equipment (EVSE) installed and ready for use, according to a city staff report.

The sustainable city commission recommends that new single-family residential

buildings have at least one EV Ready parking space for each residential unit. New multi-family residential buildings must have at least one EV Ready parking space for each residential unit, with 25 percent of guest parking spaces EV Ready, among which at least 5 percent of all guest parking spaces have EVSE installed.

For new non-residential development, the commission recommends at least 25 percent of parking spaces be EV Ready, among which at least 5 percent of total parking spaces have EVSE installed.

For new hotels, the commission recommends that at least 30 percent of parking spaces be EV Ready, among which at least 10 percent of total parking spaces have EVSE installed.

According to city staff, a study by the City of Palo Alto has estimated that such new building code requirements will raise the cost of construction of a new development by less than 1 percent.

City staff stated during the city council meeting that there are a total of 107 EV charging stations throughout the city, some of which are at city facilities, residences and auto dealerships.

The new EV charging station requirements will be implemented as part of the city's update to its Title 18 building code, expected to be adopted by January 2017.

In related news, Mercedes Benz USA is donating 350 high speed EV charging stations to the City of Long Beach. City staff is expected to develop a program to distribute the charging stations free of charge through a lottery system that will be subject to review and approval by the city attorney. ■



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NFIB Survey Shows Small Business Employment Weakens

BizFed Poll For L.A. County
Shows Hiring Slowdown

The National Federation of Independent Business (NFIB) reported in early May that small business owners are having trouble finding qualified workers to hire. At about the same time, a Los Angeles County Business Federation (BizFed) survey indicated employers are "more guarded" about their future hiring.

"For the first four months of 2016 job creation has been stagnant," said NFIB Chief Economist William Dunkelberg. "Month after month we see no strong direction in our jobs report. This month hiring activities increased, but apparently applicants are not qualified for the open positions."

NFIB's April Jobs Report is based on the NFIB monthly Small Business Economic Trends survey. The survey was conducted in April and reflects the response of 1644 small businesses. The full Small Business Economic Trends report will be released on Tuesday, May 10th.

NFIB/CA State Executive Director Tom Scott added, "This is troubling news for small businesses especially here in California. Facing a shortage of qualified workers,

small businesses will see labor costs increase, further adding to the cost of doing business in this state."

The average employment change during the month of April decreased to an average loss of 0.08 workers per firm. Twelve percent reported increasing employment an average 2.2 workers per firm while 13 percent reported reducing employment an average of 3.5 workers per firm. Up 5 points, 53 percent of owners reported hiring or trying to hire. Of those trying to hire, 87 percent reported few or no qualified applicants for the positions that they were trying to fill. Twelve percent of owners cited the difficulty of finding qualified workers as their Single Most Important Problem, a high reading for this recovery. Twenty-nine percent of all owners reported job openings that they could not fill in the current period, which is up 4 points. A seasonally adjusted net 11 percent plan to create new jobs, up 2 points from March.

"For several months, owners have been reporting that finding qualified workers is the third 'Single Most Important Business Problem' behind taxes and government regulations and red tape," Dunkelberg continued. "Small business owners want to hire and that is clear from our data, but they're scrambling to find applicants to fill open positions."

NFIB has 350,000 dues-paying members nationally, with more than 22,000 in California.

The BizFed annual survey released May 3 said that about two-thirds of respondents (64 percent) expect business conditions will be either significantly or slightly better than 2015, but fewer than half (41 percent) plan to hire this year, and an additional 41 percent of respondents anticipated "no significant change" in employment outlook for 2016.

"These findings suggest that growth in our local economy over the last few years has buoyed the spirits of local employers," said Tracy Hernandez, founding CEO, BizFed, said in a press statement. "However, it appears general optimism isn't translating evenly into hiring people. Rather, employers are choosing a more cost certain investment in technology and equipment."

The statement also said that 28 percent of respondents indicated that an increase in the state minimum wage would force them to reduce employees and/or employee hours; forty-six percent said it would have "no impact." However, the majority of surveys, according to BizFed, were collected before Gov. Jerry Brown signed Senate Bill 3 into law on April 4, 2016. The new law increases California's \$10-an-hour minimum wage incrementally, reaching \$15 in 2022, after which it will continue to rise each year by up to 3.5 percent to account for inflation. Twelve percent of employers are planning layoffs this year, compared to about 11 percent in 2015.

Employers reported that their top five business concerns were taxes and fees, transportation, government regulation and compliance, education, and public infrastructure. "Significant year over year movement came from employers wanting better education options, access to affordable housing and efficient transportation in order to feel confident in hiring here in Southern California," said Gilbert Ivey, chair, BizFed. ■

— From Staff Reports

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Task Force Begins Brainstorming To Guide Future Development Of Queen Mary Property

■ By **SEAN BELK**
Staff Writer

The 12-member Queen Mary Land Development Task Force at its meeting on April 26 began brainstorming concepts that will ultimately help guide future development of about 43 acres of property surrounding the Queen Mary.

The process, led by Los Angeles architect Gwynne Pugh of Santa Monica-based Gwynne Pugh Urban Studio, involved task force members teaming up into small groups to identify preferred alternatives for the potential development.

While some groups considered residential as a possible option, others discounted the idea. Most task force members, however, agreed that there would need to be a public transportation option more frequent than the existing water taxi service while also considering a proposal for an aerial tram.

The task force is scheduled to further discuss the ideas and concepts for the Queen Mary property at its next meeting on May 18. At meetings in June, the task force is expected to refine potential concepts and conduct a community outreach meeting to gain more public participation before finalizing recommendations for city council approval.

On April 19, Los Angeles-based real estate investment and development firm Urban Commons announced that it officially took over as the Queen Mary’s master leaseholder

in a new 66-year lease agreement, with plans to create a “bustling retail, dining and entertainment district surrounding the Queen Mary for locals and tourists alike, while infusing contemporary influences on board the ship to return the Queen to her glory days.”

Development of the 45 acres surrounding the Queen Mary is expected to cost more than \$250 million, according to Urban Commons representatives, who add that the company plans to invest approximately \$10 million to \$15 million in renovations to the ship to be debuted in mid-2017. While plans are still preliminary, the operator is considering adding a Ferris wheel, a new entertainment venue and possibly a boutique hotel and new marina development. ■

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Tredway Lumsdaine & Doyle LLP, with offices in Long Beach, Irvine, Downey and Beverly Hills, has rebranded itself “to enhance its corporate identity” and is now known as TLD Law. According to a statement from the firm, “This simpler name reflects our evolution as a next-generation concierge law firm, and celebrates a distinguished 55-year history of providing cutting-edge legal counsel.” The firm debuted TLD Law PLUS, an on-call program for business. For more information, visit: www.tldlaw.com. ■



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City Council Tonight, May 10: Billboard Regulations, Urban Agriculture, Frontier Communications Impacts

■ By **SEAN BELK**
Staff Writer

At tonight's (May 10) Long Beach City Council meeting, councilmembers will consider amending billboard regulations, exploring the feasibility of implementing a new incentive program for urban agriculture and the impacts of Frontier's recent acquisition of Verizon, among other items.

At its previous meeting on May 3, the city council conducted a public hearing on proposed amendments to the city's billboard regulations, including the use of Caltrans-issued credits for billboards proposed to be constructed near certain landscaped freeway segments, according to city staff.

The city council adopted the amendments while also requesting that the city attorney prepare a further amendment that would raise the allowable height of a new billboard from 40 feet to 50 feet above the nearest freeway lane. The city council will consider adopting the proposed amendment, which would apply to new freeway-oriented billboards, whether electronic or non-electronic.

The city council will also consider whether to request that city staff explore the feasibility of implementing an urban agriculture incentive zones program through the County of Los Angeles and report back within 60 days.

The state passed legislation in 2013 that allows cities and counties to give tax breaks to property owners who allow their vacant properties of less than 3 acres to be used as community gardens or urban farms with a five-year commitment. The Los Angeles County Board of Supervisors on April 5 voted to implement an Urban Agriculture Incentive Zones Ordinance and Program, allowing cities in the county to participate in the program by adopting a resolution, according to city staff.

The incentive program would go along with the city's own urban agriculture policies, including the "healthy communities policy," a policy adopted in 2014 that encourages the use of temporary vacant and/or open space for urban agriculture, and zoning changes passed last year to ease rules governing chickens, goats and bees at homes. City staff states that both initiatives reflect the city's emphasis on "sustainability and encouraging healthy lifestyles."

In addition, the city council is expected to receive and file a report on issues related to the recent transfer of assets from Verizon to Frontier Communications, including: issues with the city's network; communications with the California Public Utilities Commission and Frontier Communications; and how residents and business owners can register and resolve complaints about service. ■



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Ground is being readied for a 220-unit apartment complex at 245 W. Broadway on the site of a former state office building, across from Long Beach City Hall. Plans for the project, called “Parc Broadway,” include ground floor retail. The project design is by Long Beach-based Studio One Eleven (Photograph by the Business Journal’s Larry Duncan; rendering by Studio One Eleven)

Demand Continues To Outpace Supply In Long Beach Residential And Industrial Real Estate; Office And Retail Markets Improving

■ By **SAMANTHA MEHLINGER**
Senior Writer

As the economy continues to improve, more households are being created, which is increasing demand for single-family and multi-family housing. High demand and low supply in both of these markets are driving up sales prices of single-family detached homes and condos, and rental rates for apartments, according to local real estate agents. Construction to alleviate the high demand/low supply dynamic is taking place in the form of new apartment buildings in Downtown Long Beach.

The commercial real estate markets – industrial, office and retail – are all experiencing increases in demand for space, according to local real estate professionals. The Long Beach industrial market faces extreme supply shortages, while office and retail space is more plentiful as those markets continue their long recovery from the Great Recession.

The inventory of single-family homes in Los Angeles County is about 3.6 months – meaning all homes currently for sale would sell within that time period, given the level of demand – according to Robert Kleinhenz, economist and director of research for Beacon Economics. Local Long Beach real estate professionals estimate Long Beach’s inventory of single-family homes is little more than 1 month.

“Normal [inventory] by long-term standards is 6.5 to 7 months,” Kleinhenz pointed out. “We probably have a permanently lower supply of homes in recent years compared to the past because the transactions are somewhat different today due to technology,” he said. “There’s been a real change in the dynamics of real estate markets in the last 10 years to the extent that both people in the industry and their clients – the buyers and the sellers – are all relying more heavily on the web and obtaining information in real time.”

High demand and low supply caused sales prices of single-family homes in the county to increase by 15.3 percent between

March of 2015 and the same month this year, according to Kleinhenz. That number might be somewhat inflated if more condos, which are typically priced lower than homes, sold last year than this year or if more higher-end properties are selling this year, he noted. Even so, he called the increase “robust,” noting that the median price of single-family homes in Los Angeles County increased 5.7 percent in the same time period.

New household formation, in part driven by millennials striking out on their own, should continue driving demand for single-family housing as well as apartments for the next several years, Kleinhenz said.

Local multi-family specialists put the occupancy rate of Long Beach apartment buildings at about 98 percent. With such high occupancy and strong demand for apartments, rents have been on the rise. “Rents have gone up by rather large margins over the last few years,” Kleinhenz said.

While home prices are high, interest rates are low at around 3.75 percent to 4 percent, making monthly payments for single-family homes relatively affordable as rents rise. “For many people, the pure calculation might suggest that buying a home is a more economical way to live, but one of the impediments to that is that you’ve got to come up with a down payment, and that seems to be a challenge,” Kleinhenz said.

For this reason, despite rising rental rates, many people are still choosing to rent, leading Kleinhenz to believe rental rates should continue to climb.

“Homeownership is at its lowest in something like 40 years,” Kleinhenz noted. “It’s pretty close to rock bottom, and it will probably head up this year or next. All of that points to the long shadow of the Great Recession still hanging over our heads in many ways.”

High demand is driving an increase in construction permits for new housing units, primarily in the form of apartment buildings, according to Kleinhenz. “These last few years we’ve seen more of an increase

in multi-family construction than single-family construction in Los Angeles County, but even so, that is like a drop in the bucket compared to the demand for multi-family housing,” he said.

The most recently completed new apartment building in Downtown Long Beach is The Current, a 223-unit luxury complex at the corner of Ocean Boulevard and Alami-



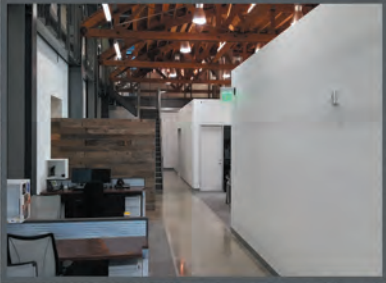

tos Avenue. The project by Anderson Pacific, LLC and Ledcor Properties includes a planned adjacent 35-story apartment building. (See story in this edition.)

There are many new multi-family buildings planned or underway in downtown, including: Parc Broadway, a 220-unit building at 245 W. Broadway; Oceanaire, a

(Please Continue To Page 12)

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Real Estate Overview

(Continued From Page 11)

216-unit complex at 150 W. Ocean Blvd.; two projects by Ensemble Investments totaling 207 units at 442 W. Ocean Blvd. and 207 Seaside Way; a 21-story, 142-unit building at 635 Pine Ave. by KTG Architects; and several others. In all, projects both planned and underway represent an increase of nearly 2,000 residential units in the area.

Some of these projects involve converting aging office buildings, such as the former Verizon building at 200 W. Ocean Blvd. and the Ocean Center building at 110 W. Ocean

Blvd., into apartments. This trend is in part contributing to the declining vacancy rate of office space in Long Beach, which is now 17 percent, according to Cushman & Wakefield's latest office market report on the city. During the past two years, it had typically been closer to 20 percent.

Increases in employment in health care, finance and professional industries such as technology are driving demand for office space and contributing to a lower vacancy rate, according to Kleinhenz. In the South Bay office market as a whole, which includes Long Beach, rental rates for office space rose 8 percent year-over-year in the

first quarter, according to CBRE, Inc. figures, Kleinhenz said.

"This is an economy that is exhibiting very slow but steady improvement, so there's not a lot to write home about in terms of dramatic changes taking place," Kleinhenz said of the slowly improving office market. "It means that we're not encountering instability in the economy, and that means we can stay on the present path for quite some time."

Part of the reason vacancy rates for office space have been slower to improve than other real estate sectors is that trends in office configuration have changed in re-

cent years. "Office workers don't need as much space as they used to need because all of the equipment they use has shrunk, and there are more people who don't need to have an office or are not needing to use it all the time," Kleinhenz said. "And there are trends toward open office configurations." New creative office buildings following this trend are planned at Douglas Park in East Long Beach.

Industry trends in the retail sector are also impacting real estate to a degree. Internet sales are increasingly eating into brick-and-mortar profits. "A bigger and bigger share of total retail activity is shift-

Phil Jones

(Continued From Page 11)

broker's license in 1970, and eventually became the owner of a Sacramento residential real estate firm. He moved to Long Beach in 1989 and, after leading various firms, in 2000 he co-founded what has now become, by his estimation, one of the top two residential real estate firms in Long Beach.

"Since 2010, we've either been the No. 1 or No. 2 Coldwell Banker affiliate office in the State of California," Jones, owner and CEO of Coldwell Banker Coastal Alliance, told the Business Journal. The firm has consistently earned this recognition based on its annual revenues, he noted. "It's really a testimony to our associates. They are very professional, productive sales associates. I'm very proud of them."



Phil Jones, owner and CEO of Coldwell Banker Coastal Alliance, said that Long Beach is becoming increasingly recognized as a desirable place to live, work and play. His business, focused on single-family real estate, is consistently rated among the top Coldwell Banker firms in California. (Photograph by the Business Journal's Larry Duncan)

Coldwell Banker Coastal Alliance has a staff of 130 agents, a figure Jones said the firm maintains by hiring new recruits as agents retire. He noted that the firm has a scholarship program for military veterans. "We handle the initial cost of getting into the business: licensing school and exam fees. We pick that up for the veterans," he said.

Thanks to online access to the Multiple Listing Service database of properties for sale, the firm has been able to expand its reach well beyond the borders of Long Beach. "Our sales associates sell from the desert to North San Diego County," Jones noted. "We cover quite a large area." In particular, Coastal Alliance has "a very strong market share in the upscale market," Jones said.

In his career, Jones has seen many real estate cycles and changes to the residential market. But no time was more challenging than the market fallout caused by the subprime mortgage crisis and ensuing Great Recession.

"The biggest downturn of course was the one we've just gone through," Jones said. "It created hardships for just about everybody in society, and our industry was near ground zero," he recalled. "That was the single most difficult time in the business. Our business has recovered to a degree, but we have not recovered fully yet, and it's been nine years."

Jones counts among his greatest successes not only co-founding and leading one of the top Coldwell Banker firms in California, but even more so, his work advocating for homeowners' rights through state and national real estate organizations.

Jones is a director on the boards for the National Association of Realtors (NAR) and the California Association of Realtors (CAR), and also serves on the latter's executive committee. Locally, he is on the executive committee of the Pacific West Association of Realtors. He is also a member of the Realtors Political Action Committee's hall of fame. These groups are often referred to as "organized real estate," he noted.

"I think the biggest accomplishment that organized real estate has is we are the single voice for homeowners and their rights – private property rights," Jones said. "We're protecting them from point-of-sale mandates, parcel taxes, [and] costs that would add to the costs of home ownership."

Jones's interview with the Business Journal took place between advocacy trips – he had just returned from Sacra-

mento, where he visited with state legislators, and was preparing to leave for Washington, D.C., to do the same at the federal level.

"What makes the California Association of Realtors and the National Association of Realtors so effective is we're bipartisan. Our issues are not politicized," Jones said. "We are a very powerful special interest group because of the size of our membership," he noted. CAR has about 186,000 members, and NAR has about 1.2 million, he added.

The groups' advocacy efforts have resulted in positive outcomes for homeowners. For example, "In 2012, the California Association of Realtors was successful in defeating point-of-sale mandates that would have added approximately \$30,000 to the cost of selling a home," Jones said.

But "there are constant threats," Jones said. For example, some legislators are seeking to challenge Proposition 13, a 1978 amendment to the state's constitution that limited property taxes, according to Jones. "Proposition 13 saves Californians millions of dollars collectively, but it will be under attack," he said.

While the residential real estate market has improved steadily since the recession, with homes in Long Beach having regained most of their value, some factors are constraining the market from growing as it should be, according to Jones. "The Dodd-Frank bill that was passed in 2010 has been particularly onerous, and responsible for a great deal of the fact that the housing market hasn't had a robust recovery," he said.

The Dodd-Frank Wall Street Reform and Consumer Protection Act established regulatory reforms for the financial services industry. It also created the Consumer Financial Protection Bureau (CFPB), a federal organization formed to protect consumer rights.

