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Co-Workers And Friends For Decades, Chris Pook And Jim Michaelian Now Battle Over Future Of Grand Prix

City Council To Decide As Early As July If IndyCar Continues Its Long Run Or Formula One Gets Nod For 2019

It was Memorial Day weekend 1973 and Chris Pook, a 32-year-old, English-born travel agent, who had arrived in the U.S. 10 years earlier with a sales and marketing degree in hand from the University of London, was sitting in his office with a view of the Queen Mary watching the Indy 500 on the telly. He thought, "Why not a Monaco-style race on the streets of Long Beach?" Thus began a nearly 15-month journey to convince city, state and car-racing officials to give Pook the green light for a Formula One race through the city's downtown streets. Jim Michaelian became one of Pook's first hires for the newly-formed Grand Prix Association of Long Beach (GPALB).

On September 28, 1975, a Formula 5000 "test" race was run, marking the beginning of a decades-long working relationship and friend-

ship between Pook and Michaelian. More than 25 years later, when Pook left the association he started, it was Michaelian who was named to replace him – and there he remains.

By any measure, the Toyota Grand Prix of Long Beach has been a huge success and long ago was fully embraced by the community. At 43 consecutive years, it is the longest-running street race in the U.S. It is the city's largest event. It provides the city more free TV time than any other event. It is in the black. The city is reimbursed fully for the services it provides.

Today, the men's relationship is strained. Pook wants to return Formula One to Long Beach, where it hasn't raced since he switched to IndyCar with the 1984 race.

When Long Beach city officials decided to review all aspects of the annual event and issue

a request for proposals, only two were received: one from Pook's World Automobile Championship of California; the other from Michaelian and the GPALB. The city council contracted with KPMG two days after the 2017 race to analyze the proposals. John Keisler, director of the city's economic and property development department, told the Business Journal, "We hope the KPMG study will allow staff to make a recommendation [to the city council] in July."

One thing to look for in the study is if KPMG is able to confirm Pook's claims or reaffirm Michaelian's assertions.

The Business Journal sat down with Pook and Michaelian, separately, for in depth interviews. What follows is an inside look at the proposals and the men – in their own words.

– Publisher George Economides/Sr. Writer Brandon Richardson

Pook: Change Needed To Achieve Highest And Best Use For The City

LBBJ: Why are you pursuing this?

Pook: What's occurring right now, for whatever reasons, the IndyCar series is not delivering the economics that it should. And if you are a business person in Long Beach and you are impacted by this race, either positively or negatively, what is really important is to determine what is the highest and best use of city property if, indeed, you are going to run a motorcar race.

LBBJ: Have you spoken to Formula One (F1) officials at Liberty Media [which, as of January 23, 2017, acquired F1 for \$8 billion] about your plan?

Pook: Yes.

LBBJ: And what did they say?

Pook: They said they are looking at three venues in the United States – they obviously want New York, they obviously want Southern California and they already have a venue in Austin, Texas. They are on record publicly saying that they want to be in the major markets.

LBBJ: But other than saying Southern California, they haven't specifically said Long Beach? They could go anywhere?

Pook: They could go anywhere but they understand, fully, what is going on here. They're aware that there is an RFP [request for proposal]. They're aware that we have responded to the RFP on their behalf.

LBBJ: And the facilities basically exist.

Pook: The facilities are here. There are some minor modifications to the circuit – it needs to be lengthened, there needs to be a pit complex.

LBBJ: So do you feel you have an advantage over other cities with Long Beach already having an existing track?

Pook: Oh, absolutely. Without a doubt.



Michaelian: We Are A Known Quantity And A Community Asset – We Deliver

LBBJ: Please explain the ownership arrangement regarding the Grand Prix Association of Long Beach.

Michaelian: In 2005, two gentlemen and race team owners, Kelvin Kalkhoven and Jerry Forsythe, bought the Grand Prix Association of Long Beach (GPALB) [from then-owner Dover Downs Entertainment] under the name Aquarium Holdings, LLC, based in Alamo, California.

LBBJ: Do they own anything



else, as far as racing?

Michaelian: They own Cosworth, which is a huge company. Cosworth makes engines, all sorts of electronic systems for cars. They make the electronic ignition systems for Porsche and for Corvette, and now they're in the process of building an engine for some of the high-tech manufacturing companies that do limited runs, like they'll do something for Aston Martin. So they're actively involved in the business.

LBBJ: Have the owners expressed to you that they're fully committed to the future of IndyCar in Long Beach?

Michaelian: Absolutely. In fact, Kevin was out here during a race and we actually met with the mayor and he expressed that very thing.

LBBJ: We've spoken to quite a few people since the announcement of the KPMG study, and most of them are very supportive of the race the way it is. But at the same time, they said, "You know what, there's nothing wrong with having the city check to see how everything is and to do a comparison." Do you have a problem with the city doing an analysis?

Michaelian: No. In fact, the issue first came up in 2014 when some councilmembers wanted to take a look at the landscape and see what was available. My first and only reaction has always been, "Fine, you've

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MILLENNIAL PULSE

Trump's Millennial Problem

By Assistant Editor Samantha Mehlinger

It's time to talk about the comb-over in the room. My apologies to those of you seeking respite from its chick-fluff colored glow. But at this point, it just seems irresponsible of me to put it off any longer.

Millennials do not like Donald Trump.

To be fair, I should say the majority of American Millennials do not like Donald Trump. But polls and surveys have shown that it's a pretty strong majority, so

(Please Continue To Page 4)

Local Cable Show 'Straight Talk' Turns 25; Hosted By Art Levine

■ By **BRANDON RICHARDSON**
Senior Writer

For the last 25 years, Art Levine has interviewed politicians, business executives, entertainers, doctors, educators, health care administrators, nonprofit and community groups, and leaders in the arts as the host of "Straight Talk," a weekly cable show.

In 1974, Levine moved to Southern California from New York City, where he was a practicing lawyer, to teach ethics and legal studies at California State University, Long Beach (CSULB). In his early years at CSULB, Levine developed the Law Society, which invited practicing lawyers to speak on campus.



Art Levine's weekly half-hour cable show, which is broadcast in 70 cities, is celebrating its 25th Anniversary. All taping takes place on the campus of California State University, Long Beach. Levine is taping his 587th show on June 2. (Photograph by the Business Journal's Larry Duncan)

"But we also had some elected officials who would speak to us – councilpeople and Congress. As you know, many of the elected officials happen to also be lawyers," Levine said. "Then I created some debates between candidates running for local office, and university television took an interest, and they videotaped a lot of the debates."

During this time, cable show "We The People" was looking to grow from a monthly program to a weekly one. However, host Chuck Greenberg was senior partner at the law firm of Ball, Hunt, Hart,

The Institute of Museum and Library Services named Long Beach Public Library as one of 10 recipients of the 2017 National Medal for Museum and Library Services. The award is the nation's highest honor given to museums and libraries for service to the community and will be presented later this year at an event in Washington, D.C. "It's a great honor to receive the National Medal for Museum and Library Service for Long Beach Public Library," The city's director of library services, Glenda Williams (pictured here the Michelle Obama Neighborhood Library in North Long Beach), said in a press release, "We exist to partner with our Long Beach residents to meet their personal and educational goals. We strive daily to provide exceptional, relevant services, classes and events that will offer countless opportunities for our community to grow and prosper." The recipients were selected from 30 national finalists. (Photograph by the Business Journal's Larry Duncan)



Brown & Baerwitz, and his schedule would not allow it. So he recommended Levine to take his place.

Levine hosted the live-airing, hourlong public affairs show every Monday night for seven years. The show ended abruptly when Levine got into a dispute with management. The split from "We The People" eventually led Levine to develop and produce "Straight Talk."

Starting from humble beginnings, barely being able to cover costs and sometimes paying out of pocket, Levine has grown the show and now has more than 30 sponsors, which has made the shows longevity possible. "Straight Talk" is gearing up for its 587th taping on Friday, June 2. To date, Levine said he has interviewed more than 1,000 guests on the program, which is now broadcast in 70 cities, with an estimated 50,000 people tuning in every week. For airtimes and channels, visit: www.straighttalktv.com.

"The show was originally an hour long, so we had more guests. We'd have four 15-minute segments basically. They could be about an actor, a politician. It was all over the map," Levine said. "Then we went to half an hour. I'd rather just spend half an hour with one person, sometimes two if they are related. We have been fortunate to have such wonderful guests."

When asked who his favorite guests have been, Levine said that's like asking "which of your children is your favorite." He said he is honored to have been able to host George Deukmejian, the former governor of California, as well as Long Beach mayors Beverly O'Neill, Bob Foster and Robert Garcia on multiple occasions.

Other notable guests include trial lawyer Joseph Ball, who was senior counsel to the Warren Commission after President John F. Kennedy's assassination; California Congressman Alan Lowenthal; former National

Director of the Anti-Defamation League Abraham Foxman; County Supervisor Don Knabe; author William Cohan; eighth commander of the U.S. Special Operations Command Admiral Eric Olson; historian Douglas Brinkley; and writer, actress and businesswomen Arianna Huffington.

"We had one of the Disney Imagineers on. Sally Struthers was a guest," Levine said. "Nell Carter won a Tony [Award] at the age of 19 for 'Ain't Misbehavin',' and she was in town to do the 30th anniversary of 'Raisin in the Sun,' and she [did] our show. This was very sad [because] she died six days later. Ours was the last television appearance of the great Nell Carter."

When asked if he had any funny stories from the last 25 years, Levine said the first thing that popped into his head was the untaped episode. He recalled sitting down with a guest and having a great hourlong show. Afterward, the crew in the control room informed Levine that they forgot to put in a tape and the show was not recorded. Though not funny at the time, Levine gave a small chuckle when recounting the incident.

Another memorable episode took place a year or two ago when Knabe appeared on "Straight Talk" during the holiday season. Levine decided to reverse the roles and allow Knabe to act as host and ask him questions.

"I had given him some ideas for questions, but he kind of threw that away and went off on his own," Levine said. "Now he had the microphone, and I'm waiting to answer questions. And it was very discomfoting because I'm used to asking the questions."

With the recent political climate and the

widening schism between political parties, and even within parties, Levine said he has tapped into his roots as an ethics professor. "As a professor of ethics, I look at the values of guests that we have. It's really important to me," Levine said. "The country is at risk because of a lack of ethics or the wrong ethics. I've tried to work it into the show and even work it into some of the columns that I write in the magazine (Straight Talk Magazine, which he has published the past 12 years)."

Within the next year, with the merging of Charter Cable and Time Warner Cable, Levine said he thinks the program will be broadcast all across Southern California in 150 cities, reaching more viewers than ever.

When discussing the future of the show, Levine admitted that he likes hosting so much that he has not put much thought into a plan of succession for when he steps out of the spotlight. He explained that maybe sometime in the next five to 10 years, he will bring in a co-host and see how that goes. However, Levine questions if a project such as "Straight Talk" is transferable due to the name recognition of him as a host. Regardless of what happens in the future, Levine said he has no current plans to step down or stop broadcasting.

"There are people doing great things all over the city and nonprofit groups and all kinds of stuff," Levine said. "So this is my contribution to the city. And the fact that it's lasted 25 years, the longevity of it, is meaningful to me. It's a message to me that I'm doing something that people are responding to." ■

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A photograph of two men in safety gear at a port. The man on the left, wearing a black cap, sunglasses, an orange safety vest, and white gloves, is pointing at a control panel on a large metal structure. The man on the right, also in a black cap and sunglasses, wears a yellow and orange safety vest and has a tattoo on his left arm. The background shows industrial equipment and a ship.

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(Continued From Page 1)

grant me this generalization for the moment, if you will.

As I have mentioned in previous Millennial Pulses, Trump lost out with my generation in the election. Clinton won 55% of the Millennial vote, while Trump won 37% and alternative candidates the remainder, according to the Brookings Institute.

His Millennial problem is not improving and, in some areas, is worse off. Harvard Kennedy School's Institute of Politics (IOP) Spring Poll found that just 32% of 18- to 29-year-old Americans approve of the president's overall job performance. The poll surveyed 2,654 Americans in that age group with a margin of error of ± 2.7 percentage points.

The Harvard IOP poll also found that "young Americans' approval of President Trump's handling of the economy is at 37%." And "Furthermore on other issues, the poll finds his approval of dealing with ISIS at 33%, health care at 30%, climate change at 28% and performance on race relations at 27%."

A Pew Research Center poll released on April 17 found that only 30% of Millennials ages 18 to 29 approve of how Trump is handling his job as president, while 63% disapprove and 7% said they did not know or refused to answer. The poll included 1,501 people of various ages, educational backgrounds, income levels and ethnicities.

There are disparities between how Millennial minorities view Trump's presidency versus the perspectives of white Millennials.

Pew broke out responses from white Millennial respondents and found a softer divide, with 42% approving of his performance and 51% disapproving.

GenForward, a survey of ethnically diverse young adults developed by the University of Chicago's Black Youth Project and the Associated Press-NORC Center for Public Affairs Research, recently released its April 14 to May 1 results. The survey included interviews with 528 African-Americans, 262 Asian-Americans, 518 Latinos, 504 whites, and 41 young adults from other ethnic or racial backgrounds.

The majority of each subgroup surveyed said they disapproved of Trump as president. Forty-seven percent of whites fell into this category. More dramatically, 78% of African-Americans, 70% of Asian-Americans and 71% of Latinos said they disapproved of Trump.

Similar trends are shown in the Pew poll as well. Should we be surprised?

It's not too hard to connect the dots here. Trump ran on a platform – and is now operating on a platform – that is in some significant respects anti-immigration. He wants to build a "big, fat, beautiful wall" (as stated in July 2016) to keep illegal immigrants out. He has twice instituted travel bans on mostly Muslim-majority countries. And he did all this at a time when the country's young adult population consists of the most diverse generation the country has ever seen, according to U.S. Census data.

Say what you want about Trump's reasoning – I am not going to take that debate up. But consider the optics. If you were (or are) a minority and you have family members that are immigrants or perhaps even refugees, would you be more or less inclined to like the guy?

And then there's his Cabinet. It is strikingly majority white. If you weren't (or aren't) white, would you feel represented at the highest levels of government? Would you think this administration felt it was important to ensure your point of view was represented?

It's comparable to how I feel about the number of women on his Cabinet: under-represented and, frankly, kind of ticked. Then to put salt in the wound along came Canada's Justin Trudeau, who instituted a half-female Cabinet. Like any true American patriot, I do not enjoy our country coming off as less hip with the times than Canada.

Overall, one could easily take in the poll numbers and assume that Millennials don't like President Trump's performance because they don't like what he stands for. But that's not the big picture.

Harvard IOP's poll found that 60% of Millennials believe Trump's plans to crack down on unfair trade practices that "hurt American workers" will, in fact, "make America better." (Wait, was that the phrase on the hat?)