Jones said the CFPB has little oversight, is very powerful and has been responsible for creating barriers for homeowners and potential buyers. "They have caused significant additional costs in the lending arena," he said. "And they are reducing competition because only the big banks and big lenders will survive, simply because the smaller organizations cannot afford the cost of compliance."

Jones continued, "It is the pinnacle of government intervention and regulation, and it has been very damaging to the marketplace as a whole. They do it under the guise of consumer protection. It is ludicrous to see how much dis-

closure and additional time is added to producing a process that the consumer does not benefit from at all." He added, "Our efforts to at least bring some sanity to it were essentially ignored."

In general, the regulatory environment surrounding residential real estate at both the state and federal government are creating barriers to market growth and housing affordability, according to Jones. In the fourth quarter of 2015, 30 percent of Californians could afford to buy a median-priced home, while nationwide, 58 percent of the population was able to do so. In Los Angeles, just 27 percent of residents could afford to purchase a median-priced home.

Housing affordability is low in California in part because of state regulations related to home building, according to Jones. "We need to be creating 300,000 new housing units a year, and we're not even coming close because of the difficulty in California in getting new developments and buildings approved."

While Jones said he understands concerns about the environment, as a special interest group, environmentalists often "deter the quality of life for the protection of a few." Environmental initiatives and restrictions add to the cost of creating new housing, in turn impacting inventory of available homes and affordability, he explained.

The mixed-use project originally proposed for the corner of 2nd Street and Pacific Coast Highway – where the aging SeaPort Marina Hotel is located – is one example of a project that was scrapped due to environmentalists' concerns, Jones pointed out. The project would have improved the corner with retail, residences, a hotel and more. The Long Beach City Council voted down the project due to concerns from environmentalists, he said, and the project has since been revised to exclude residences and a hotel. It is still awaiting approval as the city continues a lengthy process to revise its building standards for the area.

"If you saw the renderings [for the project], it was a beautiful development that would have created over 2,000 jobs and generated over \$22.4 million in tax revenue for Long Beach," Jones said. "People don't understand how environmentalists, and the unions, really deter the quality of life for the protection of a few."

Despite challenges to affordability and a constant onslaught on proposed new regulations impacting housing, the outlook for Long Beach's residential market is stable for the near future, by Jones' estimation.

"I think it's going to be a pretty stable market. Interest rates are historically low still," he said. A shortage of inventory in the area is still impacting people in that sellers aren't able to find a replacement property to move to, which is putting pressure on home prices, he noted. "That may be the norm for at least another year, minimum."

Long Beach is becoming increasingly attractive to those in the real estate industry, as well as visitors and potential residents, according to Jones. "With all the new development that's going on, particularly around the Pike and downtown, they are overly impressed – blown away, quite honestly," he said. "That is a similar sentiment of people who are relocating to Long Beach and taking tours with our agents," he continued. "I think we're on an upward trajectory in terms of the impression our city makes on people." ■

ing online,” Kleinhenz said. “Look at what’s happening with the sporting goods industry. We’ve got Sports Chalet that just closed, and Sports Authority just declared bankruptcy and they’re closing their stores. So traditional brick-and-mortar retail has been under siege for many years and is only going to continue and may intensify in the years to come.”

That said, there are positive indicators overall for consumer spending and the retail industry. “Consumer spending at the national level has increased nicely over the last few quarters, around 3 percent or so,” Kleinhenz said. He added that increases in wages should occur in 2016 and 2017, which will likely translate to increased activity in retail trade as well as the related dining and drinking aspect of the leisure and hospitality sector.

Slight job gains of just less than 1 percent in retail and of 2.6 percent in leisure and hospitality should support the retail real estate market in the area, Kleinhenz noted.

Local agents estimate that the overall vacancy rate of retail space in Long Beach is about 10 percent and is in the single-digits in highly desirable corridors like Belmont Shore. Sales activity for shop space is increasing, and rents are expected to increase by 1 to 3 percent this year, according to real estate professionals from Coldwell Banker Commercial BLAIR WESTMAC and INCO Commercial.

There are two major shopping centers planned in the city, including a 250,000-square-foot project by Newport Beach developer Burnham USA Equities, Inc. at Douglas Park on the southwest corner of Carson Street and Lakewood Boulevard. A long-planned project to develop the southwest corner of 2nd Street and Pacific Coast Highway is also closer to moving forward as the city finishes up revising planning guidelines for the area.

The Outlets at the Pike in Downtown Long Beach, a revamp of the former Pike at Rainbow Harbor completed last year, has added tenants and has remaining space available. Also in downtown, the City Place shopping center recently began a multi-year revitalization process meant to attract new tenants and beautify the area.

The Long Beach industrial real estate market is experiencing the most extreme dynamics among local commercial markets, with a vacancy rate of around 1 percent. Demand for industrial space in the area, driven by port activity and job gains in related sectors, is very high, and supply is not nearly enough to meet demand, according to local commercial agents.

“Both in L.A. County and Long Beach, because of the markets being as tight as they are, rents have been increasing by an average of 8 percent year over year,” Kleinhenz said.

While transportation and warehousing sectors grew employment by 1.4 percent in L.A. County year over year, Long Beach paced ahead, increasing jobs in those sectors by 3.6 percent, Kleinhenz noted. These jobs are indicators of growth in industrial real estate-using industries, and contribute to demand for space. “Manufacturing jobs also put pressure on that and, by our count, Long Beach manufacturing jobs rose 1.6 percent year over year from March to March,” Kleinhenz said.

Industrial space is also in demand among some industries that in years past typically

took up office space but are now seeking creative spaces with open environments, such as warehouses, to house their businesses, Kleinhenz pointed out.

Sares-Regis continues to be the driver of industrial real estate construction in Long Beach. The Irvine-based firm just recently broke ground on Pacific Pointe East, an expansion of Douglas Park with three new corporate headquarters-type buildings planned for the site. The company also has plans to develop Pacific Pointe Northwest, a project planned off of Carson Street with more industrial buildings, in the future.

Overall, the economy is in a place that should support all the real estate markets, by Kleinhenz’s estimation. He reflected, “You’re looking at a fundamentally good picture for the local economy that should in turn support continued improvement in the real estate markets.” ■

Entry-Level Single-Family Homes In High Demand, Short Supply In Long Beach

■ By **SAMANTHA MEHLINGER**
Senior Writer

An extreme lack of inventory of single-family homes for sale in Long Beach, coupled with high demand for entry-level and mid-priced properties, is resulting in bidding wars and is driving up sales prices, according to local real estate agents. Meanwhile, high-end homes are selling at a slower rate. Professionals interviewed by the Business Journal said they expect these trends to continue at least throughout 2016.

“The biggest problem we’re having right now is that there is no inventory,” Mary

Ann Edwards, office manager and agent with Re/Max College Park Realty, told the Business Journal. “And the number of buyers hasn’t decreased.”

Geoff McIntosh, president-elect of the California Association of Realtors and owner of Long Beach’s Main Street Realtors, estimated that the current inventory of single-family homes in Long Beach is about 1.8 months. In other words, it would only take about 1.8 months for all listed homes in Long Beach to sell. The historical long-run average is about 6 months of inventory.

McIntosh and Edwards both noted that

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Justin Potier, broker associate for Boardwalk Properties, said that properties in the Los Altos area, like this one at 2194 San Vicente Ave., are highly desirable among first time homebuyers. The two-bedroom, one bath property is listed for \$539,000. (Photograph by the Business Journal's Larry Duncan)

Residential Real Estate

(Continued From Page 13)

entry-level homes are currently highest in demand. “Anything [priced] under \$500,000, it’s gone. It sells fairly quickly,” Edwards said. “We don’t have single family residences [listed] under \$450,000 anymore, in any part of the city.” An exception might be small two-bedroom homes in North Long Beach, but three-bedroom homes at that price point simply aren’t around any more, she added.

The median selling price of homes in Long Beach is currently about \$586,000, according to McIntosh.

While the Los Altos neighborhood is “really hot” at the moment, McIntosh said that

no single neighborhood in Long Beach is outpacing the others in terms of demand. “There is so little inventory that pretty much anything in that start price range is good,” he explained.

“There’s a lack of inventory, and properties that are priced correctly are moving very quickly, typically with multiple offers, and are going over asking price,” Justin Potier, broker associate for Bixby Knolls-based Boardwalk Properties, said. “Homes under \$625,000 or \$700,000 are flying off the market.”

The dynamic of low supply and high demand continues to drive up sales prices for homes in Long Beach. For example, a two-bedroom, 890-square-foot property in Los Altos that Potier recently listed on the mar-

ket just went into escrow for \$532,500. “It was purchased in September of 2013 for \$370,000,” he noted.

“In contrast, if you look at your higher-end market, that one seems to be a little bit slower,” Potier observed. “Homes that are \$900,000 and above are sitting longer.”

McIntosh said that, while homes priced above \$800,000 aren’t selling as quickly as they were in previous months, the high-end market between \$800,000 and \$1.4 million is “still pretty robust.” However, the closer homes are to \$2 million in price, the longer they sit on the market.

Potier said that higher-end homes are usually purchased by second-time homebuyers moving into more expensive properties. “Typically you’re looking at somebody maybe in an executive position, or a business owner,” he said. “We’re in an election year, so they’re probably waiting to see how that unfolds and how that might impact their business outlook moving into the next four years. Coupled with that, they’re just being a little more discerning and cautious about where they’re spending their money.”

The condominium market is facing similar constraints to the market for single-family detached homes, with about 2.2 months of inventory in Long Beach, according to McIntosh. In March, the median sales price of condos in Long Beach was \$312,000, he said.

The low inventory constraint on the market is in part because construction of new residential units has not kept up with demand, McIntosh explained. “In the State of California we have been underbuilding at about 100,000 units per year for more than 10 years, so we have a real housing shortage,” he said. “The problem really is a local government issue more than anything else. Everybody agrees we need more housing; most people just don’t want it in their community because they’re already impacted in various ways.”

Perhaps what’s needed is an attitude shift, McIntosh suggested. “I would hope that as a population, not just in Long Beach but any place, that we would start to reevaluate density and adapt to the new reality, especially in coastal communities, that we need to forgo some of the luxuries that we’ve enjoyed with our large lots and single-family residences and opt for more compact living,” he said. “It’s not only good for real estate values and bringing prices down to a more affordable level, but it’s much better in terms of ecology and the impact on the environment.” ■

Buyers Gaining Some Leverage As Multi-Family Market Begins Stabilizing

■ By **SAMANTHA MEHLINGER**
Senior Writer

After years of low inventory and high demand driving up prices for multi-family properties in Long Beach, sellers are finally starting to see some pushback from buyers as high sales prices reduce potential for sizeable return on investment, according to local real estate agents.

In the past few years, Long Beach multi-family property owners would price their properties slightly higher than comparable properties that had recently sold due to upward momentum in the market, according to Steve Bogoyevac, first vice president of multi-family investments for the local office of Marcus & Millichap. “Now I’m starting to see buyers pushing back a bit on those higher prices,” he said.

“You aren’t seeing it today, because these are deals that are in the works,” Bogoyevac noted. “You’re going to notice it in the comps [price comparisons] a couple of months from now when things have closed,” he added.

“Don’t get me wrong – you take the right property to market at the right price, and there’s still massive amounts of interest and offers and people fighting for the deal,” Bogoyevac said. For example, he just closed a deal on a multi-family property on Ocean Boulevard that had six offers. The chosen buyer paid cash and closed in 17 days. “It’s not every deal that I see pushback, but I feel it in certain deals here and there more than before.”

Eric Christopher, an INCO Commercial senior associate specializing in the multi-family market, said demand to buy apartment buildings in Long Beach is still very high, particularly for higher-quality properties.

“The demand is still huge,” Bogoyevac said. “It comes down to the lack of inventory, and the cost of debt is inexpensive.” He noted that investing in hard assets like multi-family real estate is a hedge against inflation as opposed to investments in the stock market.

While the inventory of available properties increased by 20 to 25 percent from the last quarter, inventory is still very low, Christopher noted. “We’re seeing more inventory, but we’re still below where we averaged over our five to seven-year period where there would be, say, 65 to 110 buildings on the market at one time,” he said.

As of May 3, there were 47 five-unit-plus buildings on the market, according to Bogoyevac.

Christopher said sellers may be more willing to put their properties on the market because the Federal Reserve hasn’t raised interest rates by much, leaving the door open to a high-demand market among buyers seeking to take advantage of low rates while they still can.

Lower-quality buildings – typically those built before the 1980s that are in less desir-

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The Grupe Company Teams Up With Coldwell Banker Commercial BLAIR WESTMAC On Apartment Investments In Long Beach

■ By **SEAN BELK**
Staff Writer

Seeing opportunities for gainful return on investment in a prosperous real estate market, Stockton-based The Grupe Company has teamed up with Coldwell Banker Commercial BLAIR WESTMAC to buy, rehab and sell apartment buildings in Long Beach.

After flipping hundreds of single-family homes in foreclosure in Southern California after the recession, The Grupe Company, which has 50 years of experience developing, buying and selling commercial and residential real estate mostly in Northern California, started buying apartment complexes in the area nearly three years ago, as changing demographics and market conditions have made multi-family residential property a prime real estate investment.

The Grupe Company, which has offices in Costa Mesa, continues to see multiple offers on apartment buildings in Long Beach from investors, mostly from outside of the area, looking for repositioned, turnkey properties as rents continue to rise, Chad Van Alstine, assistant vice president at The Grupe Company, told the Business Journal.

“We see so many apartments [in Long Beach] that are just underutilized and see so much value there,” he said, noting that the real estate development and investment firm considers Long Beach as “undervalued” and one of the leading Southern California cities, such as Orange and South Pasadena, that are “slowly changing” with ongoing capital improvements, continued job growth and a rising population of young people.

Van Alstine, who grew up in Long Beach, said The Grupe Company has so far completed six sales transactions of apartment buildings in Long Beach. The goal, he said, is to buy multi-family residential properties, many of which haven’t been upgraded in decades, make investments, such as upgrading kitchens, adding onsite laundry amenities or creating small yard space for pets, and then eventually selling to investors.

The Grupe Company’s first transaction in Long Beach, Van Alstine said, was completed about two years ago and comprised a small apartment building on 4th Street in the Retro Row business district. After re-converting a portion of the property from office space back to residential, the property was quickly leased up, he said.

Real estate brokers with Coldwell Banker Commercial BLAIR WESTMAC of Long Beach have been able to assist The Grupe Company with marketing and finding potential buyers and sellers of apartment assets throughout the city.

“[Coldwell Banker Commercial BLAIR WESTMAC] has been able to help us market, find deals in these assets and really understand our model,” Van Alstine said. “We’ve been able to turn [apartment buildings], and they’ve been able to find buyers that want that turn-key property.”

Many of the recently upgraded properties have attracted a new demographic of



Representatives of The Grupe Company and Coldwell Banker Commercial BLAIR WESTMAC are seen in front of an apartment building at 1347 E. 3rd St. in Long Beach that is for sale. Pictured bottom row from left are: Cameron Jacques, associate for Coldwell Banker Commercial; Suzanna Willingham, asset manager/designer for The Grupe Company and Austin Carr, associate for Coldwell Banker Commercial. Pictured top row from left are: Chad Van Alstine, assistant vice president at The Grupe Company; Steve Warshauer, vice president of Coldwell Banker Commercial; William Larsen, acquisition analyst/manager for The Grupe Company; and George Bustamante, vice president of Coldwell Banker Commercial. (Photograph by the Business Journal’s Larry Duncan)



Photographs show the kitchen of an apartment unit at 1347 E. 3rd St. in Long Beach before and after The Grupe Company made renovations to the unit. The Grupe Company and Coldwell Banker Commercial BLAIR WESTMAC have teamed up to buy, rehab and sell such apartment units throughout Long Beach as changing demographics and market conditions have made multifamily residential property a prime investment. (Grupe Company photographs)

renters who are mostly female, have pets and are willing to pay a little bit more in rent for better amenities, he said. Most of the apartment stock in Long Beach was first built in the 1930s and 1940s, and apartment owners have put just the “bare minimum” into renovations, Van Alstine said, adding that Grupe is targeting these properties where there is opportunity for high return on investment.

In a “seller’s market” for multi-family properties, demand remains high while inventory of properties for sale is low, said George Bustamante, vice president of Coldwell Banker Commercial BLAIR WESTMAC, and who specializes in multi-family investments and retail leases in Long Beach.

Although Long Beach has a large stock of apartment buildings, there are actually few properties for sale, he said, adding that many property owners are in no hurry to sell and, if they do, are able to get premium price even without upgrades. Brokers are often searching for potential sales of multi-family properties that have yet to hit the market.

“Inventory for sale is very tight,” said Bustamante, who works with Coldwell Banker Commercial BLAIR WESTMAC Vice President Steve Warshauer and associates Cameron Jacques and Austin Carr on deals with The Grupe Company. “There has to be enough of the spread and interest from the seller to make the deal . . . We spend a lot of time reaching out to owners who don’t have it on the market yet.”

Investors are able to get a higher return on investment on apartment buildings in Long Beach, where capitalization rates or “cap rates” (the ratio of net operating income to property asset value) on apartment buildings are 4.5 to 5 percent, about double the percentage for multi-family properties in neighboring cities in Orange County and San Bernardino, he said.

“The returns are really good here,” Bustamante said. “Long Beach is still a very good value relative to Pasadena, the South Bay, San Gabriel Valley, Newport Beach, Huntington Beach, Costa Mesa or anything in Orange County. Our investors are getting a better return and they’re finally recognizing it.”

Jacques, who specializes in multifamily residential properties, agreed, saying, “You’ll pay more up there for the building and pay less here and get a better return.”

Nationally, the No. 1 product for real estate sales continues to be apartment buildings, he said, adding that multi-family residential property sales for the past couple of years have been leading all real estate sectors. He said multi-family residential real estate is also an attractive investment since it provides smooth long-term yield curves.

Bustamante said demand for multi-family housing in Long Beach and elsewhere will remain steady at least for the next two to three years as younger age groups enter employment and move out on their own.

Looking toward the future, Van Alstine said The Grupe Company is considering the possibility of holding on to more apartments rather than selling. In addition, he said the company is looking into providing more housing for U.S. veterans in Long Beach as well while possibly investing in boutique hotels or commercial spaces throughout the city. ■

Multi-Family

(Continued From Page 14)

able neighborhoods and in some degree of rough condition – may have reached the top of their price point, by Christopher’s estimation. These are riskier investments because they require more maintenance, so the revenue stream-to-debt ratio may not be attractive if prices go any higher, he explained.