Two-to-one, Millennials believe empowering law enforcement and putting an end to "the anti-police atmosphere" in the country will, again, Make America Better.

Millennials even agree with him on the media. Harvard IOP found that only 10% of Millennials would give mainstream media an A grade for coverage of the president's first 100 days.

So if some of his policies and perspectives play well, why don't so many young people like him?

I believe the problem with Trump and Millennials is not as much about his politics as some folks would assume. It's Trump, the man. Trump, the guy who said things on the campaign trail that made the phrase "politically correct" wither up and die.

It's Trump, the guy whose remarks about women undoubtedly helped fuel the potent mixture of outrage and solidarity that sparked the recent Women's March.

It's Trump, whose press secretary says one thing only to be contradicted by his boss in an off-the-cuff tweet in the middle of the night or in a frank interview with NBC's Lester Holt, who undoubtedly feels like he just won the lottery.

Just look at the Republican politicians like John McCain who regularly question Trump. They typically don't have a problem with his policies. They have a problem with his behavior.

And just like Trump's party, our generation has to accept the fact that he plain just doesn't care.

(Editor's note: If you wish to comment on the Millennial Pulse column, or recommend a subject for the writer to consider covering, please send an e-mail to: samantha_mehlinger@lbbj.com) ■

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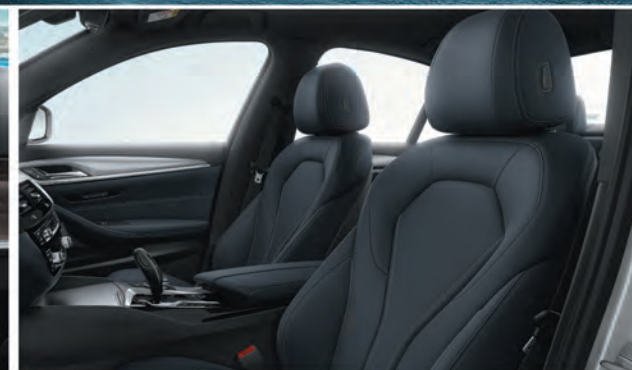
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Pictured is the final site map approved by the city council for the Riverwalk development project, which includes 131 detached single-family homes. The Northwest Long Beach site is bordered by the Dominguez Gap Wetlands and Los Angeles River to the west, 48th Street to the north, the Union Pacific Railroad to the south, and extends just past Daisy Avenue at its eastern-most border. At right is the The 131 Riverwalk main entrance at Daisy Avenue. (Renderings courtesy of the City of Long Beach)

■ By **BRANDON RICHARDSON**
Senior Writer

Development News

131 Single-Family Homes Approved By City Council

At its May 9 meeting, the Long Beach City Council voted for the final approval of a subdivision map for 131 detached single-family homes to be constructed at 4747 Daisy Ave, formerly the Will J. Reid Boy Scout Camp.

The gated community by applicant Integral Communities of Newport Beach will occupy a 10.56-acre site bordered by the Dominguez Gap Wetlands and Los Angeles River to the west, 48th Street to the north, the Union Pacific Railroad to the south, and extending just past Daisy Avenue to the east. The residential lots will



Fire Station No. 20. (Rendering courtesy of the Port of Long Beach.)

contain a minimum of 2,400 square feet.

The project includes 157,941 square feet of landscaping; a small pocket park; a recreation center with a pool, spa and clubhouse; 262 garage parking spaces; and 40 on-street guest parking spaces. The units will be a mixture of two- and three-story homes with a maximum height of 35.5 feet. The project also in-

cludes a 6,238-square-foot drainage basin at the northeastern corner of the site.

The housing project will have two vehicular access points located on the northern boundary. Daisy Avenue will be the main entryway, while Oregon Avenue will be an emergency-only access point. A homeowners association will manage and maintain the private roadways, open

space and community amenities.

The applicant entered into a development agreement with the City of Long Beach that required them to invest in off-site improvements to benefit the community, namely constructing a park at the southwest corner of Oregon Avenue and Del Amo Boulevard. The park has since been named after Molina Healthcare founder C. David

Realty Views

Legislative Action On Housing At Hand



By **TERRY ROSS**

It is a subject that is not new – and in California it seems to never go away for long. How do you get enough affordable housing – both owned and rental – for the residents in this state to meet the dire needs of the citizenry?

The price question in this equation is mostly one of supply and demand. Not enough supply to meet the demand – be it for starter homes or million-dollar mansions – and prices go up. In California, housing is as expensive overall as anywhere in America – and it is due to several factors, including weather, economic opportunity and lifestyle. People like what California is selling.

But along with this are the inevitable problems, and the shortage of housing – especially housing that is affordable – is not new. For decades, studies, think tanks, housing associations have all said we are nowhere near meeting the housing demand with what is being built on an annual basis in California. This is not a new problem, yet this state has not made it easy for building – especially the business of real estate development. Just the simple cost of doing business is one factor, which is going to get even costlier this summer when our new 12-

cent increase in the gas tax goes into effect on top of the \$.583 current tax per gallon, which is fifth-highest among all the states.

The housing shortage and affordability issue hasn't had much attention over the past decade as the nation recovered from the Great Recession when many owners abandoned their residences because they couldn't afford them and many families lived with relatives or friends to help save expenses.

But with the economy slowly recovering and housing showing significant price increases, the demand for solutions is finally being looked at in Sacramento with more attention than in recent memory.

One count has 130 housing-related bills being submitted to the legislature this year already, although the number may be closer to 89 that are active right now. In a typical year, advocates say you will see 20 to 40 new housing bills introduced.

Statistics from the state Housing and Community Development Department apparently spurred many lawmakers into action. This agency's statistics show that California's homeownership rate is the lowest since the late 1940s at 54%. Overcrowding in the state is double the national average. Also, our state has 12% of the nation's population but 22% of its homeless.

The amount of homes needed versus what is being built is still in the same place it has been for probably two decades. California needed 180,000 homes to be built each year to keep up with demand over the last decade but built an average of just 80,000 annually during that time. According to state figures, we will need 1.8 mil-

lion new homes by 2025 – and unless there are changes, the gap will be 3.5 million homes or apartments by that year.

In Los Angeles County, only one new housing unit has been added for every 4.99 new residents since 2010. In Orange County, it is even worse at 5.29 new residents for every one unit.

Legislators are calling it a crisis and have blamed cities and counties for the delay and inaction when it comes to affordable housing programs. But it was the legislature that was part of eliminating redevelopment agencies in 2012. The redevelopment agencies used property tax revenue to encourage development in blighted areas, but cities ended up sending much of that money back to Sacramento to balance the state budget. The state is estimated to have cut \$1.7 billion that was earmarked for affordable and low-income housing from redevelopment funds and bond money.

Another issue that the legislature might want to think about is how much less can people afford on a house after having their gasoline bill go up because of that new tax. One of the issues that has been brought up in studies for many years is the problem with creating workplaces near housing so people don't have to drive as far. Traffic is only getting worse, and people are driving huge distances to work. The idea of creating more jobs nearer places like the Inland Empire where housing is less expensive would reduce driving time, eliminate some of the need for new highways and freeways, and free up more funds for housing and developing work areas in the strategic locations that they need to be.

Among the more significant bills that have been introduced to improve the housing situation in California are Senate Bill 2, which would impose a \$75 fee on the recording of some real estate documents; SB 3, which would create a \$3 million bond for affordable housing production; and Assembly Bill 71, which would eliminate the mortgage interest deduction on the state level for a second home that is used by owners.

This last one would take away from one of the benefits of homeownership, although it is for a second home.

Many of the other bills are geared towards streamlining the home-building process by eliminating local red tape in obtaining entitlements and making sure that cities and counties are meeting their requirements for affordable housing. The enforcement of this latter mandate has been lacking in recent years.

One controversial measure designed to re-establish rent control in some jurisdictions as it was before 1995 when the Costa-Hawkins Rental Housing Act took most of that away has been postponed until 2018, so that might not make it into law anytime soon, it would appear.

Some of these measures appear to be more window dressing than true solutions for building more affordable housing. Eliminating red tape and streamlining projects are real needs, but some of these appear to be measures that will have minimal impact.

(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.) ■

**Real Estate
Development
Update With
Mayor Robert Garcia
June 6 • 11 am
(see announcement on next page)**

Molina and broke ground on January 28. The park will include a turf soccer field, sports lighting, a walking path, fitness stations and a playground.

**Harbor Commissioners Approve
\$102 Million Seaside Fire Stations**

The Long Beach Board of Harbor Commissioners voted 3-1 to approve two seaside firehouses worth a combined \$102 million at its May 16 meeting. President Lori Ann Guzman was the only dissenting vote, claiming the price tag was too large for stations No. 15 and No. 20 (pictured at left).

Replacing two facilities that consist of mobile homes brought to the port in the early 1980s, the new stations would be positioned on the outer and inner harbor areas. The high cost of the stations bought much scrutiny to the project that has been in the works for nearly a decade, despite the fact that the port has already spent \$70 million on two new firefighting boats.

**\$2.5 Million Residence Inn
Renovations Completed**

Residence Inn Long Beach Downtown completed \$2.5 million in room renovations earlier this month. The hotel's studio, one- and two-bedroom suites were updated

with new carpet, windows and wallcovering to give them a fresh look. Chairs, sofa beds, lights and kitchen tables were also upgraded in the rooms. Renovations were also made to hallway carpet, wallcovering and lighting. Suites still feature complimentary Wi-Fi, fully equipped kitchens, full-sized refrigerators, microwaves, dishwashers, pots, pans and serving ware. The hotel is located on the port side of the Queenway Bay.

6th Street Bike Boulevard

At its May 9 meeting, the Long Beach City Council approved a contract worth more than \$900,000 with Sully-Miller Contracting Co. for a 2.5-mile bicycle boulevard along 6th Street between Bellflower Boulevard and Junipero Avenue. A major roundabout will be added at the intersection of 6th Street and Park Avenue, with smaller traffic circles planned at Flint, Ultimo, Havana, Santiago, Roswell, Termino, Grand, Loma, Obispo, Orizaba, Temple and Molina avenues. With curb extensions, bioswales, a bike detector loop and signage, total cost comes to \$1.1 million, including the construction contract. Monies from the transportation and capital project grants will fund the bicycle boulevard.

Colorado Lagoon Grand Opening

On Saturday, May 20, the city celebrated the grand reopening of the Colorado Lagoon, located at 5119 E. Colorado St., with a ribbon-cutting ceremony, children's activities sponsored by the Friends of the Colorado Lagoon and live music by Dad Company. Phases 2A and 2B consisted of

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(Continued From Page 7)

constructing an open, earthen hydraulic water channel to reconnect the lagoon to Marine Stadium and creating a new subtidal and intertidal habitat, planting eelgrass and re-vegetation using California-native plant species. Phase 2 of the restoration began in fall of last year, while Phase 1, which improved water and sediment quality, was completed in August 2012.

**New Dog Park And
2nd District Field Office**

On Monday, May 22, 2nd District Councilmember Jeannine Pearce celebrated the

groundbreaking for two projects meant to activate Bixby Park. The first project is setting up a field office in the community center at the park, bringing a consistent city presence and deterring shadier elements. The second project is the creation of a dog park to activate an area of parcel one that has received a significant number of drug use complaints. “Our hope is that these measures will greatly improve public safety in the park and will also help the community feel more connected to their district representative, me,” Pearce said in the announcement.

Bay Shore Apartments (Photograph courtesy of Stepp Commercial)



Real Estate News

**Stepp Commercial
Completes Two
Multimillion-Dollar Sales**

Principal Robert Stepp and Vice President Michael Toveg of Stepp Commercial represented 546 Cherry Waterford LLC in the selling of a Retro Row-adjacent apartment complex. The private buyer from Palos Verdes purchased the complex located at 546 Cherry Ave. for \$3.3 million. The two-story building was built in 1963 and includes two studio units, seven one-bedroom units, three two-bedroom units, ample parking, controlled access entry and a laundry facility. “This property was recently renovated and offered the buyer an upgraded, turn-key asset. We received a number of offers and sold at full asking price,” Stepp said in a press release.

Stepp and Toveg also represented a private investor from Los Angeles in the \$4.1 million sale of Bay Shore Apartments, located at 20 Bay Shore Ave. Stepp Commercial Vice President Todd Hawke represented the buyer, who is also a private investor from L.A. The two-story property was built in 1946 and consists of nine two-bedroom units, a front porch, private garages and a laundry facility. “Bay Shore Apartments is just steps from the beach in the prestigious Belmont Shore neighborhood,” Stepp said. “It offers the buyer a 15 percent rental upside and sold for full asking price.”

**Soda And Candy Shop
Opens In Belmont Shore**

Rocket Fizz, a soda pop and candy shop chain that has more than 80 locations nationwide, celebrated the grand opening of its new Long Beach location on May 13 with a ribbon-cutting ceremony, raffles and soda tasting. Located at 5282 E. 2nd St., the shop carries thousands of unique and fun candies, bottled soda pops, gag gifts and toys, nostalgic tin signs and many other surprises, according to the company website. For more information, call 562/433-8880. ■

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Less Competition Expected To Increase Costs To Businesses, Apartment Owners

Overhauling The Waste Hauling System: Exclusive Franchise System Could Come To Long Beach

■ By **BRANDON RICHARDSON**
Senior Writer

Vice Mayor Rex Richardson introduced an item for tonight's, May 23, city council meeting aimed at solving what he views as problems with the city's waste hauling system, which, he says, cause environmental, health and safety issues that negatively impact residents' quality of life.

"At times, there can be at least six different waste companies who collect waste throughout the week in only a half-mile block," the agenda item reads. "The result is a constant flow of trucks driving up the streets and in alleyways on a daily basis, increasing public safety risks, air and noise pollution, and unnecessary wear and tear on local streets and alleyways."

The agenda item consists of two parts. Part one requests a study be conducted to explore options to improve the private commercial waste hauling system in order to alleviate the aforementioned areas of concern, including establishing a pipeline for local jobs and training. Part two is a request to issue a five-year notification to current private haulers in order to modify the system into an exclusive franchise system, similar to the system recently approved in Los Angeles.

The Los Angeles system was finalized in December of last year with the city awarding \$3.5 billion in contracts to seven trash haulers to handle the city's 65,000 ac-

counts. Supporters praised the environmental requirements included in the contracts. Diko Melkonian, Long Beach Environmental Services Bureau (ESB) manager, is on record with the Business Journal stating similar environmental requirements are already in place in Long Beach's current commercial hauling system, including low-emission trucks. In a March 15 interview, Melkonian said improvements could always be made but that he thinks the current trash hauling system is working well.

Citing the 15 operators, the city document claims the number of companies serving Long Beach exacerbates problems in dense areas where families do not have

private yards and experience heavy traffic. The document states that in these parking-impacted areas, trash haulers are forced to park in the middle of the road to perform their duties, obstructing traffic flow and limiting traffic sight lines, which leads to an increased risk of traffic accidents.

"The City of Long Beach should explore a move to an exclusive franchise system in order to, in part, reduce the amount of unnecessary truck traffic caused by inefficient routing systems and the related impacts on all Long Beach residents, busi-

nesses, and their quality of life," the document states.

The document goes on to say that an exclusive franchise system allows for cities to better enforce environmental and safety standards through contract provisions, require haulers to improve recycling rates and assure haulers are compliant with all new mandates without increasing strain on city resources.

Opponents of the exclusive franchise system include some of the current opera-

(Please Continue To Page 10)

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"Why isn't the city listening to staff? Staff isn't supporting this.

You have a vice mayor report on your agenda Tuesday night, but you don't have a staff report on that agenda."

Ron Saldana, Executive Director
California Waste and Recycling Association



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According to the city document, there are currently 15 private haulers that collect trash in Long Beach. However, six of the haulers listed are branches of EDCO Waste

Trash Hauling Study

(Continued From Page 9)

tors, as well as property and business owners. Opponents claim that taking away competition will lead to increased trash hauling rates, which would raise rental rates and have severe negative impacts on businesses – small businesses in particular. Additionally, Ron Saldana, executive director of the California Waste and Recycling Association (formerly the Los Angeles County Disposal Association), said the five-year notice would have severe consequences.

“If they issue a five-year notice, what that does to the industry haulers is there’s no guarantee there that they will have business in Long Beach at the end of the five years,” Saldana said. “So that really goes a long way in discouraging investment.”

Saldana explained that the city could easily accomplish all the goals laid out in the agenda item without the notification and do so quickly. He recommends instead forming a task force to determine how best to achieve these goals while keeping everyone involved.

“This industry is changing too fast. Why isn’t the city listening to staff? Staff isn’t supporting this,” Saldana said. “You have a vice mayor report on your agenda Tuesday night, but you don’t have a staff report on that agenda.”

Business Journal Publisher George Economides weighed in saying that the city study, if done properly, should clearly indicate the negative impact on business and apartment owners. “This

will increase rates, no doubt, and those increases will be passed on to renters,” he said. “The same people who are complaining about rent increases are being used to support this.”

According to the city document, the city must give a five-year notice to all private waste collection companies that have been active in the city at least three years

prior to considering a move to an exclusive franchise system. The document states that the notification would not commit the city to a specific course of action. Shawna Stevens, Richardson’s chief of staff, said if the item passes, no action could be taken to modify the trash hauling system until after the five-year period.

Prior to the council meeting, at 4 p.m.,

Richardson is holding a press conference outside of the entrance of city hall regarding his agenda item. Councilmembers Lena Gonzalez, Dee Andrews and Roberto Uranga and Don’t Waste Long Beach, a coalition of environmental, community and worker rights organizations, including the Los Angeles Alliance for a New Economy, will join him. ■

Coastal Commission Approval Still Needed For City Council-Approved \$103 Million Pool Complex

■ By **BRANDON RICHARDSON**
Senior Writer

At its March 16 meeting, after a more than five-hour process, the Long Beach City Council voted 6-2 to deny four appeals and gave the greenlight for the proposed \$103 million Belmont Beach and Aquatic Center, leaving only the California Coastal Commission review.

Councilmembers Roberto Uranga and Lena Gonzalez voted against the project. Uranga, also a member of the coastal commission, cited the Coastal Act of 1976, claiming the current project does not meet certain requirements, including maximum height, which he said is 19 feet too tall. He said the project would require an amendment to current regulations.

“That would be precedent setting, not only for Long Beach but in other areas up and down the coast because when you raise it for one you raise it for all. That will probably not be allowed,” Uranga said. “I think

the bottom line is that there is a project here. It’s just not this project.”

Uranga noted the coastal commission would likely require changes to the proposed project. Gonzalez said that while she supports building a pool in the city, she does not necessarily think one of this magnitude is needed. Additionally, for a project this size, she said 16 public meetings is simply not enough outreach.

The project’s four appellant groups were given time at the start of the hearing to make their case before the council. Appellant’s included Jeff Miller and Melinda Cotton; Joe Weinstein, Ann Cantrell and Citizens Advocating for Responsible Planning; the Long Beach Area Peace Network and Anna Christensen; and Gordana Kajer.

The appellants’ testimonies mainly focused on the location of the project. They brought up concerns about sea level rise, impact on ocean views, coastal access, parking impacts, and social and racial disparities.

“The Long Beach Area Peace Network opposed the Belmont Beach and Aquatic Center because it fails to provide the social and racial equity that the residents of Long Beach deserve and are entitled to by law,” Christensen said. “To build the Belmont Beach and Aquatic Center in the affluent 3rd District when the six districts with higher population density and more low-income and minority children have no public pools at all not only violates the public trust but also local, state and federal laws.”

Another issue discussed was the \$43 million shortfall in funding the project. Currently, the city has \$60 million in Tidelands Funds identified for the project but is unclear as to how the remainder will be generated. City staff said they are looking into utilizing federal and state funding, as well as fundraising.

Though all appellants agreed that bringing a pool or multiple pools to the city

(Please Continue To Next Page)

CITY OF LONG BEACH

BID OPPORTUNITIES

TITLE	BID NUMBER	DATE
Citywide Parking Operations and Management Svcs	RFP PW17-033	05/26/2017
Furnish & Deliver Treatment Plant Roof Repl Project	WD-10-17	05/29/2017
Dive Equipment and Accessories	ITB FD17-083	05/30/2017
Prep of City Ann Cost Alloc Plan & Deptml Plans	RFP FM17-074	05/30/2017
Fair Housing Services	RFP DV17-079	05/31/2017
Patrol Boat Engine Replacement-Cummins Engines	ITB FS17-087	05/31/2017
Heavy Duty Flatbed Truck	ITB FS17-072	06/01/2017
Crane Boom Truck	ITB FS17-073	06/01/2017
Public Records Request Management System	RFP CM17-089	06/01/2017
Emergency After-Hours Veterinary Services	RFP PR17-092	06/01/2017
Parking Guidance & Wayfinding Systems	R-7090	06/07/2017
Improvements to Runway 7R-25L	R-7085	06/07/2017
Automotive Glass Replacement and Repair	ITB FS17-080	06/07/2017
Chevrolet Suburban, 4WD	ITB FS17-076	06/07/2017
Homeland Security Grant Administration Support	RFP DC17-082	06/07/2017
On-Call Pro Engin. & Arch. Svcs for LB-MUST PRJ	RFQ PW17-085	06/09/2017
Hydraulic Hoses and Fittings	ITB FS17-088	06/14/2017
Cummins & Detroit Engine Parts & Repair Services	ITB FS17-094	06/15/2017
Traffic Signal Equipment	ITB PW17-084	06/15/2017
Leeway Pier, Gandola Dock & Shed Struct Rebuild	R-7031	06/20/2017
S-1 Sewer Lift Station Rehab Project (SC-0275)	WD-23-15	06/22/2017
Rainbow Lagoon Recirculation Pump Repl Project	R-7065	06/22/2017
Daisy-Myrtle Bicycle Boulevards	R-7080	06/28/2017
CC&B/MWM/Integration Managed Services	RFP TI17-095	06/29/2017
Develop & Implement Traffic Calming Measures for Traffic Exiting the I-710 into Long Beach	R-7053/R-7056	07/05/2017

****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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would be good for the community, they said they simply do not support this project and will continue to fight it. Kajer told the Business Journal that the appellants are exploring a possible lawsuit to challenge the environmental impact report, which would need to be filed within 30 days of the council's decision.

"I'm surprised that they didn't pay more attention to the comments made by their sitting coastal commissioner, Roberto Uranga, who voted no," Kajer said. "He made very strong Coastal Act objections and his comments were disregarded. We're fighting. We're moving ahead. They decided to ignore important issues."

Kajer added that an appeal will also be made to the coastal commission.

During the meeting, 3rd District Councilmember Suzie Price voiced her unwavering support for the project that would be constructed in her district. She explained that she has a great deal of faith in city staff and the expertise that went into the proposed project.

"We are a beautiful city with a big vision. To this region, the pool will represent Long Beach. It will be associated with this city, not a district," Price said. "People who come here to attend events at the pool won't care [which council district they are in]. All they will know is that they are in the City of Long Beach and they are in a place that is a world-renowned, icon facility that people will be talking about with a source of pride."

In a statement after the meeting, Mayor Robert Garcia said that when the previous pool was demolished in 2015

due to safety issues and seismic instability, the city told residents a modern facility would be constructed. Garcia said he still stands by that commitment. He recalled great memories with family and friends swimming in the original pool, which is a part of our history, and said he looks forward to bringing back such a venue.

The 125,500-square-foot pool complex would occupy 5.8 acres of land at the site of the former Belmont Plaza Olympic Pool. The project includes six bodies of water: an indoor 50-meter-by-25-yard pool with movable floor; an indoor, separate diving well with two 1-meter and two 3-meter springboards and 1-, 3-, 5-, 7.5- and 10-meter platforms; an indoor dive spa; an indoor therapy and teaching pool and spa; an outdoor 50-by-25-meter all-deep pool; and an outdoor recreational pool. The plans include 1,250 permanent indoor spectator seats.

In addition to the pool complex, 55,745 square feet of passive park and landscape area would surround the facility, as well as a detached cafe and restroom building. The project would also include improvements to the former Olympic Plaza right-of-way, the removal of the temporary Belmont pool and a reconfiguration of the parking lot.

According to Naoki Schwartz, public information officer for the coastal commission, the commission has not received a review application from the city. She said the item cannot be added to a commission meeting agenda until the application is received. ■

Celebrate Your Long Beach Legacy

Next LBBJ To Highlight Oldest Firms In Still Operating In City

■ By **SAMANTHA MEHLINGER**
Assistant Editor

The next edition of the Long Beach Business Journal will include our first focus on historic companies and organizations in Long Beach. In addition to featuring a list of these entities, which we have been hard at work compiling, the edition will include stories from Long Beach's oldest companies.

Long Beach is a city full of history, from the days of the Pike and movie studios to the growth of the largest port complex in the nation, from the oil boom to the buildup of the Navy and the aerospace industry in the Second World War.

Many of the businesses in Long Beach have been around for generations, and we want to hear the stories of their time here through the years. If you have a business, or know of one, that has been located in Long Beach for decades, e-mail samantha_mehlinger@lbbj.com with the following: the name of the company, when it opened, who founded it, the original business name, and contact information. Celebrate your Long Beach legacy with us. ■

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Council Receives Affordable And Workforce Housing Study

■ By **BRANDON RICHARDSON**
Senior Writer

After more than a year, the Long Beach City Council recently voted unanimously to receive the 2017 Revenue Tools and Incentives for the Production of Affordable and Workforce Housing report and adopt 28 of its 29 recommendations.

“What this report and this process have been focused on is how we build more workforce housing, how we build more affordable housing for low-income families, how we provide access for families that are here to get into homeownership and provide a long-term, hopefully, solution for building more affordable housing,” Mayor Robert Garcia said during the council meeting.

Recommendations in the 88-page report include inclusionary housing, developing a first-time homebuyer program, additional student housing and increased density in certain areas of the city. The more creative recommendations include the utilization and incentivizing of shipping container construction and micro-units, which are commonly defined as units that are between 300 to 400 square feet.

Second District Councilmember Jean-

nine Pearce made the motion to remove recommendation 3.6, which would raise the moderate-income definition from 80-120% to 80-150% of area median income.

“In the last two years, the market has done a good job of producing housing for the above moderate income level, but we have severely struggled to meet our housing needs within the lower income levels,” Pearce said in a statement following the meeting. “I feel it is critical we direct our public resources to where it is needed most.”

The recommendations are broken down into three categories: policies to implement immediately, existing legislative requirements and pending initiatives in process, and new initiatives for development and implementation. She asked for further study on the item to analyze potentially negative implications for future policies.

According to Patrick Ure, housing development officer for the Long Beach Housing and Community Improvement Bureau, some recommendations require amendments to the municipal code and other ordinances that will require study and city council approval in the future.

“These policy recommendations come at a critical time for Long Beach residents,” Josh Butler, executive director of Housing Long Beach, said in a statement following the decision. “We need to build, and we need to build fast. Long Beach won’t be able to build our way out of this problem, and the city is going to have to explore renter protections.”

During the more than two and a half hours of public comment, multiple commenters voiced concern regarding renter displace-

ment and the report’s lack of content related to the matter. However, Garcia noted that the report was focused on maintaining and creating affordable housing and that renter protection issues are a separate discussion.

In February 2016, Garcia formed the Affordable and Workforce Housing study group, chaired by former Assemblymember Bonnie Lowenthal to assist city staff in creating recommendations. The group held 15 meetings through February of this year and took part in three roundtable discussions hosted by Garcia in September and October of last year, which included affordable housing industry experts, stakeholders and Long Beach residents. The study group and city staff also conducted independent research, which is included in the report.

“There are some creative recommendations here. The recommendations do take into account the input from most, if not all, of the stakeholders who participated in the process getting to this point,” 8th District Councilmember Al Austin said during the meeting. “I think many of the recommendations actually address much of the challenges that we face here with housing in the city.”

Aside from plans moving forward, the report demonstrates achievements by the city from 2006 to 2016 with regard to affordable housing in Long Beach. The report states the city assisted in the production of 1,737 affordable units, the preservation of 2,139 units that were at risk of being converted to market rate units, the rehabilitation and income restriction of 367 affordable units, and providing assistance to 335 first-time homebuyers.

The following is the full list of recom-

mendations adopted by the city council to be implemented by city staff over time. A single asterisk * notes that it was recommended by the study group. A double asterisk ** means it was recommended by the study group but not adopted – further study requested:

Section 1. Policies To Implement Immediately

1.1. Encourage the preservation of existing affordable housing stock, consistent with the City’s adopted Housing Element.

1.2. Encourage Project-Based Vouchers in new affordable developments.

1.3. Continue to waive developer impact fees for new affordable developments in accordance with the Long Beach Municipal Code (LBMC).*

1.4. Promote the City’s Density Bonus Program to all multi-family housing developers.*

1.5. Continue to partner with developers and other community stakeholders in the pursuit of grant funding and other third party resources such as Metro, federal, State, county, etc., for affordable housing development, support services, and mobility enhancements and programs that support new housing development.

1.6. Explore the potential development of student and workforce housing on school and college/university campuses, and other adequately-zoned sites.


1.7. Track federal and State legislative activities and support legislation that increases funding for affordable housing.