“On higher-class assets, you’ll see the prices edge up nominally, although we are really getting to the top of feasibility,” Christopher said. Higher quality assets, which include newer construction in highly desirable locations like Belmont Shore, are approaching a 3 percent capitalization rate. This means that a buyer of such a property would only net about 3 percent more revenue than what they’re paying for the property.

The vacancy rate of apartments in Long Beach is at about 2.7 percent, which Bogoyevac said is very low. “Even with a lot of the new developments coming on board, we don’t really see that changing,” he said, referring to several new apartment projects in Downtown Long Beach. “There is a lot of household formation and there’s not enough rental places to go around.”

As a result of high demand to rent and a high occupancy rate, rents are increasing. “Right now, rents are going up and vacancy is going down,” Bogoyevac said.

“You can assume for the rest of this year, 2017 and probably 2018, there will be upward pressure on rents,” Christopher said. “We’ve got a good employment environment, we have households being created, but the barriers to entry for homeownership

are still very strong. And we have a housing shortage,” he explained. “So, in my mind, you’re going to be in a rising rent environment for the next few years almost for sure.”

Landlords are likely to raise rents 10 to 15 percent a year, unless their units are currently priced below market, in which case increases may be more aggressive, according to Christopher. ■

Despite More Big Box Store Closures, Demand For Retail Space Strong

■ By **SEAN BELK**
Staff Writer

Although closures of all stores by sporting goods giants Sports Chalet and Sports Authority will leave two large vacancies on the market in Long Beach, leases and sales of retail space, particularly for small startups and restaurants, are expected to stay strong this year, according to real estate brokers interviewed by the Business Journal.

Over the past few quarters, leasing activity for retail spaces about 1,500 to 3,000 square feet in size, typically referred to as “shop space,” has been “vibrant,” while anything above 10,000 square feet is tougher to fill, said Brian Russell, vice

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Justin Silver, development project manager for Ledcor Properties, left, and Ryan Altoon, executive vice president of Anderson Pacific, LLC, recently gave the Business Journal a tour of their firms’ new apartment building in Downtown Long Beach, The Current. This rooftop deck includes a pool overlooking the Villa Riviera, views of the ocean, a barbecue area overlooking Ocean Boulevard and the Queen Mary in the distance, and a wine terrace with a view of downtown’s skyline. (Photograph by the Business Journal’s Larry Duncan)

A Look Inside Long Beach’s Newest Residential High Rise, The Current

■ By **SAMANTHA MEHLINGER**
Senior Writer

The first residents of Long Beach’s newest apartment high-rise, The Current, have started moving in. The 223-unit, 17-story luxury high-rise by co-developers Anderson Pacific, LLC and Ledcor Properties is designed to appeal to young professionals and retirees, and during a tour of the building executives from both companies told the Business Journal that’s exactly who the building is attracting.

The tour began not on the ground floor, but at the 17th floor indoor/outdoor community living space – dubbed Altitude 155 for its height above sea level – a reflection of the vibe of the building itself and the type of living it promotes. Residents enter through a hallway into an indoor lounge area with a bar, eating areas, and a living space complete with a large flat screen TV. Glass doors open all the way, allowing the space to flow seamlessly onto a deck with a pool that has the iconic Villa Riviera as a backdrop, barbecues with views of the convention center and Queen Mary, and a terrace overlooking the downtown skyline.

“There are two markets we’re going after: young professionals and empty nesters. We are seeing both of those markets attracted to the space,” Ryan Altoon, executive vice president of Anderson Pacific, said.

“People love that hotel feel with a residential twist,” Jason Silver, development project manager for Ledcor Properties, chimed in. “We’ve gotten huge positive feedback on that.”

“It’s more of a holistic approach to urban living,” Altoon said as the tour continued on to the fourth floor Fire Sky Lounge, another outdoor communal area. “I think it helps distinguish the property too. Most places it’s more about going inside [the building], and you go to your room and that’s it. This is more about a communal atmosphere.” The fourth floor lounge includes a fire pit, a bar area, and plentiful lounge space with views of the ocean and surrounding downtown area. Both the Fire Sky Lounge and Altitude 155 are available to rent for private events on occasion, Altoon noted.

The building’s design capitalizes on Long Beach’s



This parking lot outside The Current, Downtown Long Beach’s newest apartment high rise, will soon become the site of a second luxury apartment building, 35 stories in height. An executive with the development team said his goal is to break ground within a year. (Photograph by the Business Journal’s Larry Duncan)



The Current’s luxury apartment units are designed to appeal to young professionals and empty nesters, according to the building’s developers. Each unit features quartz countertops, stainless steel appliances and vinyl wood panel style floors. This one-bedroom unit is located on the 7th floor on the southeast side of the building. Some units feature lighter cabinetry. (Photograph by the Business Journal’s Larry Duncan)



The 17th floor of The Current in Downtown Long Beach features an indoor/outdoor entertainment and lounging space dubbed “Altitude 155,” which denotes its height above sea level. The space includes an indoor area with a TV, seating and eating areas, which opens onto a rooftop deck complete with a barbecue area, a terrace and a pool. (Photograph by the Business Journal’s Larry Duncan)

weather with these indoor/outdoor lifestyle amenities, as well as balconies, terraces and patios for its apartments. Units on the 4th, 16th and 17th floor all feature patios that are slightly larger than their indoor living room, measuring 30 feet by 10 feet – “an extension of your living space outside,” as Altoon put it.

The Current is also designed to appeal to pet owners. “Long Beach is a really pet-friendly city. We’re trying to embrace that,” Altoon said. The building includes an automated pet washing system on its second floor parking deck that includes multiple options for washing and drying dogs. “A large percentage of people who live in a high rise have pets: up to 70 percent sometimes. So we’re really trying to accommodate for that,” he explained.

The building’s units, which range in size from studios to two-bedrooms and penthouses on the top floor, feature vinyl plank flooring, quartz countertops, Spanish tile in the kitchens and bathrooms, and all stainless-steel General Electric appliances. Some units have a particularly urban feel, with concrete cylindrical columns running floor to ceiling through the living space.

Billed as “luxury” living, the rental rates live up to that verbiage: prices start at about \$2,200 for a studio to around \$6,000 for a penthouse, according to Silver.

Residents and the community alike are meant to benefit from the project, which includes activated ground floor space in the form of retail, and amenities such as a communal kitchen and fitness room.

“We’re not looking for just anybody to go into our retail spaces. We’re looking for really good synergy to serve the tenants of the building, but also of the neighborhood. That’s very important,” Silver said. The developers have secured one tenant so far, which cannot yet be announced. However, the two gave a hint. It’s “the morning blend type,” Altoon said, to which Silver added, “And also an evening blend.”

The developers plan to break ground on a 35-story apartment high-rise adjacent to The Current within a year. Altoon said that building, which will feature 221 units, will have a more slender, modern design. “It’s less concrete, more glass. . . . The unit sizes are a little bit larger than this, so it’s catering to a slightly different market. Imagine this but at an elevated level,” he explained.

The two buildings are to be connected at the ground floor with a plaza. “We took careful consideration to ensure that the edges of the property were always activated,” Altoon said. “So you always have a perpetual level of activation and eyes on the street and people who are there to activate the plaza, to make it a safe and inviting environment and to act as a counterpart to the next tower.”

The entire two-building project, dubbed Shoreline Gateway, is planned to the U.S. Green Building Council’s LEED Neighborhood Design parameters. Altoon and Silver expected a LEED Silver designation to be given to The Current shortly. “I think it’s the first LEED residential tower in the entire city of Long Beach,” Altoon said.

About 80 percent of the construction materials used for The Current were recycled, Silver said. The building also features thick insulation to reduce the need for heating and cooling. Each apartment’s cooling system brings in air from outside and circulates it indoors, Silver added. “It pulls air in, so you’re getting fresh air from outside,” he said. One electric vehicle charger is provided for guests and retail patrons, while residents have access to eight charging stations.

“It’s the last unobstructed view of the ocean in all of Downtown Long Beach. It is the gateway to downtown,” Altoon said of what made the site of Shoreline Gateway at 707 E. Ocean Blvd. so attractive for development. “It’s the most heavily trafficked intersection in the city with over 70,000 cars passing the site twice a day.” ■

Retail

(Continued From Page 17)

president of Coldwell Banker Commercial BLAIR WESTMAC. New entrepreneurs are breaking into the market and taking advantage of low interest rates in an improving economy, he said.

“Entrepreneurs are finding fairly cost-effective money, because, for whatever reason, they’ve got savings and they’re following their dreams,” Russell said. “They feel that a lot of things are lined up for them to be successful and it’s a very empowering thing.”

Doug Shea, president of INCO Commercial, said sales of retail property in Long Beach has also been strong following upward momentum seen in all commercial real estate sectors, including office and industrial, noting that a driving force has been low interest rates.

Zoning changes enacted by the city council last year have helped draw craft breweries to the city, he said, noting that a new craft brew location to be called Long Beach Brewery is slated to open on Pine Avenue in Downtown Long Beach, not far from where Beer Belly of Koreatown in Los Angeles is expected to open on Long Beach Boulevard.

“I think it’s still pretty hot,” Shea said. “If there’s a listing, it will be sold before you know it even in the retail realm . . . People will buy right now. Interest rates are still fantastic and they need to remain fantastic for the economy to stay where it’s at.”

In addition, the rise of private investment in commercial real estate property in Long Beach from nontraditional sources such as the Wall Street bond market and life insurance companies is a sign the local economy

is moving in a positive direction, he said.

“The fundamentals must be good or they wouldn’t be in this market,” Russell said. “So I think that’s a wonderful tribute to the marketplace we have now.”

According to a report by Irvine-based CoStar Group, Inc., the general retail submarket in Downtown Long Beach had a vacancy rate of 3.8 percent in the first quarter of 2016 while the Long Beach Suburban market for retail had a vacancy rate of 3.5 percent. Citywide, Long Beach’s overall vacancy rate for retail space is at about 10 to 11 percent, Russell said.

For Los Angeles County as a whole, the vacancy rate was 4.5 percent for the first quarter, with a positive net absorption of 683,466 square feet, down a fraction from a 4.6 percent in the fourth quarter last year, the report states.

CoStar statistics provided by Coldwell Banker Commercial BLAIR WESTMAC show there were 22 sales and 43 lease transactions of retail property in Long Beach in the first quarter this year, with an overwhelming majority below 10,000 square feet.

For the foreseeable future, vacancies of retail property in Long Beach will be absorbed with more occupancy filling the market this year, Russell said. However, he added that Sport Chalet’s two-story store at the Long Beach Towne Center and Sports Authority’s store at the Marina Pacifica Mall, both about 20,000 square feet in size, will be tough vacancies to fill.

The closures highlight the “vulnerability” of big-box retailers in a tough business climate where large retailers are competing not only against other brick-and-mortar rivals but also growing online stores, such as



Doug Shea, president of INCO Commercial of Long Beach, is seen at his office at 6621 E. Pacific Coast Hwy. He said sales of retail property in the city is expected to stay strong this year as demand for space continues to grow while interest rates remain low. (Photograph by the Business Journal’s Larry Duncan)

Amazon.com, that are able to offer cheaper products, he said.

Remaining sporting goods retailers will likely become stronger as a result of the closures, Russell said, noting that the same situation occurred in the home electronics industry, with only Best Buy left standing. He said a good fit for the empty spaces in Long Beach would be a furniture store.

Shea said he sees Pennsylvania-based Dick’s Sporting Goods or Minneapolis-based Play It Again Sports, which both have locations in nearby Los Alamitos, gaining traction and taking over shuttered stores. He said the closures had more to do with lack of customer service than online competition, adding that there is still a need for brick-and-mortar sporting goods retail shops.

Grocery stores, meanwhile, are also in flux. For instance, Haggen, a Northwest food & pharmacy chain, closed its doors in Long Beach shortly after opening on Spring Street, while Fresh & Easy left five spaces empty after closing all locations last year. Emeryville-based Grocery Outlet

Bargain Market, which opened a location on Spring Street in February, plans to fill at least two vacancies left by Fresh & Easy in Long Beach, Russell said.

Vacant retail space continues to fill up in Bixby Knolls as well. A large space at a shopping center at Atlantic Avenue and 45th Street formerly occupied by Orchard Supply Hardware, for instance, is being divided into two spaces for retail tenants, one of them being Smart & Final.

Russell said rental rates for retail properties are expected to remain “stable” for the rest of the year. He added, however, that there may be some possibility for slight increases of 1 percent to 3 percent, barring any new federal tax measures or interest rate hikes.

“I think rents will continue to be stable and maybe make some incremental upward movement but not a lot,” Russell said. At the same time, he said there is still enough vacancy on the market for tenants to receive concessions from landlords.

Russell added that, despite upward mo-

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Retail

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mentum, increasing the retail sales tax in Long Beach by 1 percent, as proposed by city officials in a ballot measure for the June 7 election, to pay for infrastructure and public safety, would be a step backwards as customers may choose to make large purchases of durable goods elsewhere to save money.

He said retail space in Long Beach is still “competitively priced” compared to nearby coastal cities, but if the tax hike is passed that may change.

“The calculus is that Long Beach needs the revenue and there’s enough upward momentum in retail to tolerate that, but I’m not so certain,” Russell said. “Overwhelmingly, I think it is positive, but there are some significant downsides.”

Shea said rental rates for retail real estate are expected to increase slightly this year as vacancy rates continue to decline. However, he said in some places, such as on 2nd Street in Belmont Shore, rates have already peaked and will likely remain stable.

“At some point, landlords are going to have to realize they can’t continue to raise

rates and have a retailer or restaurateur make any money themselves,” Shea said. “They just can’t afford it.”

As for new development, major retail projects in Long Beach are planned along the coast and near office and industrial businesses, catering to professionals in the local workforce.

The most notable retail development moving forward is planned for Douglas Park adjacent to Long Beach Airport. About 250,000 square feet of retail is planned for a currently vacant lot at the corner of Carson Street and Lakewood Boulevard.

Newport Beach-based developer Burnham USA Equities, Inc., which purchased the land from Sares-Regis Group (SRG) last year, plans to build an “airport-themed” retail development, which is currently in the planning phase, at the site and is seeking possible tenants, according to Larry Lukanish, senior vice president for SRG.

He confirmed with the Business Journal that the project is moving forward and is expected to break ground by the end of the year, while construction of a new 241-room hotel proposed by Nexus Development at the site is expected to begin in July. ■

From The Ground Up: General Contractor Mike Brascia, Who Started Amid The Recession, Continues To Thrive

■ By **SEAN BELK**
Staff Writer

When Mike Brascia is presented with a problem, he doesn’t see failure; he sees opportunity.

Whether it’s in the everyday operation of running his general contracting business, finding work in his field or staying involved in the community, Brascia has molded his life and career around overcoming adversities and seeking chances for prosperity.

Starting his own business as a general contractor in the middle of the recession wasn’t easy, he said. Especially after moving to Southern California with his wife and three daughters in 2009 from Las Vegas, the city that had been home for more than a decade. But Brascia and his wife did start the business, and he often had to take on several jobs himself, becoming his own architect and estimator at times.

“It was challenging,” Brascia said. “Within two weeks of me getting down here, I had my first job in an economy where there was no work . . . General contractors were shutting their doors down. I didn’t let that stop me. I just kept moving forward.”

Making it through the economic downturn has paid off, as his company, Brascia Builders, Inc., now employs 25 people, has done work for major hospitals and universities throughout Southern California and has completed corporate office tenant improvements for Live Nation Entertainment in Los Angeles and Fenty Corp., the brand of famous R&B singer Rihanna.

After first operating out of the City of Monrovia, Brascia moved his business to Long Beach about three and a half years ago, lured to the city by its close proximity and easy access to many areas of Los Angeles and Orange counties. Located next to well-known and longtime pub Joe Jost’s in the East Anaheim Street business improvement district, Brascia Builders today focuses primarily on projects in the health care, hospitality and commercial sectors, he said.

As a design/build contractor, Brascia learned early on about the importance of establishing a reputation through word-of-mouth and exceeding a client’s expectations.



Mike Brascia is the owner of Brascia Builders, Inc., located at 2801 E. Anaheim St. in Long Beach, and a member of the East Anaheim Street Business Alliance. (Photograph by the Business Journal’s Larry Duncan)

His first job involved an office remodel project in Huntington Beach in which a building inspector required a building permit. To remedy the situation, he quickly drew up plans himself to obtain the permit, and finished the job on time. His ultimate reward has been that the client has given him additional projects.

“You can never be afraid to go to work,” he said. “I put my boots on every morning, whether they’re the shiny black ones or the dusty ones to walk the job sites. I’m prepared for whatever is thrown at me every day. You can’t be too big to get ready and get dirty.”

Brascia, who today subcontracts out work with local architects and engineers, said his prior experience working for Kaiser Permanente, after moving up the ranks into management in the building and construction trades in his early 20s, also helped him develop relationships with clients, providing opportunities in the health care industry, which now represents 75 percent of his business clientele.

After completing his first major project for City of Hope hospital in Los Angeles, Brascia went on to complete projects for the University of Southern California’s medical campus, University of California, Irvine, Hoag Hospital and skilled nursing facilities, he said.

In the hospitality industry, Brascia completed a project about three years ago for the Long Beach Marriott at the Long Beach Airport Business Park that involved completely renovating the hotel’s existing lobby, bar, restaurant, board rooms, buffet and restrooms. Brascia also modified the hotel’s sports bar to include a new exterior patio and signage.

One of the challenges in today’s business climate, he said, is finding the right staff, noting that there continues to be a shortage of qualified workers in the construction trade. Brascia added that another issue is managing overhead costs that can add up to about \$100,000 a month on projects that may take 30 to 90 days to complete.

While he has yet to do work for the City of Long Beach, Brascia remains involved in the community, serving on the board of directors for the Community Hospital of Long Beach Foundation, recently participating in the Walk for Kids 2016 fundraiser for the Long Beach Ronald McDonald House in Long Beach and supporting California State University, Long Beach, the Boys & Girls Club and Our Lady of Refuge.

He said Long Beach is a “working man’s city” that has much potential for economic growth moving forward. As a member of the East Anaheim Street Business Alliance (EASBA), Brascia said he would like to see the business corridor flourish with more professional services-related businesses and new development, such as added parking, which would help boost business.

“I hope there are more architects, builders and professionals that go to Anaheim Street and help rebuild the street,” Brascia said. “I see foot traffic on that street but there could be more.” ■



Above, in 2014, Brascia Builders, Inc. completed tenant improvements on 24,000 square feet of office space for Live Nation Entertainment in Los Angeles. The project included completely demolishing the existing space and building a new open work area, restrooms, a kitchen, conference rooms, private offices, a reception area and new finishes throughout. Right, Brascia completed a project for Long Beach Marriott at the Long Beach Airport Business Park in 2013 that included completely renovating the hotel’s existing lobby, bar, restaurant, board rooms, buffet and restrooms. The general contractor also modified the hotel’s sports bar to include a new exterior patio and signage. (Photographs provided by Brascia Builders.)