1.8. Support California Environmental Quality Act (CEQA) reform through City’s legislative actions that encourages the production of affordable and workforce housing.*

1.9. Create and maintain a database of publicly held land that may provide opportunities for affordable and workforce housing development.

Section 2. Existing legislation requirements and pending initiatives in process

2.1. Adopt an ordinance that supports the de-

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New Tamarindo's Margarita Bar & Cantina Celebrates Opening At The Long Beach Marriott

The Long Beach Marriott, located at 4700 Airport Plaza Dr., recently celebrated the grand opening of the newly renovated Tamarindo's Margarita Bar & Cantina. The renovation included the addition of a kitchen, adding new menu items and happy hour specials. For more information, call 562/425-5210. Pictured from left, top row: Ashley Madison, bartender; Christine Barnum, server; Cassie Avila, sales assistant; Ravy Ruiz, server; Blas Solomon, bartender; Victor Vasquez, server; middle row: Art Rosales, director of sales and marketing; Lisa Shaw, bartender; Vivian Diab, outlets manager; front row: Melissa Cortes, server; Crystal De LA Torre, host; Ricardo Gonzalez, banquets captain; and Marlene Robbins, catering sales manager. (Photograph by the Business Journal's Larry Duncan)



development of accessory dwelling units in accordance with new State law.

2.2. Implement State law that reduces parking requirements for affordable housing projects near transit.

2.3. Conduct a financial analysis and nexus study to review the viability of the Coastal Zone in-lieu fee (LBM 21.61), and consider revisions to the fee structure.

2.4. Review and update the Condominium Conversion Ordinance (LBM 21.60); include first-right or opportunity to purchase; limit conversions when vacancy rates are low; consider directing resulting fees into Housing Trust Fund.

Section 3. New initiatives for development and implementation

3.1. Begin exploring a local bond measure as a one-time source to capitalize on the Housing Trust Fund Ordinance.

3.2. Immediately begin the development of an

inclusionary housing policy to encourage mixed-income housing. Focus an inclusionary ordinance on homeownership units until such time as the legality of rental units is determined.

3.3. Investigate the possibility of establishing a local document recording fee to fund affordable housing (Philadelphia model).

3.4. Investigate the possibility of dedicating resources from the City to support the production of affordable and workforce housing during the annual budget process.

3.5. Modify the Housing Trust Fund Ordinance to include a more equitable distribution of resources amongst income categories (EL, VL, L, and Mod.) in conjunction with the establishment of any new revenue sources. Modernize the Ordinance to ensure that it promotes economic diversity while addresses the needs of the community's most vulnerable residents.

3.6. Modify the moderate-income definition

from 80% to 120% of area median income (AMI) to 80%-150%.*

3.7. Encourage the adoption of specific plans with program environmental impact reports (EIRs) as applicable throughout the City, which provide regulatory relief and more rapid entitlement procedures.

3.8. Consider expanding one-for-one replacement of lower-income units (currently offered in Coastal Zone only through LBM 21.61).

3.9. Develop and offer first-time homebuyer programs (including Police, Fire, and Teacher, down payment, and second mortgage) as permitted by new revenue sources.*

3.10. Encourage adoption of regulations to allow and incentivize the use of shipping container construction for housing.*

3.11. Develop a plan to include micro-units as a method for encouraging housing production.*

3.12. Support separate efforts to study the po-

tential for short term rental (vacation rentals) regulations.

3.13. In accordance with the adopted Housing Element, ensure sufficient resources remain available to implement the City's Proactive Rental Housing Inspection Program (PRHIP).

3.14. Explore the feasibility and mechanics of using new structures such as the enhanced infrastructure financing district (EIFD) tool to capitalize the Housing Trust Fund Ordinance with new revenue resources for the creation of affordable housing.

3.15. Explore and propose an Article 34 referendum to ensure maximum leveraging of State resources for affordable housing developments.

3.16. Provide necessary City staffing resources to effectively manage the growth of affordable housing contemplated by these policy recommendations through the annual budget process as resources allow. ■

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Don Rodriguez And The Boys & Girls Clubs: Serving The Youth Of Long Beach



At one of the Boys & Girls Clubs of Long Beach's main locations, 1920 Lemon Ave., CEO Don Rodriguez looks on as club members have fun with art supplies after school. Club membership costs only \$15 per year. (Photograph by the Business Journal's Larry Duncan).

■ By **SAMANTHA MEHLINGER**
Assistant Editor

Don Rodriguez's history with the Boys & Girls Clubs of America nonprofit organization began as a passion project.

In the mid-1990s, Rodriguez heard that the organization he had spent his summers with as a youth – the Boys & Girls Club of Hollywood – was in trouble. At the time, he was operating his own Farmers Insurance agency. "They had lost the home they had been at for over 65 years and were ready to close it down," Rodriguez recalled during an interview at the headquarters of the Boys & Girls Clubs of Long Beach, of which he serves as CEO.

"I took it over thinking that I could just get it up and running in a year and go

back to insurance," he said. "Realizing it was going to take a little longer than that, I sold the agency to Farmers and went full time as the CEO of the Hollywood Boys & Girls Club."

Under Rodriguez's leadership, the club embarked on a capital campaign and was able to purchase property and a building. "We added about \$2 million into the endowment, got the organization up and running," he said.

Rodriguez has served in the nonprofit sector ever since. After five and a half years with the Boys & Girls Club of Hollywood, he became CEO of the Downtown Los Angeles-based organization Los Angeles Team Mentoring. Fourteen years ago, he became CEO of the Boys & Girls Clubs of Long Beach.

The Long Beach nonprofit was founded in 1939 as a boys club, and in 1991, girls were integrated into the organization. Since its founding, Rodriguez estimates the club has served more than 230,000 youths ages 6 to 18.

Membership in the club costs just \$15, and those who can't afford that receive a scholarship to attend. "Right now, we have a membership of about 2,700 kids that are members of the club. And we're seeing anywhere from 1,200 to 1,500 kids a day," Rodriguez said. In the summertime, he expects more than 2,000 children to take advantage of Boys & Girls Clubs programs in Long Beach.

The club is funded by donations from individuals, foundations and corporations. "We're constantly looking for funding. The more funding we have, the more programs

we can provide for the kids," Rodriguez said. Each year, the organization holds a gala with an auction to raise funds, he noted.

"We have been very fortunate. We have a great board of directors of people in Long Beach who have helped with getting support for the organization," Rodriguez said.

"We are not a fee-for-service organization. You could walk into a Boys & Girls Club after school, and you could get your homework done, you can play at our three main sites, and you can also get a hot meal," Rodriguez said.

The hot meal is a relatively new addition to the club's offerings. "At one of the sites, I saw kids sneaking snacks. And I asked the branch director what was going on, and he said, 'Well, they don't have food at home,'" he recalled. "So we made it available so

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that they would have a hot, nutritious meal before they leave."

The club is a beneficiary of Caterina's Club, a program that teaches kids how to cook pasta. "We give them the pasta and the pasta sauce so they can cook for their families to make sure that they have a meal on the weekends," Rodriguez said.

Most members of the Boys & Girls Clubs of Long Beach receive free or reduced lunches at school. They represent mixed ethnic backgrounds, according to Rodriguez. "If it weren't for the Boys & Girls Club, a lot of them would be on the streets after school," he said. "They would never have an opportunity to be in a basketball league or our baseball league or attend some of the events that we have been able to take them on."

Rodriguez reflected, "The kids that we are serving, there are a lot of challenges that they face that we would normally not face. . . . Being able to be fed. Having a roof over their head."

The nonprofit is focused on education, according to Rodriguez. "We want kids to not only graduate from high school but [to] have a plan when they graduate from high school – either go on to a two-year or four-year college, trade school, military. Just have a plan when you leave," he said.

The Diplomas 2 Degrees program helps kids from the 7th grade on determine which classes to take in order to pursue college or a future beyond high school. "We have a case worker that meets with them, helps them with their homework and tutoring," Rodriguez said. "If there's issues in school, meeting with their counselors. Meeting with their parents to let them know where the child is at and what we need to do to help them through, and then keep them on track."

The club takes members on visits to California State University, Long Beach – an institution that, despite living in Long Beach, some kids never knew about before, according to Rodriguez.

"We just took some kids on a college tour. . . . And some of them, when you asked them what was the best part of the trip, they said, 'If I get good grades, I can get my own room and have three meals a day and have a pool and a rec room and everything right there,'" he recalled. "Those are things that most people take for granted, where the kids that we are serving, that's a luxury. . . . So when you put it in those simple terms, it makes sense for a lot of these kids to try to do better."

The club also offers a STEM (science, technology, engineering and math) program, financial literacy learning, health and wellness programs, sports leagues, recreation and more. The organization partners with various other Long Beach entities, including the nonprofit Long Beach Blast; the YMCA; the Long Beach Unified School District; the Long Beach Department of Parks, Recreation & Marine; and others.

"Our three main locations have game rooms where there are pool tables, ping-pong tables, a place for them to feel belonging," Rodriguez said. "Then we have our homework rooms. The three locations also have music rooms so they are able to learn to play a musical instrument. . . . So you get a wide variety of programs, from working with computers to working a musical instrument to arts and crafts to playing in the gym."

Two of the club's locations also have gardens for members to get their hands dirty and learn how to plant healthy foods.

"When I first got here, we had just the three locations. Now we have eight school sites and three of our own sites," Rodriguez said. The sites are spread throughout Long Beach, with one in Lakewood. "We just finished remodeling our biggest location at 700 E. Del Amo. . . . And within the last five years we have also remodeled our club at 1920 Lemon Ave. So we have been trying to invest into the facilities, making them better and more inviting for the children."

The Del Amo location, which will have a grand re-opening in June, was completely remodeled thanks to funds raised through a capital campaign. "We added about 1,400 square feet of program space that used to be the old locker rooms for the gym," Rodriguez said. "We even redid the floor in the gymnasium. So it was a complete remodel. New bathrooms [too]." The club is still fundraising for repairs to the roof, he noted.

"When I first got here . . . the organization was going through some changes and challenges, and I was brought in to try to level it out and move the organization forward," Rodriguez said. "It was a great opportunity for me at the time, living in Long Beach and being able to give back to a city where I have raised my family."

He added, "It's a great city. It has offered unbelievable opportunities, and I am happy that I was able to give back to the city. And, hopefully, I have made a difference in the lives of many children besides my own." ■



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Nonprofits Move Toward Clarity And Collaboration

■ By **THYDA DUONG**
Contributing Writer

The historic, ongoing struggle for annual operating dollars coupled with an uncertain political and economic climate have resulted in a number of question marks within the nonprofit sector.

While there may not be one clear answer, there are trends taking shape among not-for-profit organizations seeking to remain financially viable. As questions remain, industry experts are advising nonprofits to provide clarity around messaging as the basis for impactful engagement and, hopefully, sustained funding.

According to national nonprofit database Guidestar, there are more than 1.8 million active nonprofit organizations in the United States. Nonprofits range from large universities and hospitals to neighborhood associations, making it difficult to predict how shifts in the economy and federal spending will impact different organizations.

"The sector is comprised of a variety of industries, and their economics are very different from one another," says Jeffrey Wilcox, president and CEO of Third Sector Company.



Marcelle Epley, president and CEO of the Long Beach Community Foundation, believes building one-on-one relationships with donors is one of the most effective strategies in maintaining their interest in a nonprofit organization. (Photograph by the Business Journal's Larry Duncan).

"Every organization has a dynamic at play between what people pay for services, what people donate and what public dollars are at work," he adds. "How much each of those sources of potential operating dollars are available is always in flux, and we have a lot of organizations wondering what the equation is going to look like. . . . And, depending on an organization's dependency on public funding, I think that is directly proportional to their level of anxiety and fear."

President Donald Trump's proposed budget and speculation around changing tax codes, in particular, have created an environment that has yielded deeper conversations around financial viability and sustainability.

"It's not political – it's the reality," says Linda Alexander, executive director of The

Nonprofit Partnership in Long Beach. "It's something that everyone's preparing for. . . . Everyone is bracing for more and more money to leave the nonprofit sector."

This is especially concerning, she says, given that many nonprofit organizations provide basic core services for the community.

"In a lot of ways, in this country and in this community, in particular, nonprofits are the bloodline for our community," she explains. "It is through our community organizations that the community gets served. . . . Clearly, there are folks in the sector who are trying to anticipate and navigate what that means because if there's less money for services for people who are already disenfranchised, who don't have money, how does one provide those services? A lot of people are strategizing on how to be ahead of the curve."

Advocacy And Building Communities

The increasing use of advocacy, or effectively communicating a nonprofit's mission and impact to stakeholders, is on the rise, according to Wilcox, who notes that the way nonprofits achieve this is evolving.

While some nonprofits have historically defined advocacy as government lobbying, Wilcox stresses that lobbying is just one form of advocacy. He notes that one of the most visible forms of advocacy that has taken place since the new administration was the national Women's March on January 21.

"Not every organization is taking to the streets and marching, but organizations are recognizing the need to not only tell people what they do but, more importantly, to tell people why it's so important to the community – and that's advocacy," Wilcox explains.

One of the main focuses this year of The Nonprofit Partnership, Alexander says, is to help organizations effectively craft their message, clearly and succinctly communicating their cause to potential supporters.

For Wilcox, advocacy efforts such as the Women's March also reflect changing approaches within the nonprofit sector – one that has become more entrepreneurial in spirit.

"The Women's March was a new and different way to get a message out to the country. A march like that hadn't been staged in decades, and it took an entrepreneurial approach to get that off the ground and to have so many organizations and so many people across the country get involved."

Another example is an arts festival working with Third Sector that recently shifted from being a traditional art show and festi-

val to being a celebration of community diversity through art. And a nonprofit that had historically provided services to disabled individuals has reframed its focus to be a civil rights organization advocating for individuals with disabilities to be fully embraced, participating members of the community.

"The feeling is, if [an approach] doesn't work, we'll come up with something that does," Wilcox explains. "There's a real pioneering, trailblazing, do-it-a-different way spirit."

Board Development

Some nonprofits have turned to organizations like the Long Beach Community Foundation as a vehicle for advocacy, says President and CEO Marcelle Epley, who notes that nonprofits are also working hard to develop strong boards as an advocacy arm.

"If they can develop strong boardmembers, then they can utilize those boardmembers who have connections in the community, who have the education and the experience to be ambassadors for that nonprofit, to be advocates and further their reach into the community," Epley says.

In fact, Washington, D.C.-based BoardSource, a national resource for increasing board effectiveness and strengthening organizational impact, has recently added advocacy and ambassadorship as a primary responsibility for nonprofit boards of directors. Historically, boards have been tasked with governance in the form of legal, ethical, financial and programmatic oversight.

"That's a big national shift," Wilcox says. "That's a call for boardmembers to be community voices for community betterment."