Industrial Real Estate Market To Remain Tight Through 2016 As Demand Outstrips Supply

■ By **SEAN BELK**
Staff Writer

Despite uncertainty about the global economy, potential impacts of minimum wage hikes and the outcome of the United States presidential election, the industrial real estate market in Long Beach and the South Bay area will remain tight for the rest of 2016, as demand continues to exceed supply, commercial real estate brokers told the Business Journal.

In recent years, as the economy has picked up from the recession, the primary challenge for industrial users mostly tied to the local ports has been finding available space as strong demand has kept vacancies at an all-time low, pushing up lease rates and sales prices, according to commercial real estate brokers, who added that the trend will continue this year.

“There’s a lack of product and there’s strong demand for industrial real estate that has outstripped our supply,” said Brandon Carrillo, principal and industrial real estate broker for Lee & Associates, who released a preliminary market report on first quarter statistics in April. “It’s been very challenging trying to locate product for the demand that we have right now, and a lot of businesses have been getting frustrated.”

For the first quarter of 2016, the direct vacancy rate for the Los Angeles/Long Beach industrial real estate market increased slightly to 1.1 percent from .9 percent in the fourth quarter of 2015, according to Lee & Associates, which notes that the vacancy rate this time last year was 2.8 percent, indicating a “dramatic tightness for space in the area.”

A recent market report by Xceligent for the Glendale-based American Industrial Real Estate Association (AIR), or Commercial Real Estate Association, the shows that vacancy rate in the first quarter of this year for the Long Beach, Paramount and Signal Hill industrial real estate submarket in South L.A. County was even lower at .8 percent.

Carrillo said the recent crash in the price of oil has somewhat trickled down to the local industrial real estate market as small suppliers and contractors in the oil industry are consolidating and putting real estate assets up for sublease and sale in order to ride out the downturn.

Still, available vacant space is filling up fast as other market sectors, such as the furniture industry, continue to grow due to a robust real estate climate and increased activity at the ports of Los Angeles and Long Beach, Carrillo said.

Lance Ryan, senior vice president of marketing and leasing for Carson-based Watson Land Company, which owns and manages more than 18 million square feet of industrial space in Southern California,

said occupancy rates for submarkets in the entire L.A. basin are some of the highest on record, adding that the industrial real estate market will remain tight for all of 2016.

Watson Land Company has some activity on a few small spaces, but occupancy rates for most buildings averaging about 100,000 square feet, remain in the high 90 percent range, he said.

“For a lot of our size ranges, we just don’t have the space available that we normally would,” Ryan said. “We don’t have a lot of turnover as far as our tenant expirations this year also, so, when we look out for the remainder of the year, we just don’t see a lot of new supply coming online.”

Aside from some new projects underway at Douglas Park adjacent to the Long Beach Airport, there is still little space available for new development in the area, he said, adding that most projects involve “infill” development of small existing industrial buildings.

The lack of available new product will continue to put upward pressure on rental rates and downward pressure on concessions for industrial tenants, Ryan said.

He added that the downturn in the price of oil didn’t have much of an impact on the overall Southern California industrial real estate market since most oil is pipelined out of the area, though petroleum refineries and transportation companies may have been affected.

Companies, such as third party logistics firms, connected to international trade at the local ports, on the other hand, are the primary drivers of local industrial real estate, Ryan said, adding that imports through the San Pedro Bay ports were up the first quarter this year over 2015.

“We see a very steady import stream and increases over last year, so that’s really what drives the business here,” he said. “Our local market relies heavily on that. There are some exporters, but mostly [industrial real estate users are] relying on the imports and products that are going to the consumers.”

Ryan said lease rates are expected to continue rising this year, as the market remains tight. Determining factors to watch down the road are retail sales, employment and consumer confidence, he said.

Patrick O’Healy, president of O’Healy Commercial Real Estate Services who brokers and owns industrial real estate property in Signal Hill, said the local industrial real estate market continues to be “red hot” with record-low vacancy rates and sales prices remaining at an all-time high with properties receiving multiple offers. He said many industrial-related businesses with pent-up demand are now expanding as economic conditions have continued to improve.

“For a lot of years, we heard that the economy was recovering and I don’t think businesses really believed it,” O’Healy said. “I think that businesses that have had a lot of pent-up demand are probably convinced now that the economy is going to remain relatively robust.”

He said an undisclosed client, for example, plans to quadruple in size, moving from a 7,000 square-foot building in Signal Hill to a 28,000 square-foot building in Carson. Though the company had preferred to stay in Signal Hill, after searching for six

(Please Continue To Page 22)

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Industrial

(Continued From Page 21)

months, it had no other choice but to relocate elsewhere because of the low inventory, O’Healy said.

Some businesses have been able to find space though. Elevator repair and maintenance company Liftech Elevator Services, Inc., which is also located in Signal Hill, plans to triple in size, for instance, and was able to find a larger facility across the street from its location, he said.

O’Healy noted that vacancy at the Signal Hill Business Park on East 28th Street between Temple Avenue and Junipero Avenue is at the lowest it has been in five years and all ground-floor industrial space has been fully occupied for the past three years.

He also predicts that lease rates will continue to rise over the next six months while sales prices for industrial real estate will accelerate even faster since Small Business Association (SBA) loans are still attractive while interest rates remain low.

A factor that has exacerbated the record-low vacancy of industrial product in Los Angeles County, however, is the fact that cities have been downzoning industrial properties and replacing them with multi-family residential and retail to generate more sales tax revenue, Carrillo said. Now, not enough industrial product is being put back on the market to fill demand, he said.

In addition, Carrillo said it’s uncertain how California’s recently approved legislation to raise the minimum wage to \$15 an hour will play out in the market next year, adding that at least one industrial business in the area is

considering whether to “pack up and relocate” out of the state or sell the company because of the higher minimum wage.

Other uncertainties for next year are whether United States voters will elect a Republican or Democratic president and if the economy experiences another downturn, he said.

Still, Carrillo said there are many bright spots ahead for the Los Angeles region with major new developments underway or in the works, including the National Football League’s plans to build a new stadium in 2019 in Inglewood to host the Rams and a new Porsche Experience Center expected to open mid-2016 in Carson. Both projects will benefit the industrial real estate market, he said.

Douglas Park Developments

Douglas Park in Long Beach, meanwhile, continues to be the only major site with new industrial real estate development in the South Bay area. The mixed-use business park has already attracted private aerospace company Virgin Galactic, which occupies a 150,000-square-foot building for its satellite launch vehicle program, as well as numerous manufacturers and headquarters operations.

Larry Lukanish, senior vice president for Irvine-based Sares-Regis Group (SRG), which continues to develop, sell and lease land formerly owned by Boeing, said construction is underway for three buildings with a combined total of 485,000 square feet of space for new corporate headquarters facilities. Building sizes range from more than 110,000 square feet to nearly 220,000 square feet each.



Jeff Coburn, left, and Shaun McCullough, principals at Lee & Associates Commercial Real Estate Services, are pictured at the 5000 E. Spring St. office building, where occupancy has increased to the high 90 percent range. For more information, visit: www.lee-associates.com or call 562/354-2500. (Photograph by the Business Journal’s Larry Duncan)

The development, which will include industrial space for manufacturing/distribution facilities and offices, will be located at Pacific Pointe East at the southeast corner of Lakewood Boulevard and Conant Street, across from Mercedes-Benz USA’s West Coast vehicle preparation center. Lukanish said the project, which is being built on speculation, is to be completed by the end of the year.

Future plans include a 77,000-square-foot building for corporate headquarters at Pacific Pointe Northwest, adjacent to Carson Street.

“There’s great demand for quality new construction of industrial space in the South Bay, including at Douglas Park in Long Beach,” he said. “When we deliver new buildings to the market, they’re very well received by tenants wanting to relocate from older stock product. They’re trying to expand and they can’t find space under one roof so these size buildings bode well for the tenants that we think are in the South Bay.”

Lukanish said SRG is also interested in Boeing’s former C-17 manufacturing plant that shuttered last year, however it’s still uncertain when the land will be available for possible development. ■

CBRE, Inc., said vacancy is higher in downtown than in the suburban market since major Class B office buildings, including 211 Ocean Blvd., 100 W. Broadway and Catalina Landing, have come under new ownership and are being converted through renovations to new “creative office space.”

Catering to today’s office user, the renovations include features such as roll-up doors, operable windows, balconies and other amenities, he said. Once the improvements are completed by mid-summer, vacancy rates in downtown will likely fall as new tenants occupy space, Smith said.

“We would expect that, as those renovations get completed, those spaces will lease and [vacancy] numbers will come down,” he said. “It’s really going to be cutting-edge creative spaces that are what today’s tenants are seeking . . . That transformation is exciting.”

As a result, lease rates for Class B office space downtown are expected to rise slightly by nearly 15 cents this year to \$2.30 per square foot and in some cases are already fetching higher rents than traditional Class A office space, Smith said, adding that current office users, ranging from technology firms to advertising agencies, see the changes as a way to boost employee retention and attraction.

Another building being converted to creative office space downtown is the Edison Theatre building at 213 E Broadway, previously owned by the city’s former redevelopment agency. An affiliate of the buyer is advertising agency interTrend Communications, Inc., which occupies the Psychic Temple building across the street that was also converted into creative office space.

The most significant lease transaction in downtown in the first quarter this year was Regional Centers Holding Group taking up 12,938 square feet of office space at the One World Trade Center building, according to Cushman & Wakefield.

Leasing activity for office space also remains strong in Long Beach’s suburban submarket, according to statistics and commercial real estate brokers.

Jeff Coburn, commercial office broker and principal of Lee & Associates, noted that the City of Long Beach’s Workforce Development Bureau has taken up 22,511 square feet to relocate its Career Transition Center (CTC) to the office building at 4811 Airport Plaza Dr., which is now 100 percent leased. He said the new tenant expects to occupy the space by summer.

According to a city staff report from De-

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Long Beach Office Lease Rates To Rise Slightly As Demand Strengthens And Market Tightens

■ By **SEAN BELK**
Staff Writer

Lease rates for office space in Long Beach are expected to rise slightly this year as demand has strengthened and the market tightened with tenants expanding and vacancy decreasing at buildings throughout the city, according to commercial real estate brokers interviewed by the Business Journal.

The direct vacancy rate for office space in Downtown Long Beach for the first quarter this year held at 19.8 percent, while the vacancy rate in the suburban submarket, which includes buildings near the Long Beach Airport, hovered at 15.4 percent, according to a market report by Cushman & Wakefield.

David Smith, senior vice president for



Renderings by Irvine-based DRA Architects show the design of a new office condo complex to be called The Terminal planned by Urbana Development to be constructed along Lakewood Boulevard at Douglas Park in Long Beach. The project will consist of 20 individual office condominiums, many of which will come with creative office space features, including covered balconies, private patios, roll-up glass doors and operable windows. The complex will also have an amenity space with outside dining and meeting areas. (Rendering provided by DRA Architects)

cember 2015, the state required that the CTC, which is subleased for use by the State Employment Development Department (EDD) and other organizations as a one-stop shop resource for job seekers, be relocated from its current location at 3447 Atlantic Ave. to meet state seismic requirements.

Coburn said occupancy at the office building at 5000 E. Spring St. is in the high 90 percent range after tenant P2S Engineering expanded. In addition, he said the 450,000 square feet left by Boeing at three office buildings near the Long Beach Airport due to consolidations are now nearly all filled, adding that HealthCare Partners has taken up 30,000 square feet at 4900-4910 Airport Plaza Dr.

“We’ve had some new tenants expanding in buildings,” Coburn said. “The larger office complexes in the Long Beach Airport market are pretty tight.”

At nearby Douglas Park, Urbana Development, affiliated with J.R. van Dijs of Long Beach, is planning to build a new office condo development to be called The Terminal along Lakewood Boulevard. The project will consist of 20 individual office condominiums, many of which will come with creative office space features, including covered balconies, private patios, roll-up glass doors and operable windows. Coburn said many of the office condos have already been sold to a diverse mix of potential buyers.

Richard Lewis, a managing principal of Urbana Development, which has already constructed three buildings at Douglas Park, including two medical office buildings and a new headquarters for Metro Ports, said the office units will open up into an amenity space between the office condo buildings that will have outside meeting and dining areas, with ping pong tables and charging stations for cell phones, iPads and computers.

The office condos will range from 2,167 to 2,659 square feet in size, with opportunity to combine units in any number of configurations for larger spaces, according to the project’s website. Lewis said the project, which will provide ample parking for employees, is expected to break ground in September, with completion set for the second quarter of 2017.

“We’ve had great response so far on it partly because . . . the location is great off of the 405 Freeway,” he said. “Our project is really special in that we’re recognizing the trend of how people want to work these days. It’s a little bit how people live.”

At Daugherty Sky Harbor at 2801 E. Spring St. at the airport, owner of The Loft on Pine in downtown is opening a new event space to be called The Modern to go along with an event catering business Green Apple Event Company for weddings and special events, according to Jon

Sweeney, commercial real estate broker and owner of ADG Commercial.

Aside from a small 3,000-square-foot space undergoing tenant improvements, office space at the site is nearly 97 percent leased, he said, adding that the market for office space and commercial real estate in

general in the suburban market and throughout Long Beach continues to tighten. Sweeney said the downside to such a healthy market is that there isn’t a lot of space available.

“It’s tight and getting better,” Sweeney said. “In the office market, you’ve seen

[lease] rates have gone up, and, when you look back at where the last recession was and where [lease] rates are today, the suburban office market is indeed strong. Overall, in this area, we’ve got a strong market for commercial real estate, and there’s not a lot of available space.” ■

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Public Safety: Police Department

(Continued From Page 1)

drastic turnaround or U-turn in crime stats – the double-digit increases,” he said.

While Luna said he couldn’t prove it definitively, he thinks there’s a correlation between recent legislation and increased crime in Long Beach and throughout California. “What has happened over time is you start putting Proposition 36 together with AB [Assembly Bill] 109, and then you couple that with Prop 47, and then it’s like, whoa, what just happened,” he said. “It’s almost like no one thought of putting all these together, what would happen from that perspective.”

Proposition 36, the Substance Abuse and Crime Prevention Act of 2000, allowed non-violent drug offenders to enter probationary programs in lieu of prison. Assembly Bill 109, in order to reduce populations in state prisons, sentenced non-violent, non-sexual and non-serious criminal offenders to county jail and probation rather than state prison. Proposition 47 reduced certain non-violent felonies to misdemeanors unless the defendant had prior convictions for murder, rape, sex offenses or gun crimes. The 2014 proposition applied to criminals already in the prison system, enabling resentencing and early release.

As a result of these initiatives, thousands of prisoners have been released early throughout the state, Luna said. L.A. County has the largest portion of these people, he added.

A February report from the Public Policy Institute of California analyzed data from the FBI outlining crime rates in 66 California cities with populations of more than 100,000 during the period of January to June 2015, compared to the same time period in 2014. Of those cities, 49 experienced increases in violent crime, and 48 percent had increases in property crime. Thirty-four cities experienced double-digit increases in violent crime, and 24 in property crime, the report stated.

Luna noted that crime in Long Beach began increasing around the time Proposition 47 was approved. “Sometimes somebody can make an argument with statistics and say, ‘Well, this is just one year. Maybe it’s an anomaly,’” Luna said. “Well, if you look at the first quarter of 2016, we’re actually doing worse now than we were last year. We still are [seeing] double-digit increases currently from where we were last year.”

Luna reflected, “That’s not a good sign. It’s not a good sign at all.”

In the first quarter of 2016, there were twice as many murders – eight compared to four – as in the first quarter of 2015. Overall, violent crime increased by 10.3 percent. Property crime increased by 11.9 percent.

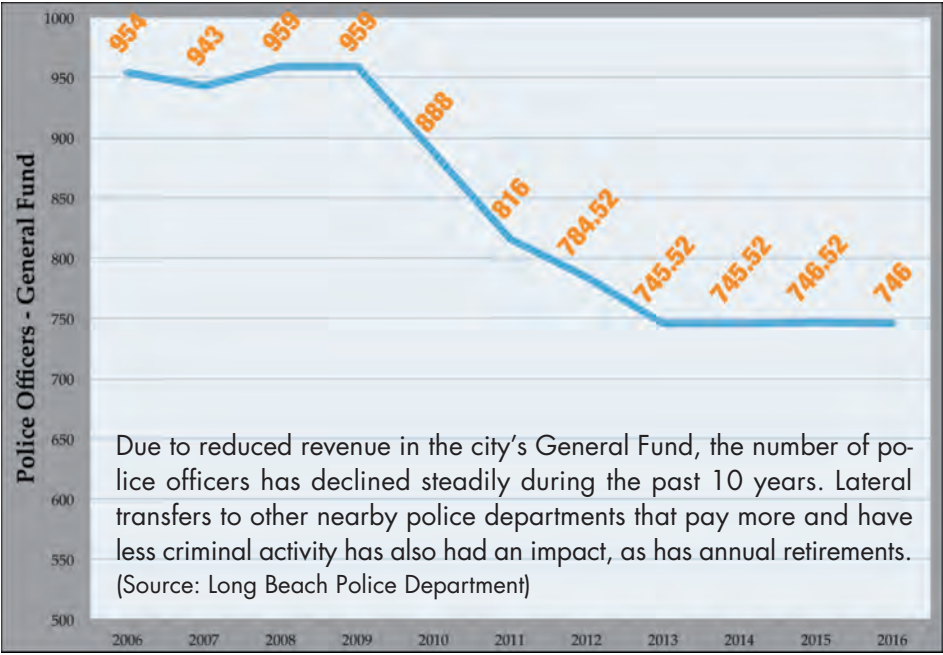
“Different kinds of crimes are going up in different parts of the city,” Luna said. “For example, when you’re talking about some of our more violent crimes – homicide and shootings and robberies – that is predominantly in our central part of our city, the west side of our city and some portions of the northern part of our city, primarily along a lot of our corridors.”

Property crimes like burglary and auto theft are primarily increasing in East Long Beach, Luna said.

The cuts that the Long Beach Police De-



Police Chief Robert Luna, pictured in his office, wants to restore his department’s South Division, which was cut due to the Great Recession. If a sales tax increase proposed by the City of Long Beach passes in June and his department receives revenues from the measure as promised by Mayor Robert Garcia, restoring the division would be his first priority. (Photograph by the Business Journal’s Larry Duncan)



partment (LBPD) has sustained have reduced the number of special units dedicated to proactive fieldwork. “For example, in investigations, we used to have night detectives that went out and focused on auto theft,” Luna said. “They were doing nothing but proactive work.” But then the department’s budgeted staff was decreased. “Six detectives and a sergeant, boom, went away. Their support staff went away,” he explained. “When this team [originally] came aboard, within a year that [auto] crime rate reduced significantly. When they went away, what was one of our biggest volume crimes? Auto theft. That’s one perfect example.”