"In today's environment, we are working with boards to understand that they were causes first before they were organizations," he adds. "And we're working to understand what it means to lead a cause as opposed to leading an organization. There's a big difference. So you have to change your paradigm."

The Role of Data

As nonprofit organizations increasingly advocate for their cause and their missions, it has also become important to integrate concrete data to convey clear impact, industry experts say.

"More and more, donors are also becoming more savvy," Alexander says. "These partners are really looking for strategic partnerships – how do I know that what I'm giving is truly impactful? So, as nonprofit organizations, it's wise for us to be telling that story, even if our donors aren't asking us yet – because they will be."

For Tesoro and its Tesoro Foundation, seeing measureable outcomes is integral to its community investment strategies. In 2016, Tesoro provided roughly \$3.95 million in grants to 165 Southern California organizations spanning STEM education, public safety, environmental conservation and sustainability, and local health, human and social services. Tesoro's grant-making budget represents roughly one percent of its annual net income.

As such, data and measurable outcomes are especially important to convey the return on investment to shareholders who have entrusted the foundation with philanthropic dollars, notes Jared Skok, executive director of the Tesoro Foundation and director of community investments at Tesoro Companies, Inc.

"We're not giving away money – we're investing money, and we're building relationships," Skok says. "And we're doing



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so hoping to see a measurable impact in our communities.”

For Tesoro, this may also include making longer-term investments in nonprofits through multi-year grants.

“One of the biggest trends I’m seeing is nonprofits want to deal with unpredictability,” he says. “If unpredictability is one of their biggest concerns, we want to try to minimize that. Where it makes sense, we will explore multi-year funding opportunities. Not only is that easing some of the concerns of the nonprofit . . . but also we’re about measurable outcomes. At the end of the day, we’re really interested in making a difference in the communities where we operate. And sometimes that takes time. . . . You get to see how programs grow and evolve over time and whether they truly are making a difference.”

Relationship Management

While mobilizing support through advocacy and data-based storytelling are increasing, so is a focus on deepening relationships with existing supporters.

“We’re seeing more one-on-one relationship management,” Epley says. “There’s a lot of technology out there, and that’s very good, but I think the best relationships and the long-term relationships you can have with donors is through one-on-one conversations, really finding a donor who cares about your cause, and keeping them updated on all the things going on within the nonprofit.”

Alexander agrees, noting that while strategies such as online presence, mobile optimization and solicitation letters all have a place in engaging supporters, it is especially important to nurture interpersonal relationships.

“However you do that – to deepen the relationship with your supporter – that seems to be the key in the long run for more sustainability for the organization and for that donor partner to feel fulfilled that they’re making a difference,” she says. “It’s really about providing clarity and communicating in the best way possible.”

Collaboration

Sustainability concerns have not only impacted the way nonprofits approach fundraising and community engagement but also the way funders have approached grant-making.

“I believe there are about 1,800 nonprofits in Long Beach alone, and with that, it creates a very competitive environment. And while a lot of nonprofits are doing amazing work every day, there’s a lot of duplication and there’s a lot of competition for operating dollars,” Epley says. “Donors more and more these days . . . very much favor when nonprofits are working together and collaborating. When we’re talking about trends among nonprofits and struggling for operating dollars, the donor community is also looking to get together to see what they can do to assist.”

Roughly 20 philanthropists within the Greater Long Beach community, Epley says, asked the Long Beach Community Foundation to convene strategic discussions around working collaboratively themselves to maximize impact. The result was the release of a recent grant opportunity that will award a \$75,000 to \$100,000 grant this summer to one organization that addresses the identified needs of youth empowerment, health education and opportunity, and community improvement.

Additionally, for two consecutive years the Community Foundation has offered collaboration grants for nonprofits to work together on a project or a program.

“To ask two nonprofits to work together, it’s a much longer conversation – it’s more of a partnership and a strategic union or strategic collaboration,” Epley says. “It takes a lot more relationship management and trust, but that has been the answer of the Community Foundation to attempt to try to resolve part of that issue of competing for operating dollars.”

For the Tesoro Foundation, collaboration has been key to its grant-making process. “Collaboration is not just a one for one,” Skok says. “It’s not just us collaborating with our stakeholders – it’s us

potentially collaborating with multiple stakeholders to have collective impact.”

This includes bringing together grantees that may be providing similar services to assess common concerns, review strategies, and to work together for increased efficiency and effectiveness, Skok explains.

“We’re not simply a reactive organization,” he says. “If someone applies for funding, it opens a door and it starts a dialogue between us and that organization to find out what is this request and how does it align with our mission and what we’re trying to achieve. . . . It takes work and effort to truly understand what the needs are, what the problems of the community are, and trying to find innovative and impactful ways of addressing those issues.” ■

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How Federal And State Legislation Would Overhaul Health Coverage

Republicans Propose
Major National Changes;
State Democrats Push
Single-Payer System

■ By **SAMANTHA MEHLINGER**
Assistant Editor

Two pieces of legislation stand to vastly change the health care coverage landscape if passed in coming months.

At the federal level, the U.S. House of Representatives has approved the American Health Care Act (AHCA), a bill backed by President Donald Trump and many Republican lawmakers that makes significant changes to health care provisions laid out by the Affordable Care Act (ACA). The buck has now been passed to the Senate, where health care analysts interviewed by the Business Journal expect it will undergo many revisions.

In California, a single-payer health care model is making its way through the Senate. State Sen. Ricardo Lara, who represents Long Beach, and State Sen. Toni Atkins, San Diego, co-authored the legislation, Senate Bill (SB) 562. This legislation, known as the Healthy California Act, would completely overhaul the state's largely private health insurance system by providing government-sponsored coverage to every resident of the state, both legal and undocumented.

The Business Journal spoke with health care policy analysts to get a handle on some

of the major changes these bills would make to health care as we know it. Lara also provided comments.

The American Health Care Act

"When ACA came along, I found that, like any government legislation, there were winners and losers in it," Joe Partise, board member of the Orange County Association of Health Writers and a life and health insurance agent based in Garden Grove, told the Business Journal. "When I see what's happening with the AHCA . . . it's just a different group of winners and losers."

If there is a definite loser in the AHCA, it's Medicaid – and those who benefited from its expansion.

"It rolls back Medicaid expansion," Brendan LaCerde, an economist with Moody's Analytics specializing in fiscal policy and health care, said. LaCerde is based in West Chester, Pennsylvania. The Affordable Care Act expanded Medicaid to grant coverage to Americans who meet 133% of the poverty line. The AHCA would reverse this rollback, allowing only those up to 100% of the poverty line to receive Medicaid coverage.

The amount of federal funding states will receive for Medicaid would be capped at 2016 levels going forward under the House-passed version of the AHCA. Dr. Nadareh Pourat, professor-in-residence with the UCLA Fielding School of Public Health and director of the Health Econom-

ics and Evaluation Research Program at the UCLA Center for Health Policy Research, finds this problematic.

If the country were to enter another recession, more people would be out of work and eligible for Medicaid – causing states' costs for the program to increase, she pointed out. "And then the states can't do anything. They cannot cover the additional people without cutting benefits from other people who were already enrolled, or they will just not enroll additional people," she said. "That particular [change], the cap, could be devastating to all of the low-income individuals that get Medicaid coverage."

Going forward, Medicaid costs are likely to increase, according to LaCerde. "The problem is the per person costs of Medicaid are going to start rising because more and more Medicaid enrollees are actually going to be older Americans as opposed to just poorer and younger Americans," he said.

"So it makes the federal government balance sheet look better," LaCerde continued. "But now you have sort of imperiled the states because most states are bound by balanced budget amendments where they really can't borrow money like the federal government can borrow money. So states are in a much tighter position because they have to balance their budgets. If they are facing these rapidly increasing Medicaid costs, they would have to make cuts elsewhere or go with some sort of painful tax increase."

The bill would allow more people to receive what's called the premium assistance tax credit. Under the ACA, people earning up to 400% of the federal poverty level per year were able to apply for this credit, which would make up the difference if their health care premiums rose. The Republican-backed AHCA changes this formula.

"What the Republican plan does is it says, we are not capping premiums anymore. We are just going to give you a few thousand dollars to go buy a plan," LaCerde said. The bill revises the premium assistance tax credit calculation by removing the ACA's income cap and instead varying the credit amount based upon household income and the age of the individual or family members on the plan.

The result is that more people will get credits, but lower-income Americans who were already receiving the credit will now receive a smaller amount, according to LaCerde.

"One of the groups of people that ended up being losers under Obamacare was sort of middle to slightly upper-middle income Americans, typically people who were self-employed in, like, small businesses where they didn't get insurances through their employer," LaCerde said. These people would likely benefit from the new credit formulation.

The AHCA also changes the ratio by which health insurance premiums can vary. "Under Obamacare, they put a rule in that says the premium of a 65-year-old can't be three times greater than the premium of a 25-year-old. And the reason is because as you get older your health expenses go up," LaCerde said. Under the AHCA, this three-to-one ratio would be increased to five-to-one, meaning older Americans could pay premiums five times more costly than younger Americans.

The bill would eliminate the individual mandate – a tax penalty imposed on those who do not enroll in insurance – and replace it with a new method meant to incentivize people to retain health insurance. Health insurers would be required to raise premiums on enrollees in the individual or small group markets who break their coverage for more than 62 days.

Pourat argued that the population most likely to break coverage would be lower-income people. "You are really penalizing people who need coverage the most," she said. If such a person broke coverage because he or she could not afford insurance in the first place, then increasing the cost by 30% would actually disincentivize re-obtaining coverage, she argued.

Partise theorized that more healthy individuals might opt out of coverage for just under 62 days per year in order to save money.

One of the more controversial aspects of the AHCA is a provision that allows states to opt out of the Affordable Care Act's requirement to provide 10 essential health benefits if the state in question can "prove your alternative would lower premiums or increase coverage," according to LaCerde. "But that's kind of a moot point because if you reduce the number of benefits that the insurance covers, of course it would be cheaper."

The ACA established 10 essential benefits that health care plans were required to cover. These were "ambulatory patient services, emergency services, hospitalization, maternity and newborn care, mental

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Dr. Nadareh Pourat is the director of research of the Health Economics and Evaluation Research Program at the UCLA Center for Health Policy Research, and is a professor-in-residence with the UCLA Fielding School of Public Health. She expressed concern over the Republican-backed American Health Care Act's proposed Medicaid cuts and its potential to let states opt out of essential health care benefits. (Photograph provided by the UCLA Center for Health Policy Research)



Brendan LaCerde, an economist with Moody's Analytics specializing in fiscal policy and health care, pointed out that while the Affordable Care Act was focused on increasing the number of people who had health insurance, the proposed American Health Care Act appears to be focused on controlling government spending on health care. (Photograph provided LaCerde)



Joe Partise, boardmember of the Orange County Association of Health Underwriters, expressed skepticism over the financial feasibility of a single-payer health insurance proposal currently working its way through the California Senate. He believes it could double the state budget. (Photograph provided by Partise)

employed individuals and certain employees with income above specific thresholds, and repealing a 10% excise tax on the price of indoor tanning, among other items.

Senate Bill 562: The Healthy California Act

The single-payer health care system proposed in California by Lara and Atkins was scheduled for a hearing in the Senate Appropriations Committee on May 22. Lara heads this committee.

"We are being told they put it out to some university to try and score it in terms of cost and expense," Partise said. "Once they get that done then they will finish up their work in the appropriations committee, and then it has got to go to the Senate floor of course and then back over to the Assembly side. And then, ultimately, it lands on the governor's desk. Assuming it gets passed."

No other state has successfully implemented a single-payer program. The State of New York's assembly just passed its own single-payer bill last week, and it will now move to that state's senate. In November, Colorado voters rejected a ballot measure that would have created a state single-payer health coverage system. A program in Vermont was cut in 2015 due to burdensome costs.

SB 562 would establish the Healthy California program, which would provide health insurance to all Californians, regardless of legal residency status. Residents would pay no premiums, copays, coinsurance, deductibles or "any form of cost sharing for all covered benefits." The list of

(Please Continue To Page 20)

health and substance use disorder services, prescription drugs, rehabilitative services, laboratory services, preventative and wellness services, and pediatric services," according to the official AHCA summary.

Opting out of these provisions is, many argue, tantamount to opting out of covering pre-existing conditions. "I think everybody, it doesn't matter whether you liked the ACA or didn't like the ACA, everybody agreed that not allowing insurance companies to exclude somebody because of pre-existing conditions was a great idea," Pourat said. "After all of these years of being subjected to those negative practices

we got rid of, and now we are back to where we started again."

LaCerde noted that states that choose to opt out of the 10 essential benefits through their own coverage would have to create high-risk pools.

"So instead of everyone participating in the same insurance pool, the idea is that you could take the sickest, highest-risk people and you could put them in sort of a separate insurance program," LaCerde said. "The remaining healthier people are going to get lower premiums. That would work, but . . . most experts are saying that the amount of money that the government is willing to pro-

vide to these high-risk pools isn't nearly enough to actually cover the people in those high-risk groups. So there is a question mark about how much that is going to cost because some of the estimates are extremely high."

Other elements of the AHCA include removing the requirement for health care benefits to conform to actuarial tiers (bronze, silver, gold, etc. plans), eliminating the large employer mandate, various provisions encouraging the use of health savings accounts to supplement health care costs, repealing the income tax threshold for itemized deductions for unreimbursed medical expenses, repealing a Medicare tax on self-

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Health Legislation

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covered benefits is extensive and includes pretty much anything a person might need.

However, as stated on HealthyCaliforniaAct.org: “A payroll and income premium, which is higher for upper income earners, would replace insurance company premiums, co-pays and deductibles.”

The act allows for the participation of health care providers, and for these providers to collectively negotiate rates of payment for health care services and prescription/nonprescription drugs via a third party representative.

In an e-mail responding to questions from the Business Journal, Lara explained the reasoning behind the legislation. “California has

made huge progress under the Affordable Care Act and brought our uninsured rate to a historic low,” he said. “But too many Californians still pay too much for health care that doesn’t cover enough. Healthy California will create one high standard of care for all.”

The legislation would establish a board to oversee the implementation and governance of the program and to identify a revenue plan.

One source of funding would potentially come from the federal government. The program would absorb and replace the state’s Medicare and Medicaid programs. The bill directs the state to apply for waivers from the federal government to opt out of these programs and redirect the funds to a trust fund for the new state program.

Partise said the costs for creating a single-payer system could double the state’s

budget – the same premise that caused Vermont’s plan to unravel.

Asked how he justifies passing sweeping health care reform without first identifying funding, Lara responded with the following via e-mail: “We are not passing a reform without funding. We have started the policy conversation and process and will have two fiscal analyses before SB 562 even goes to the full Senate – one by the Senate Appropriations Committee and one by health care researchers at the University of Massachusetts Amherst. I won’t bring a bill to Governor Brown without a plan for how we will pay for it.”

He also noted that “California has been successful in obtaining ACA and Medicaid waivers in the past, and we expect to be successful in the future.”

LaCerde said obtaining these waivers

would be entering “uncharted territory,” but that “as long as California still contributed the amount they currently are to those programs, then I don’t see why the federal government would have an objection to continue providing whatever assistance they were on their end.”

A letter from Kaiser Permanente sent to State Sen. Ed Hernandez, who chairs the Senate Health Committee, referred to SB 562 as “fiscally irresponsible.” The letter noted that in 2008 the state legislature considered a single-payer system and that “the non-partisan Legislative Analyst’s Office estimated annual costs of \$210 billion in the first year of implementation, which would have grown in subsequent years to \$250 billion.”

The letter continued, “Presumably, those numbers have only increased over nine years, but we simply don’t know because SB 562 does not explain how the program would be funded. This bill puts the cart before the horse. It is rather irresponsible to consider this legislation without a clear understanding of its financing mechanism and sustainability.”

LaCerde explained that the proposed single-payer system would put all Californians in the same insurance pool so that everyone would split the cost. “But the fundamental dilemma is [that] it doesn’t address that underlying problem of how much we’re spending on health care, which is really sort of the bigger issue,” he explained.

Rolling undocumented immigrants into the plan may pose some complications. “If you’re undocumented, are you paying taxes? Because they said the way they are going to fund the program is by having the premium be like a payroll deduction,” LaCerde said. “It’s typically the case that undocumented immigrants work in untaxed, very unsupervised businesses. . . . It’s sort of, I guess, a philosophical notion. If you don’t have documentation like a driver’s license or a social security number, how are you officially made a part of the system?”

LaCerde added, “If the plan is to cover undocumented immigrants, I think it’s safe to say that poses a host of logistical challenges. And then I guess, given the stance of the current federal administration . . . I would think they would run afoul of probably federal immigration rules by sort of granting this benefit to illegal immigrants.”

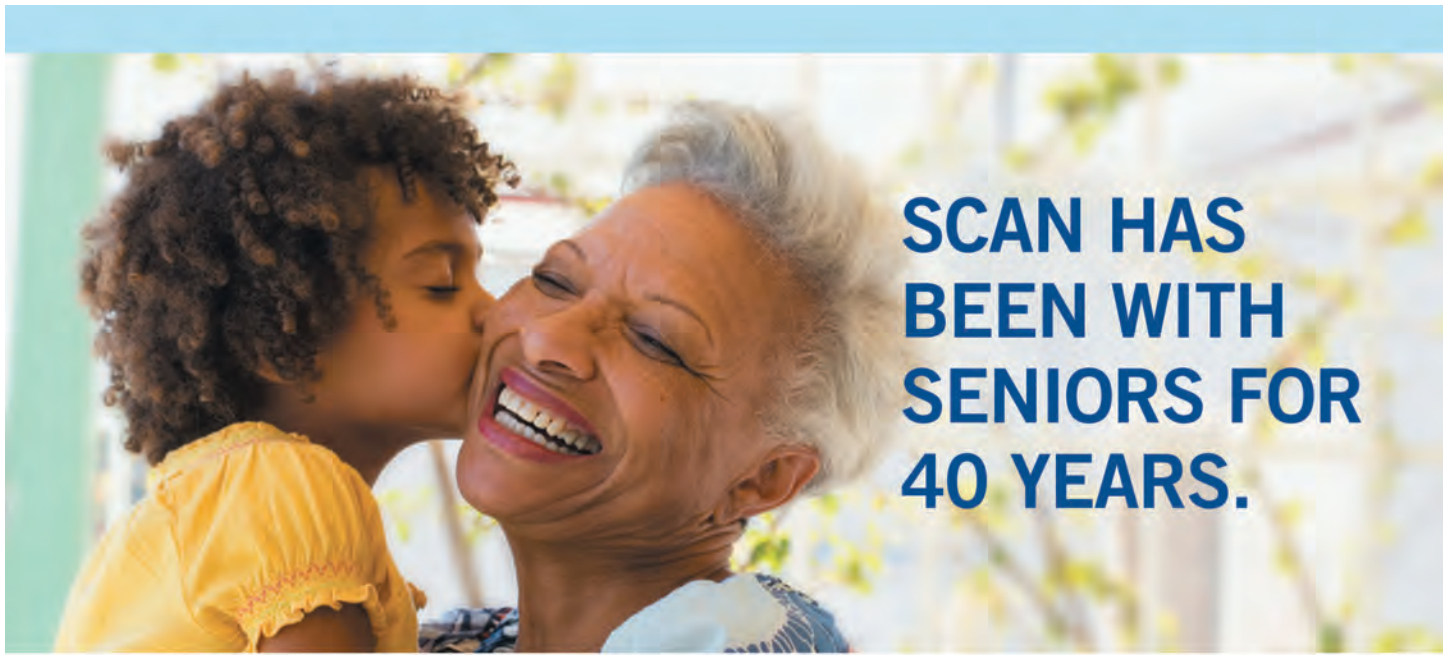
Partise said that the program would cause the health care industry in California as we know it “to essentially disappear.”

“Health insurance agents, all health insurance companies, anything having to do with the marketing and the administration of health insurance and claims would be completely out of business,” Partise said.

SB 562 does include a provision that the state would provide job training and transition assistance for those whose jobs were lost due to its implementation. Lara told the Business Journal that his office has not done any research on the extent of potential job losses.

Pourat noted that the bill would remove the requirement for certain employers to offer health insurance to employees. “It is an ambitious plan, and it obviously lacks a lot of detail because what it’s trying to do requires a lot of work before it can be possible,” she said.

“It is going to require a lot of negotiations. Is the federal government going to be sympathetic? Perhaps not. I don’t know,” Pourat said. “The bill wants to . . . really put in place a true single-payer program. And so you know, it does have a steep uphill climb.” ■



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Managing Chronic Conditions Among Seniors

■ By **THYDA DUONG**
 Contributing Writer

Over the years, improved health care for acute illnesses has resulted in longer life expectancies. The problem? People are living longer.

As individuals age, they can be impacted by one or more chronic conditions with various degrees of severity. According to the Centers for Disease Control and Prevention (CDC), seven of 10 deaths each year can be attributed to chronic conditions, while the National Council on Aging reports that more than 80% of adults age 65 and older have at least one chronic condition and 68% have two or more conditions.

The CDC also notes that chronic illnesses – which include common conditions such as hypertension, type 2 diabetes, arthritis and heart disease – are among the preventable.

Health care industry experts agree that many chronic conditions can be manageable. The prescription for effective chronic disease management among the senior population, they say, includes a variety of

proactive measures that can tremendously lessen the severity of such conditions.

Behavioral Changes

“Over the past couple of decades, our lifestyle has become more sedentary [and] our diet patterns have changed,” says Romilla Batra, chief medical officer at SCAN Health Plan, noting that these factors can accelerate the onset of chronic conditions such as arthritis, high blood pressure, diabetes, and the worsening of heart disease.

“That being said, part of these conditions are genetic, so you cannot only blame your personal behavior,” she says. “Unfortunately, you cannot modify the genes that you have, but perhaps you could modify the behaviors you set for yourself.”

According to health care industry professionals, exercising routinely and regularly, consuming a healthy diet – such as a low-sodium, high-potassium diet to manage conditions such as high blood pressure – and regularly taking prescribed medications are important proactive approaches to stabilizing a chronic disease or delaying its progression.

In addition, for many seniors, the existence of mental and behavioral health conditions such as depression, mood disorders and dementia, can have a significant impact on one’s medical condition.

“About 20% of seniors will have a di-

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Senior Care

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agnosis of mental illness of some sort, and generally, depression seems to be the most prevalent,” says MemorialCare Medical Group family medicine physician Dr. Brooke LaDuca, who notes that the prevalence of mental illness has increased by roughly 70% from the 1990s to 2006, partly attributed to increased screenings and diagnoses.

“People with depression tend to have noncompliance with medications . . . and they don’t want to participate much in their health care in terms of exercising and eating healthy,” LaDuca adds. “It really contributes to all of their other chronic diseases as well and can sometimes precipitate other chronic diseases

if they’re not taking care of themselves.”

Recognizing that social isolation can be a contributing factor to depression and the worsening of chronic conditions, the Bazzeni Wellness Center at Dignity Health St. Mary Medical Center offers a variety of evidence-based socialization and exercise programs for older adults.

Its behavior workshop, “Living a Healthier Life with Chronic Conditions,” for instance, provides information on skills and techniques to help seniors manage their conditions and improve their quality of life through diet and nutrition, sleep, exercise and communication. The center boasts a core group of 300 to 400 seniors who actively participate in one or more of its activities monthly, including tai chi, day and overnight trips and social events, among other things.



Involving home care specialists in the overall health management of their senior clients helps ensure medications and physician directives are administered properly, thereby improving outcomes, according to Don Pierce, president of Home Instead Senior Care. (Photograph by the Business Journal’s Larry Duncan).

“Exercise and socialization are really important because all the social issues around your chronic conditions, whatever that may

be, gets more highly impacted if you don’t socialize, if you don’t exercise, and if you don’t do things to help yourself on a full level,” says Kit G. Kaz, Bazzeni Wellness Center’s director of community health.

“We all want to stay healthy, active and independent and at home for as long as possible,” Katz adds. “That’s all of our individual goals, and that’s the goal of our senior population, so we try to help them maintain those goals in every way possible.”

Part of that management includes proactively monitoring a senior’s health condition and being cognizant of any subtle changes in behaviors, such as food intake and nutrition, mood and disposition, and cognition, says Machel Thompson, president and CEO of Keen Home Care, which provides geriatric care management and private home care.

“It’s important to monitor them for a subtle change in condition that may include short-term delirium or confusion. And while that’s alarming, it’s a trigger that there’s something going on,” she says. “Being proactive is the most effective way to catch a problem early – when it’s easier to manage – to potentially minimize the impact of the problem that’s brewing underneath. [It is] the most effective way to manage chronic illnesses and prevent avoidable hospitalizations and injuries.”

Coordinated Care

A variety of psychosocial factors contribute to how seniors approach chronic disease management and how effective they are in doing so. Health literacy, language barriers, social demographics and income level are just some of the factors that impact how well a senior is able to manage their condition, Batra says.

“Certainly in my patient population there tends to be a bit lower socioeconomic levels,” LaDuca adds. “Many of the older adults who have chronic diseases are low-income, and minorities bear a disproportionate burden of hypertension, diabetes [and] stroke, and they’re more likely to suffer from diabetes-related complications.”

With so many factors in play, health care industry professionals agree that at the heart of chronic disease management is coordinated care among patients, their support systems and healthcare providers.

“What we have noticed is that you may have the best plan, the best evidence-based guidelines and the best ways to educate seniors in what they need to do, but if you don’t have the psychosocial wrap-around services available to the seniors where they are – it may be in assisted living or in their own home – your plan will

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On May 18, Molina Healthcare hosted a ribbon cutting ceremony celebrating the opening of its new clinic at 1900 Atlantic Ave. The renovated facility offers telemedicine services, pediatric care, providers who focus on penetrative care, including immunizations, flu shots, health screenings and women wellness exams. The facility also includes a designated room for behavior health services and a Kids' Corner, and an onsite, supervised play area for children to play while their parents are seeing the doctor. The facility is 5,758 square feet and is located on the first floor, below the appointment center. The clinic employs 60 people. Pictured from left: mascot Dr. Cleo; 6th District Councilmember Dee Andrews; and Dr. Martha Molina Bernadett, chief innovation officer for Molina. (Photographs by the Business Journal's Larry Duncan)

not take them to the best outcomes possible," Batra explains. "There are so many things that could go wrong between what you decide to do with the senior and what the senior actually does based on their health literacy, their social demographic factors [and] what's available to them."

"It's becoming more apparent in studies that just having the best clinical care possible is not going to yield the best outcomes because there are so many other things that you need to look at in a holistic way," she adds.

LaDuca similarly notes that developing a multidisciplinary, patient-centered approach to chronic disease management is key. She recommends utilizing health educators to engage senior patients on a regular basis to address behaviors related to diet and exercise, and to help resolve some of their individual barriers to disease management.

For Don Pierce, president of Home Instead Senior Care, which places caregivers in seniors' homes to enable them to age in place, being involved in a senior's overall health care management plan is key to helping them effectively manage chronic conditions.

"We have some families who use us as another set of eyes and ears so that we can capture all of the information from the doctor to share that with the family members," Pierce says. "We would like to encourage more seniors to do that because statistics have shown, based on studies that have been done, that the typical senior understands about half of what the doctor says, remembers less than that, and executes on even less than that."

"If we can help to capture all of that information and make sure that when we're

in the home we can encourage the patient to do the things the doctor has recommended, that results in a better outcome for patients," he explains.

The future of patient-centered, coordinated care is also largely dependent on the price tag associated with chronic disease management and how health systems are able to utilize their dollars, according to LaDuca.

"Cost is always a factor, especially in the current political environment where we may be facing fewer dollars being allotted to health care," LaDuca says. "From a health care standpoint, right now I think there's a lot of insecurity in where those dollars are going to be coming from. I think most health care systems, certainly MemorialCare, want to have the best patient outcomes, and they want to be able to implement patient-centered coordinated care, but that takes dollars, as well. I know our system is certainly moving in that direction; they're being proactive, and they're ready to weather the storm if they need to, in order to provide better patient care."

Support Systems

Industry experts note that a big part of coordinated care plans includes the support systems that seniors have in place. Whether it is family, friends, neighbors or caregivers, support systems help provide care and oversight in managing seniors' chronic conditions, including monitoring prescribed medications, ensuring proper diet and nutrition, and providing transportation when needed.

Otherwise, their conditions may deteriorate more quickly, experts say.

"There's so many seniors out there who don't have a support system," Thompson

says. "Unfortunately, while they're trying so diligently to manage their care on their own, [they] run into difficult situations where they don't realize they're experiencing a change in condition or that they're not managing well, and unfortunately, they may suffer the consequences of not having oversight."

Additionally, one of the biggest challenges to effective chronic disease management may be a senior's reluctance to accept help, Pierce says.

"For the first 16, 17, 18 years of your life, you're fiercely fighting for your independence, and you're independent for a long time," he explains. "And then you be-

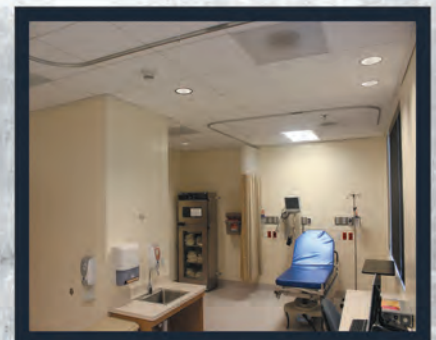
come a senior who gets some sort of chronic condition that doesn't allow you to continue to be independent – and that's a really tough blow. . . . But as seniors get accustomed to having someone helping them, they see that we're not trying to take their independence away – we're helping them to maintain their independence."