Criminals are aware of the police department’s staff reductions, and what specialized units have been hit. “They do [know], because they’re out there more and they’re stealing 12, 15 cars a week, and it’s kicking our butt,” Luna said.

Another example – the gang unit. “We still have an investigative gang unit, but the field component of that gang unit, which

was two different teams to cover seven days, poof, went away,” Luna said. “Is it impacting us? Absolutely.”

The police department is also being impacted by a decrease in the price of oil. Its motorcycle team specializing in traffic enforcement is funded through Proposition H, a tax of 25 cents per barrel of oil paid for by oil producers. That team is down to about eight people instead of the 16 positions it previously had.

“In 2015, our fatality traffic accidents went up about 85 percent,” Luna said. “The reason they went up is because our citations, our moving traffic violations, went down about 22 percent. . . . Unfortunately, there’s a direct correlation between traffic enforcement and both fatalities or injury traffic collisions.” Injury traffic collisions increased by 6 percent in 2015, he added.

Other factors may be playing into the increase in crime, as Luna pointed out. “In our world, jail is always a last alternative when a police officer goes out somewhere. But you

have got to have alternatives,” he said. “If you think of all the massive de-investments in mental illness and substance abuse treatment over the years, and you couple that with what we talked about – letting more people out of jail – again, that’s a good argument to why crime is at double-digit increases.”

Law enforcement throughout the country is contending with public trust issues, and negative dialogue, which is likely contributing to action among legislators that may compound some of the crime problems currently worsening in California, according to Luna.

“Without pointing out specific names, if you start looking at what a lot of these people [legislators] are voting on, they are listening to the overreaction of an anti-law enforcement, anti-incarceration movement that’s happening across the country,” Luna said. “That’s what the loudest noise is out there right now, and they’re legislating to that noise.”

He continued, “Law enforcement has got very little voice right now. The pendulum’s going to swing the other way eventually. Why? Because of this: people are going to see the victims of crimes start mounting up, and they’re going to get pissed, and they’re going to say, ‘I’m tired of this.’”

What’s Needed To Combat Increasing Crime

The police department covers 25 beats within the City of Long Beach, 24/7. “We have pretty good coverage, typically, on a day. But the question that’s going to keep coming up is: do we have enough? And I’m going to tell you, we don’t,” Luna said.

“We have degraded our services so much that there are fewer officers on the street today than there have been in the last five years,” Luna said. More sworn police officers and civilian personnel are needed. Using a football analogy, Luna said he needs both starters on the field and players

on the bench. “Everybody gets focused on the police officer in a black and white [vehicle] working in uniform, handling calls for service. But in order for that officer to be more effective, you need people behind the scenes to make that work so that individual stays in the field much longer.”

Luna said he hasn’t publicly stated how many police officers he needs to combat increasing crime. “I don’t believe that’s the responsible thing to do as the chief of police,” he said.

“I’ve got to be honest with you. If I had my personal choice, I’d take the 351 people I lost over the past several years, because we need every single one of them to fulfill the expectations this community has of us,” Luna said. He added that he understands the city can’t afford that – but if he were to bring the department back to how it was functioning before the cuts, that’s what he would need.

To return to 2007 staffing levels for sworn police officers – which at the step one level costs on average \$148,000 [including benefits] – it would cost nearly \$30 million, according to Brandon Walker, the police department’s finance administrator and acting CFO.

Measure A, the sales tax increase on the June ballot, wouldn’t come close to paying for that number of people, because the revenue it stands to generate (about \$48 million per year) would also go towards infrastructure and fire needs. But it would help.

“In regards to this tax that people are

talking about, how many police officers does that get us? My figures, in dealing with city hall, is about a dozen,” Luna said. “Does it get us enough? It does not. But we have to start somewhere.”

The police department’s entire South Division was lost due to budget cuts, and it’s this unit that Luna hopes to restore as a first step. Currently, that division is being covered by the West Division, and by officers from other divisions when necessary. In fact, officers dedicated to certain divisions often have to fill coverage gaps in other divisions, Luna noted.

Recruiting New Officers:
Challenges And Competition

The Long Beach Police Department went five years without having any police academies to hire and train new recruits. While the police department was able to start having police academies a couple of years ago, the rate of graduation and successful retention following field training has paced only slightly ahead of losses from attrition, either in the form of retirements or lateral transfers to police departments in other cities with more competitive pay and benefits, and more attractive pension plans.

“Our attrition rate is approximately 35 [people] per year,” Luna said.

According to Luna and Michael Beckman, deputy chief overseeing LBPD’s support bureau, finding and retaining recruits is a challenge. For example, the number of

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Police Officer Salaries –
How Does Long Beach Compare?

The following information has been provided by the Long Beach Police Officers Association (POA) at the request of the Business Journal.

The POA’s current memorandum of understanding (MOU – or contract) expires September 30 of this year. Listed below are the 10 Southern California cities with which the police department competes the most for officers. Salaries shown (benefits not included) are for the top step police officer position in each city (Step increases vary by city; Long Beach has five step increases. The top step usually represents an officer with five to seven years of service).

Of the 11 cities, Long Beach – at \$7,284.37 per month – is currently next to last in base salary and only about \$27 per month ahead of the Los Angeles Sheriff’s Department (LASD). But LASD is under a new three-year MOU which will take its sheriffs to \$7,777 by the end of the contract.

The average monthly salary of the 10 other cities is \$7,977.98. Several cities or agencies may have a new MOU prior to Long Beach, which will raise the average.

Why is this comparison important? One is that if Long Beach is not competitive, it loses experienced police officers, sergeants, etc. who transfer to other cities (known as a lateral transfer). This continues to occur. Second, recruiting has become a challenge for all law enforcement agencies. They are competing for a smaller and smaller pool of applicants. For more information about recruitment and lateral transfers, read the interview with Long Beach Police Chief Robert Luna.

The following data is accurate as of July 2016:

Agency	Sworn Personnel*	MOU Term	Salary
Santa Monica	216	June 2014-June 2017	\$8,813.27
Orange County Sheriffs	2,000	October 2012-June 2016	\$8,265.07
Glendale	240	July 2014-June 2016	\$8,212.38
Anaheim	364	July 2015-June 2019	\$8,313.00
Pasadena	240	April 2013-June 2018	\$8,033.12
Average Of 10 Agencies			\$7,977.98
Los Angeles	9,896	June 2014-June 2018	\$7,862.25
Huntington Beach	212	Expired September 2015	\$7,772.12
Santa Ana	329	July 2015-June 2017	\$7,723.06
Torrance	228	January 2014-June 2017	\$7,527.90
Long Beach	804	October 2009-September 2016	\$7,284.37
Los Angeles Sheriffs	7,500	January 2016-January 2018	\$7,257.63

Source: Long Beach Police Officers Association *Approximate number of sworn personnel.

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Public Safety: Police Department

(Continued From Page 25)

qualified individuals is vastly smaller than the number that apply, and qualified recruits are often scooped up by other police departments that were either faster to hire them or offer more competitive wages and benefits. Plus, running academies strains the police department's already-stretched resources.

The police department used to have in-house recruiters, but recruitment is now a function of the city's civil service department, according to Beckman. "We basically support their efforts," he said.

The applicant pool for the current ongoing academy class was 2,000 people. The pool was whittled down to 50 individuals. Since the academy started, eight people have dropped out, leaving 42.

The process for selecting academy recruits involves a written test, oral interviews, a physical ability test, an intensive background check, a psychological interview and test, a polygraph examination and a medical exam, Beckman said. After applicants have completed all these processes, police department leadership review their information in a blind process in which they are unaware of the person's identity.

"There are several factors that are impacting our ability to recruit, select and hire, much like other agencies are experiencing," Beckman said. "For example, the diminished number of qualified applicants who can actually get through the entire process, [and] the diminished number of applicants

who reflect our diversity in Long Beach. We historically have had difficulty recruiting female applicants, people of color – both male and female – and also people from LGBT community," he explained. "You'll find that as a pattern at other agencies."

On the low end, the dropout rate for an academy class is 13 percent. On the high end, it's 43 percent, Beckman said. After recruits graduate and enter a year of probationary field training, on average about 5 percent drop out or are let go because they aren't cutting it, according to Luna.

In Class 87, the class prior to the current academy group, there was a pool of 4,600 applicants. The academy class started with 35 recruits, and 24 graduated. Of those, 15 individuals passed field training.

Academies take approximately six months, so the police department is able to run only two per year. Each academy requires active duty police officers to step away from their ongoing duties to train recruits.

"When we run an academy, [Beckman] actually has to go beg the deputy chief of patrol and say, 'I need three or four bodies [officers]," Luna said. "So they take four bodies out of patrol, put them at the academy to do this training, leaving four holes in patrol that the deputy chief of patrol now has to figure out how to meet minimum staffing." This staffing constraint is a major factor, in addition to funding, in why the department doesn't run concurrent academies.

"Keep in mind, LAPD [Los Angeles Police Department] and LASD [Los Angeles County Sheriff's Department] have both gone on record . . . that over the period of the

next couple of years they want to hire thousands of new deputies and officers," Beckman said. "Those folks come from the same candidate pool that we're looking at. But here's the kicker. They're so large, both of those agencies, that they have staff and facilities accessible where they can run academies almost on a monthly basis, whereas we can only run one or two [per year]."

Beckman noted that the length of time it takes to train and hire new police officers, as well as challenges in recruiting them, is one faced throughout the law enforcement industry.

When it comes to salaries and benefits, LBPd is not as competitive as other agencies in the region, Luna pointed out, adding that this is, however, a union matter. "That's why, unfortunately, we're starting to lose a lot of people, because agencies around us pay more than we do," he said. [For more information refer to adjacent chart.]

For example, "We've lost seven or eight people to the Anaheim PD [Police Department] recently," Luna said. He added that there are many police chiefs working for other police departments who were former command officers or deputy chiefs within LBPd.

The way the department's pensions are structured may deter people from other police departments to transfer to Long Beach and may in some cases also incentivize officers within LBPd to transfer to other departments.

New officers for the Long Beach Police Department receive a "2 percent at 50 pension plan" – meaning they may retire at age 50 and receive 2 percent of their top salary

per year for life as a pension. Other local police agencies have a 3 percent at 50 pension plan, and officers working for those agencies would have to be bumped down to the 2 percent plan if they transferred to Long Beach, Beckman explained. In essence, this eats into the police department's competitiveness when recruiting.

Other police departments actively recruit LBPd officers. At the recent Toyota Grand Prix of Long Beach, multiple police departments, including LBPd, had recruitment booths at the event. "We actually had recruiters out there at the Grand Prix trying to recruit the people we had recruiting for Long Beach PD . . . They came over and were trying to recruit our police officers," he said.

The reduction in specialized units within the police department, as well as the reduction of budgeted higher-level positions, makes it more difficult for police officers to get promoted or move within the department, Luna noted. As Beckman put it, "There's no where to go up." Other police departments haven't faced those kinds of cuts, and present more opportunities, Luna added.

"How many people do you know that have to stand before community groups like we did last week when we had four people get shot, one murdered?" Luna reflected. "And people are saying, 'Hey, there aren't enough of you out here. You didn't get here fast enough. You're not making enough effort to investigate this case. Stop the madness out here that's going on.'"

Luna said he is not advocating for the tax initiative. But he is advocating for the needs of his police department, which are the needs of the community. ■

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Purchase & Develop Opportunity at Pine	RFP EP16-129	5/19/2016
Purchase & Develop Opportunity at LB Blvd	RFP EP16-130	5/19/2016
First Aid Kits & Safety Items	ITB LB16-139	5/24/2016
El Dorado Nature Center Improvements	R-7058	5/25/2016
Ergonomic Chairs and Products	ITB LB-055	5/26/2016
Washer and Dryer Service in Long Beach Marinas	RFP PR16-122	6/08/2016

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

Bidder Registration

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Public Safety: Fire Department

(Continued From Page 1)

tional Fire Protection Association. In 2015, that percentage dropped to 46.1 percent.

Much of the reason for the slower response time is due to the reduction in equipment and personnel. Since 2007, as a result of the downturn in the economy, the department, according to Fire Chief Mike DuRee, has taken five engine companies, one fire truck company and one paramedic rescue ambulance out of service. There are also 84 fewer sworn firefighter positions and 15 fewer civilian positions.

Asked about the current situation, DuRee said, "It's important to put it in perspective. Year after year, in a 20-year historical cycle, we see about a 2 to 5 percent call volume increase per year. At the same time, year after year, we take units out of service. In 2007, we took Engine 18 out of service on the east side. Our [citywide] system is dependent on all the parts. Just because you're stationed in a specific geographic location, doesn't mean you only run calls for service in that geographic location. Engine 18 at any given time could run a call to North Long Beach or downtown or wherever we need it. So when you take Engine 18 out of service, it requires the surrounding companies to fill the hole.

"I use this analogy: It's like a baseball field. You put nine players on the field and, because of the salary cap, or whatever, you have to pull the shortstop off the field. Now you're playing with eight players on the field.



Fire Chief Mike DuRee says that as resources have been reduced due to budget cuts, calls for service have increased, straining the system and increasing response times. See top of next page for a nine-year comparison of calls for service. (Photograph by the Business Journal's Larry Duncan)

Can you do it? Yeah, you can do it. Based on your data, analytics and what your expectations are, you shift the players around a little and cover the hole. Then you take the first baseman out. So you can imagine you get to a place where . . . there's a big hole to cover. Meanwhile call volumes continue to go up. That's the situation we're in today."

The department responded to about 5,500 fires last year, ranging from trashcan fires to the recent full-blown fire at the Royal Buffet restaurant in Bixby Knolls.

"Royal Buffet is a great example," DuRee said. "It becomes a third alarm assignment and I've got 15 fire engines over there, three trucks, all the battalion chiefs, and meanwhile all I have are three fire engines citywide to run [other] calls. I have no forced multiplication capability. So now we have rely on L.A. County, Orange County, L.A. City, and that's a big issue.

"I'm a big believer that the fire service is here to preserve the economic continuity of the city and of the business community. I use the example of Lucille's all the time. We had a small fire in the hood system at Lucille's in Towne Center. The team got there fast, in four minutes, off the rig and, because we were staffed adequately, they go inside to put the fire out. It was up in the hood system that goes through the attic. There was extensive damage, but they put the fire out quickly.

"The fire was small in the grand scheme of things, but it was significant because it shut down the restaurant. The insurance company came in that night, they got a contractor and spent all night working on it. The next day they are open for lunch. If we showed up minutes later, the economic impact would have been devastating.

DuRee said if the tax measure passes, he would hope to restore the budget he once had, stressing that he still has the equipment that was taken out of service, but he needs the bodies to operate the equipment.

"The important thing is this," he said, "it

would be irresponsible for me to say, 'I want to flip the switch, put five engines, a truck and a rescue in service.' Would I like to do that? You bet. But whatever we do this point going forward, if new revenue comes in to the city, I have to be responsible with that so that five years down the road we don't run the risk of having to take it out again. We want to be responsible and sustainable. We have to do it one at a time and see what's happening with our system, and then go from there."

At the time of the interview, DuRee did not know what his department's share of the tax money would be, but he did indicate what his priorities are.

"Engine 8 would be the first thing I would put back in service," DuRee said. "It was the last thing we took out, so it'll be the first thing we put back. Second, I would restore Rescue 12, in North Long Beach. Third would be Engine 17 over in Stearns Park. Then right on down the list. To be realistic, even if we got new revenue and I was able to restore one thing, to put Engine 8 back in service, it will have a positive impact citywide. These are all city council directions. If there was new revenue coming in, if this [measure] were to pass, council will determine how much gets allocated and for what purpose."

DuRee said the cost to restore a fire engine is \$2.2 million, which is for personnel costs since he already has the fire engine. "That includes four personnel per day, so twelve bodies."

In years past, finding people to hire through an academy class was not a prob-

(Please Continue To Page 28)



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Long Beach Fire Facilities

Fire Facility	Year Built	Size (sq. ft.)
Fire Station #1	1958	21,319
Fire Station #2	1965	4,500
Fire Station #3	1948	6,084
Fire Station #4	1966	5,761
Fire Station #5	1968	5,077
Fire Station #6	1993	2,320*
Fire Station #7	1940	6,504
Fire Station #8	1929	5,706
Fire Station #9	1938	3,873
Fire Station #10	1967	5,341
Fire Station #11	1963	5,213
Fire Station #12	2014	10,000***
Fire Station #13	1956	6,084
Fire Station #14	1986	9,804
Fire Station #15	1982	1,840**
Fire Station #16	1972	11,000
Fire Station #17	1948	6,084
Fire Station #18	1936	3,081
Fire Station #19	1963	5,379
Fire Station #20	2015	1,680**
Fire Station #21	1958	2,200
Fire Station #22	1959	3,967
Fire Station #24	2010	6,500*
Training Center	1963	5,360

Source: Long Beach Fire Department.
* Port of Long Beach **Modular/Port of Long Beach
***Station 12 is approximately 10,000 square feet with an additional 5,200 square feet used as an emergency resource center.

Long Beach Fire Department Responses

Type Of Response	(Calendar Year)								
	2007	2008	2009	2010	2011	2012	2013	2014	2015
Fire	5,011	4,991	4,884	5,101	4,857	4,939	4,867	5,115	5,503
Medical	38,677	38,842	39,721	39,977	41,868	44,195	44,125	46,978	49,995
Non-Fire	3,092	3,124	2,770	2,797	2,494	2,698	2,739	2,631	3,265
Haz Mat	<u>746</u>	<u>694</u>	<u>616</u>	<u>650</u>	<u>636</u>	<u>545</u>	<u>511</u>	<u>485</u>	<u>508</u>
Total	47,526	47,651	47,991	48,525	49,855	52,377	52,242	55,209	59,271

Source: Long Beach Fire Department. Does not include lifeguard or marine safety responses.

Public Safety:
Fire Department

(Continued From Page 27)

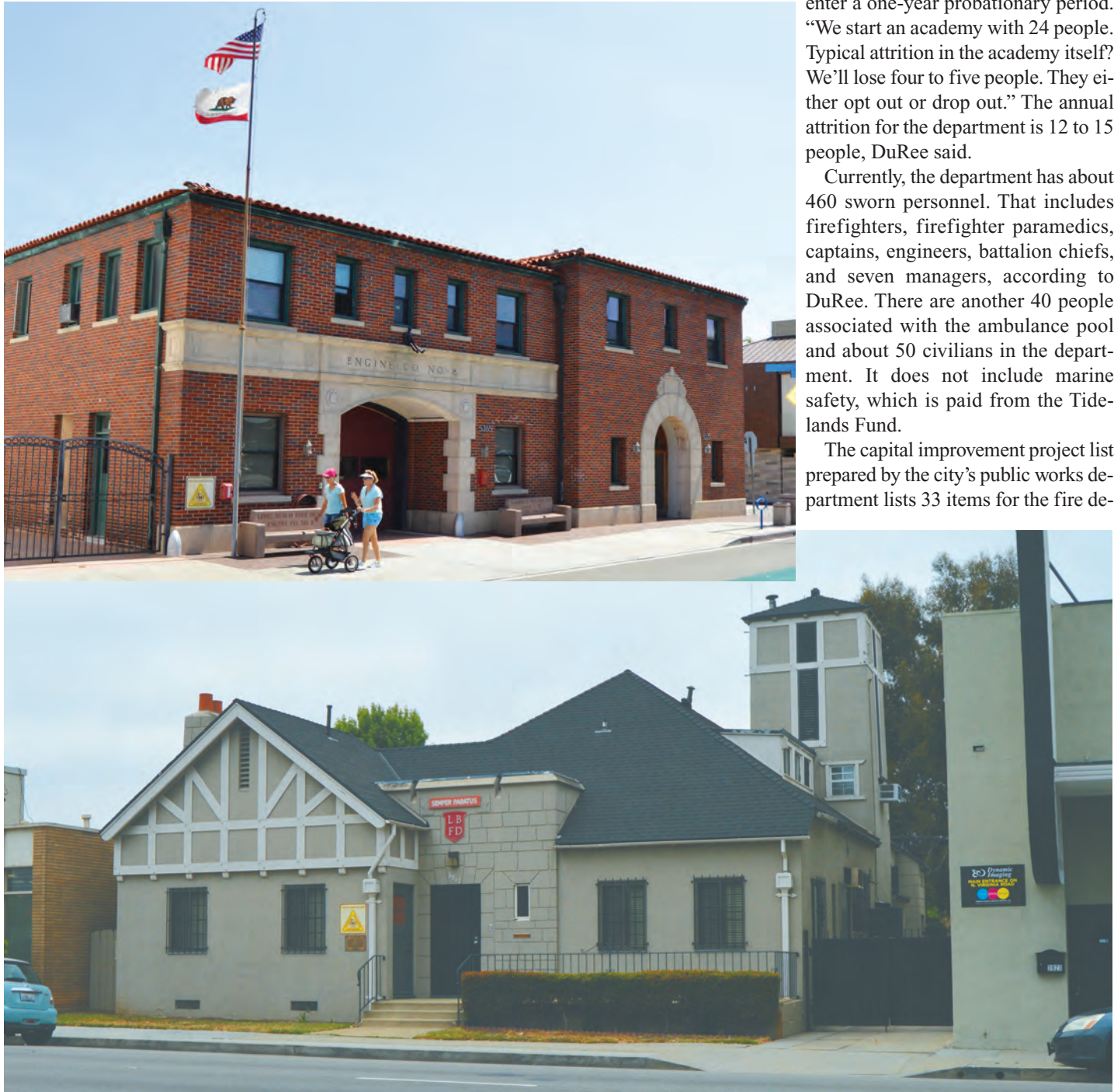
lem. The last class, for example, had more than 5,000 applicants taking the written exam to get on the list for a future academy. But DuRee cautioned there may be some recruiting challenges ahead. “With the economy starting to get better, Los Angeles County, Los Angeles City and all 31 departments in the L.A. County region are starting to hire again,” he said. “So, unless we get to that list quick and scoop the best of the best off of the top and get them in to our academy, we run the risk of losing them. That’s what happened with our second

class. A lot of the people that we reached out to said, ‘thank you, but I’ve already been picked up by another department.’” DuRee added that the current academy class, which is about halfway through its 16-week course, includes transfers from other departments, including two from Austin, Texas, two from Cal Fire [California Department of Forestry and Fire Protection] and three from San Diego. “We’re still attracting firefighters from other places,” DuRee said. “Long Beach is a destination city for the professional fire service. It’s a big department. There are a lot of opportunities for promotion, professional growth and development. It’s an aggressive fire department with a good reputation and it’s an appealing place for people.”

Once a class graduates, its members enter a one-year probationary period. “We start an academy with 24 people. Typical attrition in the academy itself? We’ll lose four to five people. They either opt out or drop out.” The annual attrition for the department is 12 to 15 people, DuRee said. Currently, the department has about 460 sworn personnel. That includes firefighters, firefighter paramedics, captains, engineers, battalion chiefs, and seven managers, according to DuRee. There are another 40 people associated with the ambulance pool and about 50 civilians in the department. It does not include marine safety, which is paid from the Tidelands Fund. The capital improvement project list prepared by the city’s public works department lists 33 items for the fire de-

partment, estimated to cost about \$125 million. The list includes fire station upgrades – much of it related to the Americans with Disabilities Act (ADA) – and station relocations. The fire chief was asked to explain the eight relocations listed, each with a price tag ranging from \$8 million to \$13 million. “Let’s use Station 7 at 2395 Elm Ave., as an example,” DuRee said. “When it was built, there was nothing there except dairy farms to the north. Now it’s a residential community. So, is the station placed in the right place given the call volume and all the analytics we run now? No. It should be out on Long Beach Boulevard or it should be on Atlantic to give us a faster way to get us where we’re going. And it’s incredibly disruptive if you have a fire station plopped in the middle of your neighborhood. We would like to one day move that station to a place that will enhance our capability, but also get it out of that neighborhood so it’s not as disruptive.” “Station 12 is a great example, because that was at 65th and Gundry, right in the middle of a residential neighborhood. We relocated it out to Orange and Artesia. The response profile for the crew has gotten way better because they’re out on a busy thoroughfare. It’s become an anchor of the community now.” He added that a lot of the renovations are “predicated on the need to update the stations to gender neutrality. We have a mixed-use workforce, and stations were not built for the people that we have today, nor the equipment that we have today, so we need to update.” “We’ve done the very best we can over the years with the dollars that we’ve received, which are really not much. Our number one priority is running calls for service, but these are things we need to address. These stations are starting to fall apart. Case in point: Station 4. We go in to make it gender neutral. We make new bedrooms and bathrooms, and while we’re there, we replaced the HVAC system. Go up on the roof, and it is completely rotted through on half of the roof over the apparatus floor. OK, well now we have to replace the roof. There’s another \$100,000. This is what happens when you have buildings built back in the ’60s.” According to DuRee, the list of infrastructure projects, and the complementary resources needed to properly serve the city, its residents and businesses are not a wish list. “These are items that must get done and will get done, it just depends on how long it’s going to take.”

DuRee stressed that every 911 call is an emergency situation for the person making the call. “When someone picks up the phone and calls 911,” he said, “at that moment, they’re having the worst moment of their life. We approach every one of the calls the same.” ■



The top photograph is Fire Station 8 on 2nd Street in Belmont Shore, built in 1929, and above is Fire Station 9 on Long Beach Boulevard in Bixby Knolls, built in 1938. If voters pass the tax measure, Fire Chief Mike DuRee said the first priority is to return Engine 18 to the Belmont Shore station, eliminated several years ago due to budget reductions. The station also requires moderate upgrades totaling about \$450,000, many mandated by the Americans with Disabilities Act. Station 9, which totals less than 4,000 square feet and is squeezed between commercial buildings, needs to be relocated and expanded at a cost in today’s dollars of about \$10 million. (Photographs by the Business Journal’s Larry Duncan)

Infrastructure: Public Works Department

(Continued From Page 1)

“Why is \$40 million of that \$70.6 million set aside for ‘handheld radios for public safety?’ That doesn’t make sense. How many radios do we need?” Beck and Crumby were asked.

Beck replied: “The FCC [Federal Communications Commission] required the city to go to a different frequency. They took away our frequency and forced us to a new bandwidth. So we have to change our whole communications [system].” The change has been in the works for years and is directly associated with first responders being able to communicate with one another and with other agencies during an emergency.

The Business Journal staff quickly realized with that answer that unfunded mandates from the state and federal government represent a considerable portion of the city’s infrastructure costs. For example, the fire department lists 33 infrastructure items totaling nearly \$125 million. Twenty-four (24) of them are associated with government mandates, including station upgrades due to Americans with Disabilities Act (ADA) requirements.

In fact, most residents are unaware that of the 300-plus items totaling \$2.8 billion in capital improvement program needs, a majority of the improvements are triggered by unfunded mandates or code changes. In other words, city staff has no choice but to follow new requirements from agencies such as the Air Quality Management District and the Regional Water Quality Board, or from laws or regulations such as Assembly Bill 1881 (the water efficiency state code), AB 32 (reduction of greenhouse emissions) and the ADA. Beck stressed that of course staff wants to make all the changes, many of which target quality of life issues, but that sufficient money is not available.

Beck stressed that it’s important for residents to understand that currently there is very little money in the General Fund for infrastructure. It’s the General Fund that pays for public safety, libraries, parks and recreation, etc. Much of the capital improvement budget is “segregated” into various funds such as Tidelands or Gas, he pointed out. Money in those funds is restricted. “That’s always a difficult message to deliver to the community as a whole . . . I think there’s somewhere in the neighborhood of 60 different funds in the city,” Beck said.

He said that if voters approve the tax measure, all of the money raised from the increase goes directly into the General Fund. Instead of \$6 million as is budgeted for infrastructure in the current fiscal year, the General Fund will be \$50 million or more annually over the next six years, and half that amount for the following four years, allowing staff to chip away at the lengthy list of projects. (For a better understanding of how the money is “segregated,” review the adjacent “Sources of Funds 10-year snapshot” provided by Beck.)

A year ago, March 24, 2015, the city completed and submitted to the city council a “State of Our Streets” assessment that examined every inch of major and local roadways in the city – 768 miles worth. In order to bring all the streets to an excellent condition, it would take \$420 million in 2015 dollars, according to the report.



Pictured is Lewis Street in California Heights. Many of the streets in the that neighborhood look similar to the above, and the sidewalks are no better. (Photograph by the Business Journal’s Larry Duncan)

Unfortunately, due to a lack of money, it was one of only a few assessments completed. The tab for the street assessment was \$1 million, which equates to a mile of street that could have been paved. “I’m a big proponent of planning saves you money, but it’s one of those things we have to weigh constantly,” Crumby said. Beck noted, “It’s hard to get council to say, ‘Here’s a million dollars go do a plan’ instead of ‘Here’s a million dollars go fix the street.’”

“It’s common for cities to do facilities master plans, too,” Crumby cited as another example. “Long Beach does not have a current facilities master plan that would go and assess all the roofs in all the facilities and structures. That’s something that we need to do as well.”

In lieu of a thorough assessment in each of the infrastructure categories, staff has provided its best estimates to arrive at the \$2.8 billion amount. That, along with public safety issues, led Mayor Robert Garcia to propose the sales tax increase. Whether the infrastructure cost estimate is 10 or 20 percent higher or lower is irrelevant since the tax will raise only roughly \$400 million over its 10-year history – far from what is needed.

Another major asset that needs to be addressed are the city’s bridges – more than 100 of them. The estimated price tag? \$365 million [government funding may be available to cover part of the cost]. It’s not just structural issues; ADA regulations impact bridges as well. Beck noted that the Davies Bridge, the bridge on 2nd Street at the south end of Naples, “is in real bad shape. If you park underneath it by the Boy Scout area, there’s concrete falling from the bottom of the bridge.”

Crumby stated that “code compliance constantly changes. . . . ADA is a prime example for that. As the law evolves, we have to do more. If bridges haven’t been touched for 20, 30, 40 years – the laws were different back then. We need to have wider sidewalks, the slopes change, all of those things change.”

Beck added: “I remember in 1990, when the city first put together an ADA plan, it was roughly \$40 million in need. We have more than \$40 million just in sidewalk cuts in the city today.”

When government alters regulations, it can significantly impact costs, as illustrated with the following example concerning the city’s storm drains.

An estimated \$292 million is needed for storm drains, which have requirements attached through the 1973 Clean Water Act. But according to Crumby, the Act “wasn’t effectively enforced or mandated until about 10 years ago.” Cities must obtain a clean water permit by developing a master plan program. Long Beach recently received its second such permit. Crumby said costs for the program “are shooting through the roof. We used to only be concerned with getting water off the streets, and getting it in to rivers, or bays or beaches. That’s still a priority, but when the water gets there, it has to be clean. So we have to clean all the water. . . the whole program is rapidly changing.”

Last year, according to Beck, the permit issued by the Regional Water Quality Control Board cost the city \$785,000. This year it’s \$1.2 million. That’s just one permit for one program in one city department imposed by a state or federal agency. But there’s more about how state and federal mandates continue adding costs to cities.

Infrastructure Investment Plan Summary

(See Pages 30 & 31)

Category Of Investment	Estimated Total Cost
Streets	\$90,450,000
Sidewalks	\$15,000,000
Alleys	\$5,000,000
Stormwater Protection	\$5,000,000
Public Safety Infrastructure	\$5,950,000
Libraries	\$3,695,000
Water Conservation	\$1,065,000
Community Facilities	\$3,270,000
Parks	\$18,574,000
Parking	\$1,200,000
Tree Trimming	\$845,000
Total	\$150,049,000

Source: City of Long Beach

When the city received its first permit, it was required at that time to put filters in all the catch basins. “So we went and spent a bunch of money on putting filters on all the catch basins,” Crumby said. “We spent money on maintenance, cleaning these things out, and so on. The second permit comes out and now they don’t like filters. They want treatment devices at the outlets. We’re still going by the filters because we haven’t put in the treatment devices.” The changes came from the water quality control board. When asked if the boardmembers just keep changing their minds, Crumby responded, “It’s evolving. Just like the ADA, it’s constantly evolving.”

As far as prioritizing the more than 300 infrastructure projects, Beck said, “When you see the list, when you see what’s on the list, I don’t see anything that isn’t a priority.”

He added: “Part of municipal government’s responsibility is to address community needs. There are a whole lot of interest groups in Long Beach, and what we’re trying to do is address a portion of those interest groups. We may not be able to do a brand-new park, but at least we can do some park facilities, or we’re able to do some dirt alleys, certainly not all. We’re doing our best to touch on these categories I don’t have an alley assessment, but I can tell you a dirt alley is the worst.”

What’s Beck’s take on the tax measure? He explained the need this way: “Long Beach is well over a hundred years old and she is starting to show her age, and I think we’re looking to see an infusion to bring Long Beach back to the glory that it used to be.” ■



The duck pond at El Dorado Park, which uses more than 6.4 million gallons of water, is one of the items in need of repair. According to city officials, the pond is a health hazard and is leaking. The pond is among the items listed for repair on the first \$150 million raised from the tax measure. However, the city has applied for grant money through the Water Quality, Supply and Infrastructure Improvement Act of 2014. City Engineer Sean Crumby said the city is “aggressive” in going after grants for infrastructure needs. The city may know this month if the \$1,754,000 grant request is approved. (Photograph by the Business Journal’s Larry Duncan)

Spending The First \$150 Million If Tax Measure Is Approved

Long Beach is more than 125 years old and is facing an estimated \$2.8 billion in infrastructure needs, many of which are extremely critical including community buildings, fire stations, libraries, parks, playgrounds, bridges, sidewalks, streets and alleys. Mayor Robert Garcia is asking voters to approve a 10-year increase to the city’s sales tax that will generate approxi-

mately \$400 million to address the most critical needs as well as provide funding for public safety that would increase the number of police officers and firefighters and restore equipment and programs that were eliminated due to budget reductions over the past 10 years. The mayor and city council requested Public Works Director Craig Beck to develop a list of how the first \$150 million would be spent (about three years worth of additional sales tax revenue.) This is the list Beck prepared, with an accompanying map. (ADA = Americans with Disabilities Act)