Similarly, Thompson encourages seniors to invite support systems into their lives.

"The importance of having a support system and asking for help before the big rainy day when the incident occurs is invaluable," she says. "I hope seniors feel comfortable to do that, and I hope more advocates step up to help them when they do." ■



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New Memorial Spine Center ‘Has Your Back’

■ By **BRANDON RICHARDSON**
Senior Writer

In November of last year, Long Beach Memorial Medical Center opened its new Spine Center, a facility dedicated to elective spinal surgeries, which shares a wing with the hospital’s Joint Replacement Center.

Barry Ceverha, a neurosurgeon and medical director of the Spine Center, said that in the last 10 years spine centers have been growing in number nationwide.

“As we investigated that, we found that perhaps there’s a reason for doing that,” Ceverha said. “That would be having a more organized approach in dealing with spines, with an effort to have better outcomes, happier patients and lower cost to the hospital. Make it more marketable.”

Spinal surgery has not changed dramatically over the years, according to Ceverha. Instead, techniques and equipment have modernized to allow for surgeries to be minimally invasive by using navigation devices such as an O-arm, which is basically a CT scan in the operating room, to do surgeries through small holes.

According to Debbi Fenton, a registered nurse and program director for the spine and joint centers, there are 15 private rooms designated for the Spine Center. There are between 40 and 50 staff on all shifts that work the center, including nurses, physical therapists and occupational therapists, who are part of the recovery process.

The Long Beach hospital has conducted spine surgeries since long before the opening of its Spine Center. In fact, in the last two years, Ceverha said the hospital has done around 800 spine surgeries. However, the Spine Center has seen between 75 and 100 patients since its inception and takes a much more thorough approach.

“In the Spine Center program, we’re more focused on the elective patient because one of our elements is to have patients come to a preoperative education class to help them better prepare for their journey of spine surgery and hospitalization and post-discharge,” Fenton said.

The hospital provides participating physician offices with guidebooks for spine surgery to be given to qualifying patients. The next step is for the patient to attend a two-hour pre-operative class at the Spine Center for basic preparedness, such as anatomy basics, procedures, post-surgery lifestyle and needs, and pain management. This required preparation time excludes spinal trauma patients from being included in the Spine Center figures, though they are still treated at Memorial.

According to Ceverha, Memorial’s is currently the only spine center in Long Beach, which is better for patients and doctors alike.

“I think it makes better outcomes, [it’s] cheaper for the hospital and [it makes] happier patients,” Ceverha said. “We do things the same way every time, and I think it leaves less room for error and judgment problems.”



Since the opening of Long Beach Memorial Medical Center’s new Spine Center in November, the facility has conducted between 75 and 100 spinal surgeries. Pictured in the Spine Center from left: Amanda Moore, a registered nurse; Luis De La Mora, a radiologic technician; Dr. Barry Ceverha, medical director of the Memorial Spine Center; and Dino Vlaho, a registered nurse. Below, Dr. Ceverha and De La Mora work with an O-arm, a device that acts as a CT scan in the operating room to assist during surgeries. (Photographs courtesy of Long Beach Memorial)



Aside from better outcomes, Ceverha explained the Spine Center will note far more metrics, including length of time in the recovery room, length of time of the procedure, infection, blood loss, cost of instruments, what techniques work best, what devices work best, anesthetics, and end of surgery to wheels out of the operating room. Prior to the Spine Center, Ceverha said there were far fewer metrics, which were superficial and rudimentary.

Though a technique has not been decided upon, the Spine Center also is planning to measure patient satisfaction at different intervals throughout their care process – pre-op, intra-op and post-op.

“I think it has a lot to do also with the whole value-based purchasing model of reimbursement in the reimbursement world,” Fenton said. “So much of the hospital economics is dependent upon how your patients rate you in terms of different metrics, like their experience. It’s an elective population, so you have an opportunity to influence their experience.”

Both Ceverha and Fenton agreed that

one of the main ways a dedicated spine center improves outcomes is the repetition. Surgeons conduct operations using the same techniques, technology, anesthesiologist repeatedly, illustrating the old adage “practice makes perfect.” Fenton noted that research has shown spine center facilities have a better outcome record for that very reason.

Excellent ancillary care, including nursing, operating room, laboratory, emergency room, physical and occupational therapy, is imperative for a spine center to be successful, according to Ceverha. He said he thinks the ancillary care at Memorial is excellent, poising the facility to be a perfect spine center.

“A big problem that we have is that half the surgeons that do spine aren’t involved with the Spine Center for their own reasons,” Ceverha said. “Ego is a big one. They go elsewhere and have a little spine center at another hospital that they’re doing.”

Ceverha explained that it’s difficult to get surgeons to latch onto new ideas but hopes that proof of success, presented in data

form as measured metrics, will entice more surgeons to participate and increase the volume of patients. In order to participate, surgeons must be on staff and follow all Spine Center guidelines and protocols. The organization is very intricate, but the hospital put together the product that is most efficient and cost effective to achieve the best outcomes possible.

Transparency is important to Ceverha as far as data collected so that the consumer can make educated decisions about their health and surgical options. Fenton noted that the Spine Center does not yet have data to share due to the fact that it just finished its first quarter of operations, but that numbers should be released in the next month.

“People come for spine surgery after they have failed all sorts of other modalities. It doesn’t have a good rap. Nobody looks forward to it,” Fenton said. “[We’re] just constantly improving care to improve patient satisfaction through their experience here. Come to the Long Beach Spine Center. We’ve got your back.” ■



The MemorialCare Neuroscience Institute at Long Beach Memorial is the 3rd hospital in Los Angeles County to be awarded Advanced Certification of Comprehensive Stroke Centers by The Joint Commission.

When Stroke Strikes, Don't Ignore the Signs

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- Over the age of 45?
- Family history of stroke?
- Do you smoke?
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**Balance
Lost**



Sudden loss
of balance or
coordination



**Eyes
Blur**



Sudden
trouble seeing
or blurred
vision in one
or both eyes



**Face
Drooping**



One side of the
face droops
or is numb



**Arm
Weakness**



Sudden
weakness or
numbness
of an arm or
leg, especially
on one side
of the body



**Speech
Difficulty**



Sudden
confusion,
trouble
speaking or
understanding
speech



**Time
Call 9-1-1**



Call 9-1-1
immediately
* Note the
time the
symptoms
started



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SCAN Health Plan's 40th Anniversary

The Nonprofit Continues Growing Community Roots As It Looks To The Future

■ By **SAMANTHA MEHLINGER**
Assistant Editor

In 1977, 12 Long Beach senior citizens who were unhappy with the number of their friends and family members placed in nursing homes came together to form a solution – the Senior Care Action Network. Over time, the nonprofit organization's services have evolved, but its mission has remained the same: "Keeping Seniors Healthy and Independent."

Now known as SCAN Health Plan, the organization remains headquartered in Long Beach, where the majority of its 1,070 employees are located, according to CEO Chris Wing. The organization serves 14 counties throughout California, offering Medicare Advantage plans.

Before coming on as CEO in 2011, Wing served as COO of Healthcare Partners for six years. "I have always held SCAN in high regard. It has got a tremendous mission," Wing told the Business Journal in an interview at the organization's headquarters.

Wing reflected, "The biggest asset SCAN has on our balance sheet is trust, because we have had the same mission statement for 40 years."

Forty years ago, the seniors who formed SCAN were affiliated with the City of Long Beach, St. Mary Medical Center and the **Department of Aging**, Wing noted. "We started with a small little contract just keeping seniors out of nursing homes," he said.

In 1982, Congress awarded SCAN a social HMO contract, which became its focus until the federal program ended. "When that went away, we became a Medicare Advantage Plan. I think we are now the fifth-largest not-for-profit Medicare Advantage plan in the country," Wing said.

SCAN's first service, Independence at Home (IAH), still operates today. The division provides free home care, care management and planning, health education and other services through a variety of programs to Californians whether they are members of SCAN or not.

When Wing first came on board with SCAN, he was impressed with IAH's program that transitions seniors living in care facilities back into their own homes. He noted that his own father lived out his last years in a nursing home, a place he soberly said he "will always remember the sights and smells of."

In 2013, Wing brought the head of the division to speak to SCAN's board, which in turn granted IAH an additional \$5 million in funding, thereby growing the program. Now, IAH's overall budget is \$11.6 million.

"When we identify folks who can benefit from our program, first we make sure that they don't have resources available," Dr. Romilla Batra, SCAN's chief medical officer, told the Business Journal. "We truly kind of want to offer it to people who need it and there are no other programs for them to go to."

SCAN is consistently rated second only to Kaiser Permanente by the Centers for Medicare & Medicaid Services' (CMS) Five-Star Quality Rating System, according to Wing.

SCAN also measures itself against other Medicare providers by comparing net promoter scores, which reflect customer satisfaction. "Kaiser is again best of class. They had a fantastic net promoter score of 72," Wing said. "We came in at 69. Those are both fantastic scores."

In 2016, SCAN measured its net promoter score against those of Kaiser, Aetna, United, Humana and Anthem.



Chris Wing became CEO of SCAN Health Plan in 2011. Since then, he has led the nonprofit organization out of some financial difficulties, overseen its expansion and championed the growth of its Independence at Home program. (Photograph by the Business Journal's Larry Duncan)



Kaiser again came in at 72 and SCAN at 69. "Of those we assessed, the next closest was 44. Two were tied at 30, and one was at 15," he said.

"We're doing great when it comes to customer satisfaction," Wing said. "I think the last three years we were the fastest-growing Medicare Advantage plan in California as measured by percentage growth."

There have been bumps along the way, however. In 2008, SCAN began offering plans in Arizona. But SCAN's market share was small, and it did not have a "winning strategy," according to Wing. SCAN officially exited the Arizona market at the start of 2016.

SCAN was having some difficulties in California as well when Wing came on in 2011. "When I got here, Medicare Advantage growth was just going through the roof, and we were losing market share," Wing said. "And that's not a track record or trend line that leads to success."

To address this issue, SCAN made changes in leadership, even bringing experts out of retirement to help reposition the organization, according to Wing.

At the time, the company had not been using brokers to sell its plans, instead selling them in-house. Medicare plans have an annual election or enrollment period of about 60 days. For that reason, it made more sense to Wing to use brokers so the organization could flex its sales staff during busy periods. "So we opened up the broker distribution channel and started developing trusting relationships with brokers," he said.

Looking To The Future

About half of the people SCAN serves are healthy seniors – those with one or no chronic condition. Thirty percent of seniors served by SCAN have two to three chronic conditions and are categorized as "the well-managed chronically ill," Wing said. The organization's frail beneficiaries make up 20% of its served population and have four or more chronic conditions.

Eight percent of the healthiest senior population has a clinical diagnosis of depression, while 28% of the well-managed chronically ill and 48% of the frail have this diagnosis, Wing noted. "The question we're always asking ourselves is: are they depressed because they have all these chronic conditions, or do they have all these chronic conditions because they are depressed?" he said. "I'm sure there's a little of both."

Wing said that overall, the medical field does not do a good job when it comes to delivering health care to frail seniors, those who are homebound, and those who are coping with mental health issues. "There is a problem with di-

agnosis, there is a problem with treatment. So we're really looking to close these gaps," he said.

SCAN has about \$500 million in cash reserves, a conservative stockpile that Wing pointed out could provide opportunities to address gaps in care.

"We have actually been searching out companies that have promising technologies for behavioral health," Wing said. SCAN has entered into a nondisclosure agreement with a firm to pilot technology that would allow primary care physicians to connect with mental health providers when they are seeing an elderly patient they feel may need a mental health assessment.

"They install iPads in the primary care physician's office, and when the primary care physician is expecting that there might be a diagnosis of depression or cognitive impairment, they call or they Skype an intake number," Wing explained. "The intake person is usually a nurse practitioner and will usually talk to the patient and kind of assess is this a medical issue or is it really a behavioral/social/psychological issue, because medical doctors have a hard time diagnosing behavioral, social, mental issues."

To kick off its 40th anniversary celebration, SCAN held a colloquium in April in partnership with California State University, Long Beach (CSULB) and the City of Long Beach. The event addressed health and wellness issues among seniors with a focus on a community approach to care. Moving forward, Wing hopes to expand upon these partnerships.

SCAN has already begun to grow ties with CSULB. In honor of its 40th anniversary, the health plan provider donated \$40,000 to the university's College of Health & Human Services in mid-April.

CSULB is developing a curriculum to have students and professors assess which of SCAN's home-care programs are making a difference. "We're a not-for-profit. When we identify something that works, we want to publish it," Wing said. "There are 54 million seniors across the country, and they are a drain on the federal budget because they are not getting good, cost-effective care. . . . So if this stuff works, we want to share it from the highest rooftop."

On The Health Care Industry And The Outlook For SCAN

"I think the biggest problem facing the health care industry is the uncertainty that's due to the partisan politics in D.C.," Wing said.

"The American Health Care Act (AHCA) creates a lot of uncertainty for the exchanges, a lot of uncertainty for Medicaid," Wing said. "I am really very disappointed in this because I think it basically just got turfed, if you will, from Congress to the Senate, because Congress wants to be able to go home and say, 'We did our best to get rid of Obamacare,'" he continued, referring to the passage of the AHCA by the U.S. House of Representatives. "It's like they just washed their hands of it."

While Wing said he did not like the partisan politics of the Affordable Care Act, he approves of some of its outcomes. "It has changed the orientation from a volume-based system to a value-based system," he said. "There has been so much innovation in the past four or five years. And President Obama gets a lot of credit for that."

For health care exchanges to survive in the long term, Wing said, "They are going to have to figure out how to adjust their risk pool so that more people participate, not just the older people with lots of chronic conditions but the young and healthy."

The Affordable Care Act expanded coverage under Medicaid, increasing the number of patients who had health care. With cuts to Medicaid proposed in the AHCA, hospitals are likely to be most affected because they are required to offer care to anyone coming through their doors, regardless of whether they are covered or not, according to Wing. To cover costs, hospitals are likely to "push on higher rates" for private insurers of all types, including Medicaid and Medicare providers.

When it comes to SCAN's future, Wing is optimistic. "There is so much more that can be done in Long Beach," he noted, adding that there are 45,000 seniors living in the city. "We are a very healthy, vibrant community right now. We want to do more." ■

New St. Mary Medical Center CEO Focused On Community Needs

■ By **SAMANTHA MEHLINGER**
 Assistant Editor

With 30 years of experience in the health care industry and more than 20 of those in executive roles, Dignity Health St. Mary Medical Center is gaining a seasoned professional in its new CEO, Carolyn Caldwell, who starts on June 19.