Project	Estimated Cost	Notes/Explanations
Arterial Street Improvements (Slurry / Reconstruction)	\$70,000,000	Reconstruction and slurry of the arterials in the worst condition in Long Beach, utilizing new and projected funding from the five year CIP plan and streets from the Pavement Management Plan
Residential Street Repair (Slurry)	\$13,000,000	Slurry every eligible residential street in the city, preventing degradation and maximizing the useful life of the street
Residential Street Repair (Overlay)	\$7,000,000	Overlay of streets in the worst condition per the pavement management plan
Traffic Signage Replacement	\$200,000	Replace worn and old signage such as stop signs, street signs, or other traffic signage
Naples Bridges Improvements	<u>\$250,000</u>	Repairs to both bridges connecting Naples to address concrete spalling, rail maintenance, sidewalk work, ADA access improvements, and other bridge maintenance needs
TOTAL STREETS	\$90,450,000	
Sidewalks (Double the City's investment over next 5 years)	\$15,000,000	Double the city's current 5-year investment in sidewalks and ADA access improvements
TOTAL SIDEWALKS	\$15,000,000	
Alley Improvement	\$5,000,000	Identify and pave the city's worst alleys
TOTAL ALLEYS	\$5,000,000	
Stormwater Protection (Pump Stations)	\$5,000,000	Upgrade and repair of the city's storm drain pump systems in the worst condition, including the installation of better screens in the pump stations to catch trash and debris
TOTAL STORMWATER PROTECTION	\$5,000,000	
Fire Station 1 Improvements	\$495,000	Replace apparatus doors; reinforce with pillars, replace interior/exterior lighting, replace HVAC, bathroom construction
Fire Station 7 Improvements	\$120,000	Remodel and extend truck bay, renovate turnout room, replace flooring
Fire Station 9 Improvements	\$125,000	Convert existing downstairs bathroom/locker room to separate male and female bathrooms, expand downstairs dorms to add lockers in rooms
Fire Station 10 Improvements	\$125,000	Interior improvements to improve living and working conditions, convert a portion of the carport to a training room
Fire Station 14 Improvements	\$295,000	Convert large dorm area to individual bedrooms and convert large bathroom to two separate bathrooms, interior improvements to improve living and working conditions
Fire Station 17 Improvements	\$35,000	Install security fence and gate at parking entrances, rebuild patio roof with treated wood to repair termite damage
Fire Training Center Improvements	\$525,000	Create a permanent building for training staff, which is currently housed in a 25-year-old trailer. Building would also accommodate a third training classroom and separate male and female locker rooms. Repair concrete drill area used by Fire Recruits and Firefighters for training.
Fire Station Roofs	\$500,000	Roof repairs for fire stations citywide
Police Academy Building Improvements	\$900,000	Maintenance improvements to support the Police Academy, such as locker room repair, concrete repair, plumbing repair, exterior and interior paint
Smart Street Light Technology	\$500,000	Expansion of the city's pilot to install smart technology on the new LED street light system, allowing the city to brighten or dim street lighting for public safety purposes
Public Safety Building Improvements	\$800,000	Fire Sprinkler upgrades, HVAC upgrades and roof repairs for the city's Police Department headquarters
West Police Station Building Improvements	\$500,000	Roof repairs, HVAC upgrades and improvements to the locker room
Police Crime Lab	\$200,000	HVAC upgrades and roof repair for the city's crime lab
Emergency Operations Center	\$830,000	Major repairs to building systems, including power distribution, roof repair, HVAC, and water systems
TOTAL PUBLIC SAFETY INFRASTRUCTURE	\$5,950,000	
Brewitt Branch Improvements	\$62,000	Railing improvements, exterior painting, and installing hearing loops for hearing impaired
Los Altos Branch Improvements	\$47,000	Resurface the parking lot, and install hearing loops for hearing impaired
Harte Branch Improvements	\$62,000	Restroom improvements, lighting improvements, improving the irrigation system, installing hearing loops for the hearing impaired
Dana Branch Improvements	\$103,000	Lighting improvements, restroom improvements, new circulation desk, exterior painting, and installing hearing loops for the hearing impaired
Alamitos Branch Improvements	\$1,261,000	Circulation desk replacement, HVAC replacement, and installing hearing loops for the hearing impaired
Bach Branch Improvements	\$67,000	Carpet replacement, and installing hearing loops for the hearing impaired
Burnett Branch Improvements	\$72,000	Parking lot resurfacing, Circulation desk replacement, and installing hearing loops for the hearing impaired
El Dorado Branch Improvements	\$1,374,000	Carpet replacement, HVAC replacement, and installing hearing loops for the hearing impaired
Mark Twain Branch Improvements	\$47,000	Replace exit door, and installing hearing loops for the hearing impaired
Library Roof Improvements	\$500,000	Roof repairs for libraries throughout the city
TOTAL LIBRARIES	\$3,695,000	
Installation of Automated Park Irrigation Controllers	\$1,065,000	Installation of irrigation controllers citywide to reduce water usage, converting from a manual system to an electronically-controlled system citywide
TOTAL WATER CONSERVATION	\$1,065,000	
Convention Center	\$1,000,000	Improvements to the Performing Arts Center Plaza and other critical building maintenance
Expo Building Improvements	\$200,000	Improvements to the city's Expo building, including roof repairs, replacing rotting wood facades, exterior painting, new flooring and carpet, and lighting and sound system improvements
Rehabilitate 4TH Street Senior Center	\$500,000	Partial funding for facility improvements for the city's main senior center
Health Department Building Improvements	\$1,250,000	Improvements to the city's main health building, including HVAC repair, roof repairs, tenant improvements, and waiting room upgrades
Animal Care Improvements	\$150,000	Invest in modern cat housing systems throughout the cat cottage and build out current available space for a kitten nursery
Hand Dryers for All Community Centers	\$170,000	Purchase commercial grade hand dryers in 26 recreational facilities to replace the use of paper hand towels, creating annual operating savings and reducing trash from paper towels
TOTAL COMMUNITY FACILITIES	\$3,270,000	
Rehabilitate Bixby Park Community Center	\$200,000	Partial funding to improve the community center bathrooms
MacArthur Park Community Center Roof Repair	\$56,000	Repair leaking roof
Stearns Park Community Center Roof Repair	\$292,000	Repair leaking roof and damage to electrical panel
MLK Community Center Roof Repair	\$42,000	Repair leaking roof
Drake/Chavez Greenbelt 4-acre Wetland	\$1,000,000	Partial funding of the restoration project
Rehabilitate El Dorado Duck Pond	\$1,754,000	Full funding for significant improvements to the duck pond
Restoration Work at Los Cerritos Wetlands	\$500,000	Funding for onsite restoration activities, access improvements, plan design and mitigation efforts to secure future dollars for restoration of the wetlands
Colorado Lagoon Improvements	\$150,000	Repairs to the playground area, including the shade structure, picnic tables, water fountains, irrigation systems, and fencing
Belmont Pool	\$500,000	Funding towards developing and completing the financing of the Belmont Pool
Davenport Park Phase II	\$1,500,000	Funding for park construction and improvement of vacant land
Willow Springs	\$500,000	Funding to bring water, power, sewer utilities on site
Jackson Park Improvements	\$50,000	Improvements and repairs to Jackson Park amenities
Houghton Park Community Center	\$4,000,000	Partial funding to improve the 90-year-old community center

Project	Estimated Cost	Notes/Explanations
PE Right of Way Improvements	\$150,000	Funding to complete the PE Right of Way project and match State grant funds
Silverado Park	\$100,000	Improvements to the current walking path at Silverado Park
Drake Park Playground	\$700,000	New large playground
Los Cerritos Park Playground	\$700,000	New large playground
Veterans Park Playground	\$700,000	New large playground
Whaley Park Playground	\$700,000	New large playground
Rancho Los Alamitos Ranch House Upgrades	\$1,000,000	Funding for the seismic upgrade project currently being designed
Rancho Los Cerritos Improvements	\$1,000,000	Rehabilitation and deferred maintenance, such as irrigation and turf replacement, termite treatment, repair driveway/parking lot, arbor/veranda repair, fix woodwork, furnace replacement
Silverado Field Turf Improvements	\$160,000	Improved irrigation for fields, more frequent aeration/fertilization
Veterans Field Turf Improvements	\$160,000	Improved irrigation for fields, more frequent aeration/fertilization
Hudson Field Turf Improvements	\$160,000	Improved irrigation for fields, more frequent aeration/fertilization
Heartwell Field Turf Improvements	\$320,000	Improved irrigation for fields, more frequent aeration/fertilization
Admiral Kidd Field Turf Improvements	\$160,000	Improved irrigation for fields, more frequent aeration/fertilization
Drake Park - Restroom Replacement	\$630,000	New freestanding prefabricated restroom building
MacArthur Park - Restroom Replacement	\$630,000	New freestanding prefabricated restroom building
El Dorado Park - Restroom #41 Rehabilitation	\$180,000	New floors, ceilings, lighting, fixtures, and surfaces, and stalls, interior paint
El Dorado Park - Restroom #40 Rehabilitation	\$180,000	New floors, ceilings, lighting, fixtures, and surfaces, and stalls, interior paint
Pan Am Park Gym Restroom Repair	\$100,000	New floors, ceilings, lighting, fixtures, and surfaces, and stalls, interior paint
El Dorado Tennis Courts	\$100,000	Improvements to the tennis courts at El Dorado Park
Los Cerritos Park Sports Courts	\$100,000	Improved surface for sports courts
Silverado Park Sports Courts	\$100,000	Improved surface for sports courts
TOTAL PARKS	\$18,574,000	
City Place Parking Garage Improvements	\$1,200,000	Targeted improvements to the downtown parking garages to enhance lighting, safety, repair concrete, and improvements to the adjoining public spaces to enhance the City Place experience
TOTAL PARKING	\$1,200,000	
Urban Forest Investment (trimming/planting/irrigation)	\$845,000	Investment in urban forest care (planting, trimming, irrigation)
TOTAL TREE TRIMMING	\$845,000	
TOTAL	\$150,049,000	



Tuttle Cameras In Bixby Knolls To Celebrate Its 70th Anniversary With Free Photography Class May 14

Tuttle Cameras is celebrating its 70th anniversary on May 14 from 9 a.m. to 5 p.m. with free photography classes by Canon, plus a taco lunch. After returning home from service in World War II, Harvey (left) and Dick Tuttle, pictured in this historic photograph, first opened Tuttle Cameras in 1946 in Belmont Shore. They opened a second location at 4019 Atlantic Ave. in Bixby Knolls just a year later, which is the only remaining location and retains its historic architecture. The current owner, Eric Vitwar, pictured, purchased the store from the Tuttle family after having worked for them from 1990 to 1998. The store offers



new and used cameras of both the digital and film variety, as well as camera accessories, albums and more. Services include photography classes, photo restoration, camera repair, printing and additional services. To RSVP for the anniversary event, call 562/424-8633. For more information, visit www.tuttlecameras.com. (Historic photograph provided by Tuttle Cameras. Photograph of Vitwar by the Business Journal's Larry Duncan)

LBCC Breaks Ground On Pacific Coast Campus Construction Project

Long Beach City College (LBCC) officials gathered on April 27 to celebrate the ground breaking of a \$20 million project to upgrade facilities and construct a new building at the college's Pacific Coast Campus on Pacific Coast Highway. The project includes renovating the RR building for the college's electrical program and constructing a new building to be called QQ that will be shared by the electrical program and a Lifetime Learning Center, which will provide education for older adults re-entering the workforce. The buildings will come with state-of-the-art labs and technology for students and faculty as well as two new electric vehicle charging stations and environmentally-friendly features to save energy and water use. The project is being funded by Measure E bond measures worth \$616 million that were passed by voters in 2002 and 2008. Pictured from left are LBCC Vice President of Academic Affairs Terry Long; LBCC Superintendent-President Eloy Oakley; LBCC Area 1 Trustee Jeff Kellogg, LBCC Area 5 Trustee Dr. Virginia Baxter, LBCC Board President and Area 4 Trustee Doug Otto, LBCC Area 3 Trustee Sunny Zia; and LBCC Vice President of Administrative Services Anne-Marie Gabel. (Photograph by the Business Journal's Larry Duncan)



Mental Health America Village Names Leslie Giambrone Executive Director

Leslie Giambrone, a mental health social worker, was recently named the executive director of Mental Health America (MHA) of Los Angeles' The Village, located at 5th Street and Elm Avenue in Long Beach. The Village is "an adult integrated services recovery program" for those recovering from mental illness. In her role, Giambrone oversees The Village's services, including an employment program, a social enterprise program called "The Village Cookie Shoppe," and a program for the homeless. The Village operates a deli restaurant and catering business and a mini mart, and also contracts with local businesses to provide those it serves with employment opportunities. Giambrone was The Village's interim director for several months and prior to that was the director of MHA's Transition Age Youth Academy on 7th Street near Cherry Avenue. (Photograph by the Business Journal's Larry Duncan)

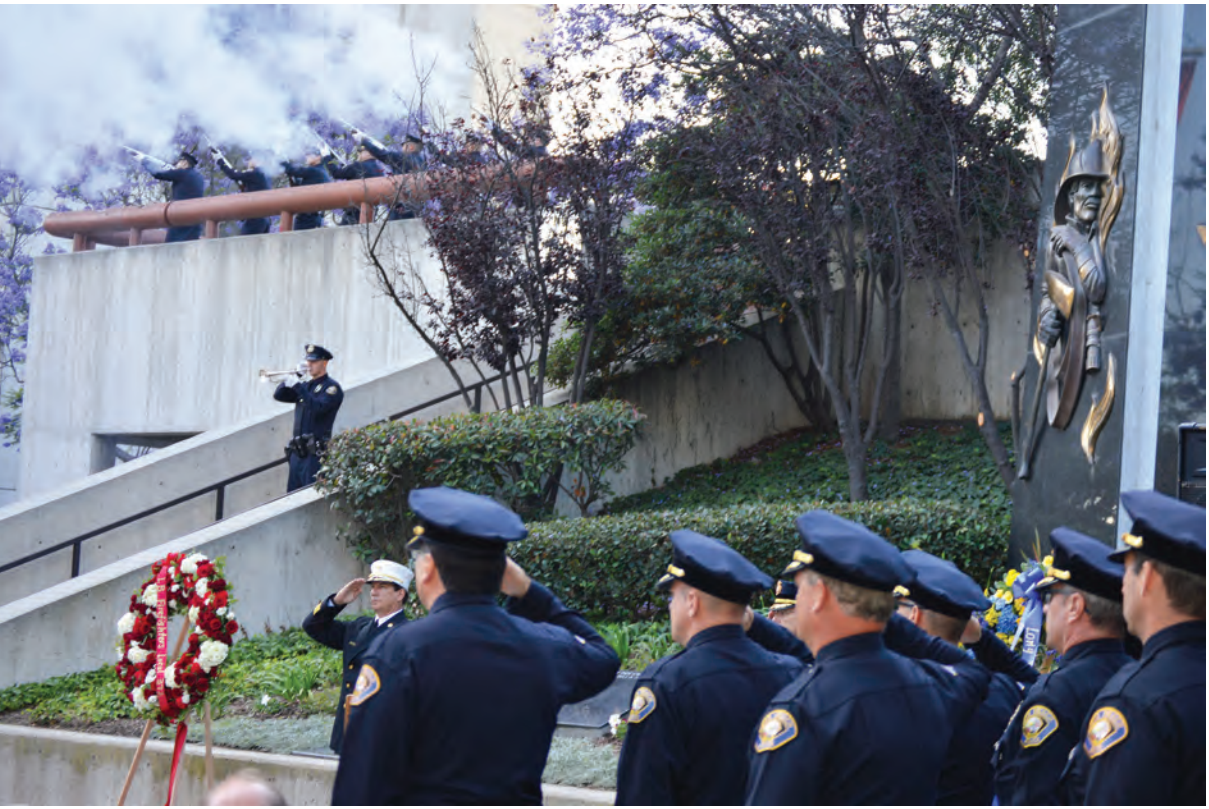


Keesal, Young & Logan Wins Inaugural E-Discovery Award

The Long Beach-based Keesal, Young & Logan (KYL) was honored last month with the inaugural Law Firm E-Discovery Department of the Year award presented by the Association of Certified E-Discovery Specialists (ACEDS). The presentation was made during ACEDS 2016 EDiscovery Conference & Exhibition in New York City. In accepting the award, Skip Keesal, founding partner of KYL, said, "KYL is committed to providing the highest caliber of services to our clients and, as trial lawyers, that includes staying abreast of the latest trends and technology in e-discovery. We thank ACEDS for this recognition and applaud their consistent dedication to educating and certifying e-discovery professionals." KYL has been recognized previously for its innovative use of technology on behalf of clients. The firm was the first law firm to be named to the InfoWorld 100 list in 2003, and members of the KYL Keeps You Learning "Community of Experts" have received two International Legal Technology Association Distinguished Peer Awards as well as top individual honors from ACEDS. At left, Keesal is pictured with Justin Hectus, KYL's director of information. (KYL photograph)

Long Beach Police And Fire Memorial Ceremony Honors The Fallen

The annual Police and Fire Memorial Ceremony honoring Long Beach Police and Fire Department personnel who gave their lives in service took place on May 3 in Downtown Long Beach. The program included a bagpipe rendition of "Amazing Grace," the Pledge of Allegiance, an invocation, and a 21-gun salute and "Taps" by the Long Beach Police Honor Guard, with city staff and elected officials in attendance. Police Chief Robert Luna and Fire Chief Mike DuRee both spoke at the event. This year, Patrolman William Homer Waggoner was added to the list of fallen police officers. Research recently revealed that his death in 1954 was caused by injuries relating to a gun battle with associates of a Chicago mobster that took place 24 years prior. Waggoner was also added to the California Peace Officers' Memorial and the National Law Enforcement Officers' Memorial. (Photograph by the Business Journal's Larry Duncan)



Inside City Hall

Time To Finish Incorporating East Long Beach



By **GERRIE SCHIPSKE**

There is an island of unincorporated land in the northern section of the 5th Council District bounded generally by Parkcrest Street, Palo Verde Avenue, Conant Street and Woodruff Avenue. The area is approximately 33 acres and more than 1,300 people live there. The residents have a Long Beach address and receive a combination of services from Los Angeles County and the city. The property taxes they pay do not go to Long Beach.

In the early 1950s, Long Beach mapped out "10 annexation increments of South Lakewood" that were targeted to be annexed into Long Beach if the voters approved. Annexation is the means by which an existing city extends its "corporate" boundaries.

The incremental approach was the brainchild of John Budd Wentz, administrative assistant to the city manager in 1951, when he wrote "An Analysis of the Advisability of Annexing All or Part of the Lakewood Area to the City of Long Beach," at a time Lakewood was an unincorporated part of Los Angeles County. Wentz suggested that voters would be more sympathetic and distracted if there were a series of annexation measures and elections held over a period of days. Opponents to annexation argued that Long Beach was a tired, old city and that voters should opt to go to Lakewood, a new, planned community. Ultimately, the northern, and largest, part of Lakewood incorporated and is now the City of Lakewood. As for the southern part of Lakewood, nine of the 10 increment areas voted for annexation with Long Beach. The remaining "Incre-

ment 153" turned it down and remains unincorporated.

While several residents sued Long Beach over the annexations and the court ruled the annexations were illegal, the case was appealed and the court reversed the ruling and the increments were added to the City of Long Beach. This made Lakewood Village, Pan Am and Heartwell parks, and the homes adjacent to them, part of Long Beach.

The process for annexation has changed since the 1950s. Now it just takes the city and the county to work out details, including a split of property taxes. The proposed annexation is then submitted to the Los Angeles County Local Agency Formation Commission (LAFCO) for final approval. LAFCO was created by state law and is composed of elected officials from the county and local cities, and a member of the general public. LAFCO is charged with the responsibility to review and approve proposed annexations, reorganizations and incorporations.

If the LAFCO commission approves, it can order the annexation without an election if it receives protests from less than 25 percent of the registered voters or less than 25 percent of the number of owners of land owning less than 25 percent of the assessed value of land within the affected territory.

Prior to leaving the city council, I worked with city and county staff on moving forward to bring this area officially into Long Beach. County Supervisor Don Knabe and his staff, along with Deputy City Manager Reggie Harrison, worked out the necessary details to assure LAFCO this annexation would be proper.

It is time for the City of Long Beach to move forward on annexing this final piece of land that will add property taxes.

Next column: How not to tax an entire city for infrastructure.

(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.)

Realty Views

REITs An Option For Investors



By **TERRY ROSS**

For those looking to invest in real estate and looking past their own home or actively buying, managing and selling investment properties, Real Estate Investment Trusts (REITs) continue to be an excellent vehicle to get involved without being hands-on.

Because REITs are really a combination of a real estate investment and a stock offering, they do offer the best of both worlds, but their success (or lack of) is based on the fundamentals of whatever entity that is invested in - and there are many types of REITs, just like there are many types of real and related investments.

REITs can invest not only in rental real estate - such as apartments, commercial buildings, retail establishments, and specialized property - but also in mortgages and other financial products. Mortgage REITs loan money for mortgages on real estate, purchase existing mortgage products or mortgage-based securities - and the dividends are derived from the interest payments from borrowers.

Mortgage REITs can be riskier because of the volatility of interest rates, since borrowers tend to refinance higher rate mortgages when rates decline. So-called equity REITs are based on the investment in real property but, just like mortgage REITs, timing is the key and, at certain times in the economic cycle, both of these kinds of products can go up or down.

With REITs that invest in property, the amount of debt is vitally important. According to many experts, REITs that have 50 percent or less debt on a given property are much safer and can yield higher returns than those that are heavily leveraged. This principle is not any different than for the investor who buys and manages his own property, so research is a key component in

selecting the appropriate REIT for anyone's portfolio.

For those REITs invested in rental properties, occupancy is a vital factor. High vacancy rates are signs of trouble in both residential and commercial types of investments. Well-positioned shopping malls or public storage facilities are some of the more popular property types in today's REIT market because of the occupancy stability and performance, as are distribution centers for growing companies like Amazon.

The slowdown in commercial and warehouse space development during the recession has made these types of properties more valuable today in the world of e-commerce where distribution and fulfillment centers are needed to keep up the pace with the demand of online commerce. In the housing sector, the lack of both capital and the upheaval in the housing market during much of the last decade has created a shortage of both single-family and multi-family housing. Now, with demand increasing, the race to build more housing and the increase in the demand (and rents) has also produced new investment opportunities for REITs.

Over the past couple of years, the REIT Index that tracks the performance of these securities has shown that many of these products have had a roller coaster ride. In 2014, the REIT Index gained over 27 percent - due mainly to favorable interest rates movements and treasury yields that impact the return on investment of these properties. In 2015, the Index was up and down and, because of the Fed's warning about interest rate hikes for this year, optimism has been on the wane, even though the Fed has backed off of its earlier plans to move rates up.

For those who do their homework and want to invest in real estate without the management entanglements in actually being an active investor, REITs may be one of the better investing opportunities around. Especially when various specialized high-yield types of properties are available and the REIT market offers the diversity and simplicity of investing in real estate.

(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.)

EarthTalk

Switching From That Gas Guzzler Vehicle

Dear EarthTalk: I'm finally ready to make the switch from my old gas guzzler to an electric or plug-in hybrid car. What are the best bang-for-my-buck deals on these newfangled vehicles?

— Mickey LaMonte, Boston, MA

With each new model year, automakers continue to expand their offerings of affordable and fun plug-in hybrid and all-electric vehicles. While consumers obviously want these new cars, this year's phase-in of President Obama's higher automotive fuel efficiency standards have given automakers another reason to step up the manufacturing of less consumptive vehicles that compete in price with their gas and diesel counterparts. Also, new car buy-

ers can cash in on up to \$7,500 in federal tax incentives (and possibly more from their own state - check out the Database of State Incentives for Renewable Energy to find out) to help defray the costs of getting into an EV or plug-in hybrid. What this means is that giving up gas has never been so easy - or cheap.

A case in point is Ford's redesigned C-Max Energi, a plug-in hybrid that gives drivers a range of up to 500 miles as well as 19 miles of all-electric driving for under \$28,000 factoring in the federal tax rebate. Not to be outdone, General Motors' Chevrolet brand is coming on strong with several of its own affordable EVs and plug-in hybrids. The Spark Electric gets more than 80 miles per charge and can be had for less than \$19,000. Chevy fans looking for a beefier engine and torquier ride can opt for the Volt plug-in hybrid, which runs for 380 miles using its gas engine as a generator or 38 miles on electric battery power alone - all for less than \$27,000.

Meanwhile, German automakers con-

tinue to innovate on the electric vehicle front. BMW's all-electric I3 EV zooms from zero to 60 in seven quiet seconds and, despite its punky look, drives just like a . . . Beemer. The all-electric base version of the I3 can be had for around \$35,000 and gets drivers 81 miles per charge, but owners can opt to add a small back-up gas engine (for another \$4,000) turning the car into a plug-in hybrid with a 150-mile range.

While Volkswagen may be in the dog house with environmentalists given its diesel emissions cheating scandal, the company is making some amends with the new all-electric version of its zippy sport-tuned hatchback, the e-Golf. Factoring in the federal EV tax credit, customers can drive off in a new e-Golf for less than \$23,000 - a great deal on a cutting edge fuel efficient vehicle if there ever was one.

If even that seems like too much money, consider an even smaller electric car. Smart's FourTwo Coupe is a two-seater, around-town EV that will set you back just

\$13,000 following the federal tax rebate. Another logical choice is Mitsubishi's similarly compact I-MiEV for under \$16,000.

While all these choices are well and good if you need a car ASAP, those willing to wait until next year might want to hold out for Tesla's forthcoming Model 3, a sporty all-electric sedan with a 215 mile range. The car will retail for \$35,000, meaning that consumers should be able to get it for \$27,500 after the federal tax rebate. Tesla is hoping that the solid range, sporty drive train and stylish look might just make the Model 3 the "it" EV on the market when it hits showroom floors in 2017.

Contacts: Database of State Incentives for Renewable Energy, www.dsireusa.org; Smart USA, www.smartusa.com; Tesla Motors, www.teslamotors.com.

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HealthWise

Recognize When To Seek Help For Anxiety Disorders



By TAMMY HEILEMANN

Anxiety disorders are the most common mental illnesses in America – affecting close to 20 percent of the population. Certain groups of people are more likely to have anxiety disorders. Women are slightly more likely than men to suffer from anxiety; and anxiety disorders are the most common form of mental illness experienced by older adults. While treatment is available, only about one-third of people suffering from anxiety disorders seek treatment because of the stigma attached to mental illness.

Anxiety is the body’s normal reaction to a stressful situation or to danger. An occasional worry or feeling anxious is a normal part of life. For example, people might feel anxious when running late to a meeting or right before an exam. However, when anxiety negatively affects everyday life and causes significant upset, it is time to seek help.

There are 11 kinds of Anxiety Disorders – each has unique symptoms but all share a persistent fear or worry that is out of proportion to the threat or situation. The most common types of Anxiety Disorders are Generalized Anxiety Disorder, Agoraphobia (fear of places and situations), Panic Disorder and Social Anxiety Disorder (fear of other people’s judgment or criticism).

Common symptoms of anxiety disorders fall into two categories:

Emotional Symptoms: Feelings of apprehension or dread; Feeling tense and jumpy; Restlessness or irritability; Trouble concentrating; and Anticipation that something bad is going to happen (looking for signs of danger)

Physical Symptoms: Pounding or racing heart; Shortness of breath; Upset or tightness of the stomach; Muscle tension; Dizziness; Fatigue; and Insomnia

The exact causes of anxiety disorders aren’t fully understood, but research shows there are several possible contributing factors. Genetics play a role in anxiety disorders; a familial history of mental illness increases the likelihood. Environmental stressors and traumatic life events can also contribute to anxiety disorders, as well as chemical imbalances in the brain.

There are many ways to manage symptoms of anxiety, such as: Prioritize one’s self-care (e.g., adequate sleep, nutrition, exercise, fun, etc.); Learn to identify life stressors (e.g., relationships, work, school, etc.); and Develop positive coping skills (e.g., deep breathing, walking, meditation, journaling, etc.)

Treatments

When anxiety persists or gets worse, it’s important to seek help. The most common treatment options, include:

Psychotherapy: This involves meeting regularly with a licensed mental health professional to address underlying stressors contributing to anxiety and developing strategies to manage the symptoms.

Cognitive Behavioral Therapy (CBT): CBT is an evidence-based approach effective in treating anxiety disorders. Through CBT, people identify and challenge inaccurate, negative or limiting thoughts or beliefs and then learn more helpful ways of thinking. Thoughts are closely associated with feelings, so anxiety increases when we think negatively and decreases when we think more positively.

Medication: Medication can be prescribed after meeting with a psychiatrist and discussing how it can help reduce symptoms.

If you think that you or a loved one is suffering from a mental illness, seek help immediately. Most people with anxiety disorders can be successfully treated with therapy, medication or both.

(Tammy Heilemann, LCSW, is a therapist for Memorial Care Center for Mental Health & Wellness at Community Hospital Long Beach.)

Small Business Dollars & Sense

Turning Small Business Tenants Into Buyers



By BEN ALVARADO

One question that often arises for small business owners is whether to buy the property they currently lease. If you decide it’s in your best financial interest to buy, here are a few things you should consider:

Financing – If you occupy at least 51 percent of the property, you may qualify for SBA financing – a great financing option available for business owners in today’s market. SBA loan programs provide long-term financing to small businesses needing to acquire major fixed assets, including leased buildings. The two main advantages of an SBA loan are:

1. You can purchase the building with as little as 10 percent down.
2. The term of the loan can be as long as 25 years. The long amortization period may make your payment much lower than your current rent payments.

Co-Tenancy – If your goal is to generate income from your property while also using the space for your business needs, think about buying more business space than you’re currently leasing and renting the unused portion to another business. The other business may help you pay off the mortgage on your building, but consider that you become the landlord. Anything that goes wrong with the building, including plumbing, heating or water damage, becomes your responsibility to repair. Make sure you’re ready for the added responsibility before you rent the space.

Tax Benefits – Although you may write off the rent you currently pay while leasing your place of business, there are other tax benefits of property ownership. For instance, you may be able to deduct mortgage interest, depreciation and property taxes as an owner. If you’re renting part of the space, landlord deductions may be available to you, as well.

Potential Appreciation – If your business is located in a popular and growing area, it’s likely local rents will continue to increase. One way of controlling the fixed cost of your office space is to own it so you know precisely how much your payments will be for the length of the mortgage contract. If you decide to lease part of your space to another business, you may also collect those increased rent payments. Moreover, if you purchase versus lease space, your business will benefit from any appreciation in the value of the property.

Building Equity For Retirement – As the value of the property increases and the amount of your mortgage decreases, your property gains more equity, resulting in a greater profit if you sell. This equity also gives the actual business more worth, meaning that you may be able to borrow against the equity to fund future growth. It’s important to note that the downside of counting on equity is no one can see into the future to determine the value of your building in the years ahead.

Ultimately, there are many factors every small business owner needs to consider when deciding whether to buy or rent a business facility. Before committing to purchasing your business property, seek the support of a financial advisor to discuss all your financing options and help you determine what makes the most sense for the success of your business.

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

Effective Leadership

Why Your Leadership Style Isn’t Working With Millennials



By MICK UKLEJA

Know what you’re thinking! They are different, aren’t they?

Millennials are entering into adulthood on their terms – with their own ideas of work, life and fulfillment. You can ignore them, embrace them or be constantly frustrated by them.

In the first quarter of 2015 Millennials became the largest generation in the U.S. labor force. They have surpassed the Boomers and have just overtaken the Gen Xers for top billing. Millennials are 35 percent of the workforce – and that number will only grow.

Here is what I know. With this generation

there comes a burning ambition to impact the world. They are a generation of passionate, collaborative and achievement-oriented young people who – contrary to some people’s opinion – desire relationships with older generations.

If this is true, then why are they so hard to lead? See if one or more of these three reasons fit.

1. Millennials Want Involvement.

It is very natural for Millennials to want a “place at the table.” They grew up in praised-based and democratic-based homes. Unlike other generations, Millennials experienced participative decision making interacting with parents and other adults.

When this generation’s opinions are solicited, their commitment and engagement runs deep.

It all starts with the leaders attitude. Rather than giving orders, explain to Millennials how their participation is essential to the success of the mission.

2. Millennials Want Authenticity.

Millennials are drawn toward authentic leaders. Authentic leadership is transformational leadership, where one is motivated, inspired and even changed by the leaders they follow. Like you, Millennials will

learn more from what you did wrong than what you did right. Our greatest learning comes when we reflect on our mistakes. Millennials are no different.

Millennials are not looking for perfection. Authentic leadership doesn’t come from copying superstars and genius visionaries. Millennials can spot imitation and posing very quickly. Being a superstar leader will not work with this generation.

Millennials were raised in an era where virtual reality became reality. However, make no mistake about it, they crave true authentic relationships, especially in their leaders.

3. Millennials Want Humility.

Teddy Roosevelt famously said, “Walk softly and carry a big stick.” However, what worked for President Roosevelt may not work for Millennials. They desire servant-leadership inspired by humility. I often hear from clients that it isn’t their job to reach out to Millennials; that Millennials should reach out to them. Real success comes when the most mature take the first step.

What are the attributes of an effective leader? Across the Board Magazine: For Business Leaders announced, “63% of Top Executives Say That Most Managers Careers Are Stalled Because They Simply Do

Not Understand Others.” Understanding won’t happen without empathy, and empathy won’t happen without humility.

Humble leaders are strong leaders. They have what Jim Collins (Good To Great), calls “egoless clarity.” They are committed to the vision and they don’t care who gets the credit. They are confident enough to be teachable. They might be the leader, but they also know the younger generation has much they can learn from – and they celebrate it. Admitting that you still have things to learn – even from someone half your age – establishes respect that cannot be bought.

Humility is essential to leadership. It builds community by providing a place where people can feel safe and connected with others, and yet still allows them to express their own individuality.

When a Millennial sees and feels this, they can’t wait to sign up.

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

Technology And Innovation

Toward Affordable Personalized STEM Education



By **FOROUZAN GOLSHANI**

Over the past nine years, CSULB College of Engineering has experienced tremendous growth along all indicators: headcount, average time to graduation, graduation rates, student persistence (retention), and more importantly, a whopping 240 percent growth in the size of the graduating class. On the downside, the program experienced a phenomenon that is commonly observed all across the academy: uneven success along the diversity line.

Seeing a gap between the achievements of underrepresented and non-underrepresented groups, the College embarked on an ambitious initiative to expand the pipeline of students with diverse profiles –while at the same time ensuring the success of every student. The initiative was termed “Access + Success,” signifying our underlying philosophy.

Considering the demographics of Long Beach and its neighboring communities, access and inclusion have been dominant, and will continue to be crucial, in our recruiting activities. The Long Beach Promise – a partnership between the Long Beach Unified School District, Long Beach City College, and CSULB – is key in helping attract students with diverse backgrounds. The Mathematics, Engineering, Science, and Achievement (MESA) outreach program to the region’s high schools and middle schools has also been successful in achieving that goal. Refining transfer agreements with six community colleges, staying in close touch with counselors at feeder schools, and helping develop a new science and technology academy adjacent to CSULB are also proving effective.

We need to divest ourselves from the Taylorist approach to education, which values productivity and efficiency. Many studies show that when we treat every student as an average student and aim to provide the same standardized educational package to each one – regardless of their experiences, background, interests and abilities – we will get less than perfect results.

In other words, if we design for the average, we design for no one!

In our efforts to educate the individual instead of educating the hypothetical average, the College has designed multiple pathways, each geared to a different group of students. For the most academically gifted students, we created the Engineering Honors Track and redesigned our accredited curriculum with enhanced components that challenged the students to the best of their abilities. The Honors track is now in its third year.

A majority of our students go through the normal curriculum, but with different degrees of advising. Supported by analytics that predict the needs of each student based on their past performance and progress, the College offers different levels of advising for each student, with more intrusive advising mechanisms implemented for students who need an additional nudge.

A hallmark of our efforts to provide a more personalized approach to educating engineers is the BESST (Beach Engineering Student Success Team) program. BESST is designed for students who, based on our prior statistics, had no chance of persisting in any of our engineering curricula.

Each cohort of 20 to 25 students is formed into a community of learners. They meet in a specially designed classroom. All designated instructors come to this classroom to deliver their classes. All other auxiliary services, including tutoring, advising, and just-in-time consultations are also delivered in the same room.

Students have plenty of one-on-one time with instructors, tutors, and peer mentors. Basically the entire first-year curriculum is offered in this fashion. The heartwarming outcome from the first cohort was that 22 of 25 completed the entire first-year curriculum, including math (Calculus I) and physics.

Remember that this group was chosen because our data showed they had no chance of progressing beyond the basic math and science requirement, and yet BESST enabled 90 percent of them to successfully march through the “Death Valley” of science and math, and they are currently continuing in an engineering major.

This is a very effective method for closing the achievement gap. Considering that there is a significant overlap between underprepared students and underrepresented groups in low-income communities, the success of students who participate in BESST will enable us to reduce the gap. In fact, our BESST program has clearly indicated that there is NO achievement gap, but there exists an opportunity gap. If we provide the opportunity of an educational experience that fits the learning pattern of an individual, success is inevitable.

(Forouzan Golshani is the dean of the College of Engineering at California State University, Long Beach.)

Third Sector Report

Volunteers And Nonprofits

(Continued From Page 1)



By **JEFFREY WILCOX**

in volunteering; and, the numbers continue to slip. Estimates indicate that there are more board room positions vacant in the country right now than ever before. Between 2013 and 2014, the United States Bureau of Labor Statistics revealed that two million fewer people reported lending a helping hand as compared to the prior year.

Voluntarism for nonprofit organizations is a complex working relationship between people and an even more complex issue for its leadership.

Creating a mutually beneficial relationship with volunteers is the result of a hybrid human resource equation not taught in graduate business schools. Its integers make boards and employees nervous: Government regulations to protect confidentiality and assure safety, diverted staff time for an already overburdened employee pool, threats to an existing power structure, or risks of changing the course by renegades are but a few examples.

To work the volunteer equation right requires commitment, resources and leadership. Effective relationships with volunteers that produce community service yield is one of the most significant and visible demonstrations of the leveraging muscle of nonprofit leadership at work.

The default position, unfortunately, has been that it’s easier to stack the deck by putting all available volunteer resources at the top of the organization rather than integrating a unique talent pool throughout it. The result is a “top heavy voluntary organization” that most aren’t willing to admit weakens a nonprofit rather than strengthens it.

In the end, the top-heavy voluntary organization finds its paid human resources spending more time devoted to the care and feeding of too many volunteer administrators with little staff and voluntary horsepower left to meet the needs of the community.

Combine this top-heavy phenomenon with a nonprofit organization that mistakenly brands its messages to the voluntary community as, “We don’t want your time, we just want your money;” and the result shouldn’t be surprising about the declining rates of voluntarism.

The number of nonprofits that admit to not knowing they would do with more volunteers is more than just a few. Most business leaders could only dream about having such an organizational problem: A

potential over-resourcing situation that comes complete with its own built-in economies of scale in labor costs. There’s something seriously wrong when such a resourcing proposition is viewed as a dilemma by business people who, themselves, volunteer their corporate savvy to fuel nonprofits and their missions.

Volunteers have been and will always be a nonprofit’s “golden egg.” Any strategic plan for a nonprofit organization that devotes its resourcing sections only to raising financial capital with little or no regard to cultivating human capital to serve the mission needs to be sent back to the incubator. A talent pipeline has been overlooked, a resourcing opportunity has been missed, and a chance to build community equity has been lost.

The roles and dividends offered by volunteers, especially from Millennials and the soaring population of recently retired Baby Boomers, is one of the most undercultivated resources available to a nonprofit organization. Today’s leaders would benefit from a refresher course about how their organizations got off the ground thanks to volunteers, and then leverage that knowledge and follow the examples of their predecessors to chart their futures.

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

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