Caldwell's most recent post was as CEO of Tenet Health's Desert Regional Medical Center, a 385-bed acute-care hospital in Palm Springs, where she served for four years. Prior to that, she was the chief operating officer of multiple hospitals, including Centerpoint Medical Center in Independence, Missouri. She began her career as a medical technologist.

"I have been all over the place," Caldwell told the Business Journal. "I started out my career in Alabama, which is where I am originally from. I spent 15 years in Texas, eight years in Missouri, and I have been here in California since the end of 2012."

Among Caldwell's recent career achievements were starting a residency teaching program at Desert Regional and partnering with the Desert AIDS Project on a program called Get Tested Coachella Valley.

"In the Coachella Valley, we had a very high number of individuals who were living with HIV and were not aware of their status," she explained. Her hospital committed \$1.5 million over the course of three years to provide HIV testing to anyone in the Coachella Valley who wanted

it. "We actually saw a 2.6% positive rate. And the good thing about that is we were able to get 95% of the individuals who tested positive into care," she said.

Like many executives, Caldwell said she



Carolyn Caldwell, the new CEO of Dignity Health St. Mary Medical Center, said she is focused on learning more about the Long Beach community. (Photograph by Neil Husvar)

often receives calls from recruiters. When she heard about the opportunity at St. Mary, she was already familiar with its parent organization, Dignity Health, but not with Long Beach or the hospital itself.

"When I began to study St. Mary's and some of the things that they were doing in the community, I was very fascinated because it was really very similar to a lot of things I do here in Palm Springs," Caldwell said. She felt taking the position at St. Mary was a great opportunity to marry her skills as a health care executive with her passion for caring for communities, she said.

"When I learned about the community, I did a lot of research and visited on several different occasions," Caldwell said. "I have just been impressed with the diversity of the community. . . . My husband and I have spent a lot of time just riding around going to different restaurants, doing some shopping. And you can tell it's a community that has a lot of culture and a lot of pride, so I think we are going to be extremely happy there."

Caldwell and her husband have secured a lease on an Ocean Boulevard condo and plan to keep their home in Palm Springs. "I plan to be [in Long Beach] full time and become just as engaged in that community as I have in the community here in Palm Springs," she said.

In Caldwell's first year, her goal is to learn as much as she can about St. Mary Medical Center and the community it serves. "I will be working very closely with the leadership team, the medical staff, our community board and our foundation board, as well as

our employees, many of whom have been at St. Mary for a very long time, so that we can continue our strong sense of commitment to our community," she said.

The hospital regularly conducts a community needs assessment, which Caldwell said she plans to analyze to identify gaps in care in the area. "We always want to make sure we are creating access and value to the community. And I think that's where the community needs assessment will really come into play," she said.

The St. Mary Medical Center Foundation has been raising money to expand the hospital's emergency room for years, an effort that Caldwell said will continue. Through that expansion, she may examine pursuing a dedicated area for seniors, similar to one she spearheaded at Desert Regional.

"Trauma centers are very loud. They are very busy. And oftentimes when seniors [visit] the emergency room, it's very scary for them," Caldwell said. To address this issue, Desert Regional created a section of the emergency room just for seniors. "We had nonslip flooring. It was quiet. We had dimmers on the lights. And it really made their experience much better," she said. "That's something I hope we can also do at St. Mary's."

Caldwell said she is "extremely excited" to be joining the team at St. Mary and Dignity Health. "To have the opportunity to work for an organization where I can utilize my skills as a health care executive but to also fulfill my passion around improving communities is something that I look forward to," she said. ■



Pacific Islander Festival
June 3-4 9:00 AM - 5:00 PM

Discover the rich and diverse cultures of the Pacific Islands including Hawaiian, Marshallese, Tahitian, Samoan, Chamoru, Tongan, Fijian, Kiribati, and Maori. Watch hula, listen to Tahitian drumming, try out ancient Hawaiian games, and admire artisans as they create traditional weavings. Learn all about the history and culture of the Pacific Islands during the fourteenth annual Pacific Islander Festival.



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D-NP8



Chris Pook, mid 1990s

circuit meets compliance, both safety wise, length wise, etc.

LBBJ: If the KPMG analysis, for which the city has contracted, recommends F1 as the best choice, is there a chance that the F1 team comes in here and says, “No, we don’t want to do this?”

Pook: No. They won’t move forward with this unless the circuit is approved. And we have gone through the preliminary process with the FIA. They’ve looked at the circuit design. Charlie Whiting, who is the chief safety steward, he’s looked at it. He’s been here, he’s aware. It’s his suggestions that we’ve incorporated into the design.

LBBJ: So if F1 is selected, there’s no chance they could say no?

Pook: No. The FIA is aware of the circuit. We comply with the temporary circuit length, which requires us to be over 2.154 miles.

LBBJ: So, the main thing is that you’ve had people involved. This isn’t just Chris Pook wanting this. Other people have taken a look at it?

Pook: We went through the same process we did, basically, back in 1973 and ’74.

LBBJ: We know that Richard J. Foster is involved with your group – World Automobile Championship of California, LLC – and serving as vice president and general counsel. Are there other individuals involved or is it just the two of you?

Pook: There are four of us involved. There are four principals to the company: myself, Richard Foster, Roger Torriero, who is a very well-respected construction contract manager at Griffin Structures out of Irvine, and John Corky Severson. In the submittal to the city, we had to say who all the principals were with details and background and experience, and who we are and what we are.

LBBJ: Let’s go back to 1983, starting with the 1984 race you decided to switch from F1 to Indy. We remember you saying the transportation cost to bring the cars here was a couple of million dollars, or something like that.

Pook: It was \$1.75 million to bring the group here. You must remember, back in those days the sports business was entirely different to what it is today. We didn’t have the sponsorships that are here today, ticket prices were not anywhere near what they are today – Dodger’s baseball was \$5 per ticket. How much is Dodger’s baseball today for a bleacher seat? So everything has changed. The other thing that has changed drastically is the reach and economic impact of F1.

LBBJ: So back then you didn’t have the sponsorships to cover a lot of these costs?

Pook: We didn’t have the sponsorship, we didn’t have the television reach. I mean, we

LBBJ: And Liberty Media has no problem with Long Beach?

Pook: They have not said they have a problem with it.

LBBJ: Have they been to the race here?

Pook: I don’t think that Chase [Carey, chairman and CEO of F1] has or Sean [Bratches, managing director, commercial operations] has.

LBBJ: Did you know these individuals from before or did you just meet them when Liberty Media took over?

Pook: We just met them.

LBBJ: We assume Liberty Media and F1 have their own track specialist, so, since they know what you are doing, wouldn’t they want to take a look at the track?

Pook: The way it works is the FIA [Federation Internationale de L’Automobile], which is the governing body, is responsible for assuring the

were delighted to be on CBS and NBC back then. We were ecstatic. It was terrific. Now, if you’re not in 100-and-some countries around the world your sponsors say, “What’s wrong?”

LBBJ: Let’s talk about track configuration that we touched on earlier. The current track configuration for IndyCar is not the same for F1. . . .

Pook: We will use the same circuit but we will extend the length. This will return to the original Long Beach F1 circuit where we go up to the Alamitos Avenue toward Ocean Boulevard. We would not go into the intersection. Ocean Boulevard would stay open. Then we come back down the other side. That adds a good chunk of distance. We come down here [points to Aquarium Way on a map], we have to widen the left-hand turn [Turn 1 on the Indy course] from Shoreline Drive going onto Aquarium Way. This will stay the same around the Aquarium. Then the service road that goes to the Queensway Bay bridge, instead of turning immediately right [currently Turn 5], we would turn left for 50 or 60 meters, do a hairpin and then go down Shoreline Drive.

These changes will bring great character back because you’ve got the Villa Riviera and International Tower buildings on Ocean Boulevard. The pictures that were taken in the old days when F1 ran up to Alamitos Avenue were quite staggering because they included the two high rises and in the background is the Queen Mary.

Then what will happen on the back straightaway is the view of all these high-rises. It opens everything up. And, of course, we have Rainbow Harbor. What we can do with Rainbow Harbor is we can bring in all the mega-yachts, the 100-footers, and now we can create this area, with all its restaurants, into one huge energy center. And the Aquarium of the Pacific can become one very, very substantial hospitality center.

LBBJ: What about safety requirements? Are they different for F1 than for IndyCar?

Pook: No. Basically the wall height is the same – it’s a one-meter wall height. The catch fencing is the same. The caliber and standard – currently they have a lot of FIA-approved fencing in there, which is panel fencing. They’re in the process each year of upgrading the other fencing.

LBBJ: When you say “they,” are you talking about F1 or Indy?

Pook: Indy. Our runoffs would be the same. The only difference would be that Turn 1 widening. It should be widened for Indy cars right now, to be honest with you, but it’s not. Because of the nature of that turn, and there’s always issues there, you want to widen it.

LBBJ: How different are F1 cars from Indy? Are they faster? Do they turn easier?

Pook: They turn more precisely. They’re faster. They accelerate faster. They brake faster. The terminal speeds would probably be 225 to 230 miles per hour. IndyCar is probably about 180 to 185.

LBBJ: Aside from track safety requirements, are there additional medical safety requirements for F1 over Indy?

Pook: There is a different protocol, medically, for F1. They do require airvac and an air ambulance. But the question is, and what the docs will evaluate, is it more sensible to transfer the patient one time into an ambulance and he is two and a half, three minutes away from St. Mary Medical Center, versus putting him in the ambulance, taking him out, putting him in an airvac, lifting him up?

LBBJ: Onsite, we understand they have to have the most advanced, high-tech safety equipment. Is that different than Indy?

Pook: They [F1] bring their own international docs, they have their own medical car – they bring everything.

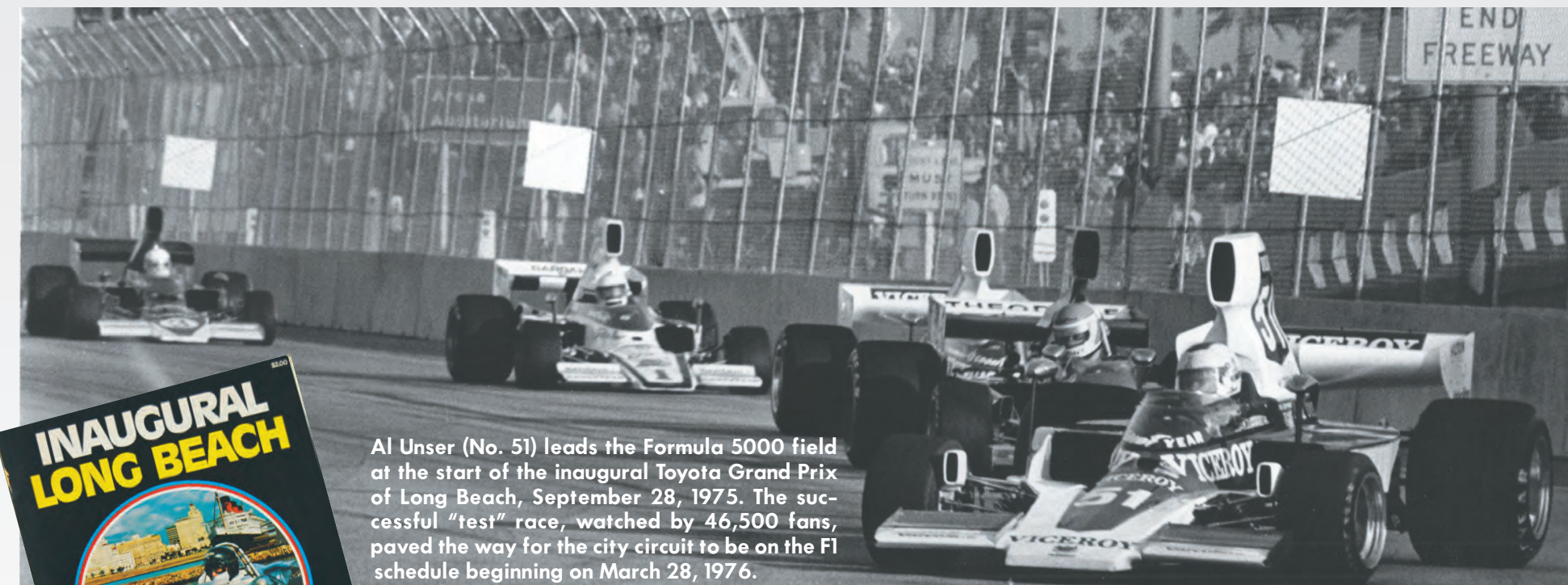
LBBJ: And this is the same for all F1 races everywhere?

Pook: Yes. What F1 did under the late Professor Sidney Watkins, is establish a standard medical protocol for every race. In the old days, there were different protocols at each race, and Formula One said, “We are going to have one protocol.”

LBBJ: What other modifications and facilities are necessary?

Pook: We need to build a semi-permanent pit complex on the north side of Shoreline Drive, straddling a little service road. The cars would actually be garaged in that building and above it would be hospitality. This thing can be totally temporary, up and down if need be. But what we are suggesting is that half of it come down. There’s an issue of view corridor with these buildings.

Timeline				
1973: Chris Pook first develops the idea for Downtown Long Beach to host a street race.	the newly formed and incorporated Grand Prix Association of Long Beach. A Formula 5000 race is held to determine if Long Beach is a suitable venue. Brian Redman wins the race, with 70,000 spectators attending the weekend event.	Grand Prix is held, bringing Formula One and 97,000 spectators to the city. Clay Regazzoni wins the race.	1978: Championship Auto Racing Teams (CART) is formed in November.	closure of Ocean Boulevard for the Toyota Grand Prix of Long Beach
1974: City Council and Coastal Commission approve first Long Beach motorcar race.		1977: Toyota adds the Pro/Celebrity race to its lineup of weekend events. Shelley Novak is the celebrity winner and Sam Posey is the pro winner.	1979: First CART event takes place at Phoenix International Raceway in March.	1983: The Toyota Grand Prix of Long Beach hosts its final Formula One race with 182,000 spectators in attendance. This is the first year the race does not close down Ocean Boulevard, moving the
1975: Jim Michaelian is one of Chris Pook’s first hires for	1976: First official Long Beach		1980: Toyota, involved from the beginning, signs on as Grand Prix title sponsor.	
			1982: The last race to see the	



Al Unser (No. 51) leads the Formula 5000 field at the start of the inaugural Toyota Grand Prix of Long Beach, September 28, 1975. The successful “test” race, watched by 46,500 fans, paved the way for the city circuit to be on the F1 schedule beginning on March 28, 1976.



LBBJ: How high are we talking about here?

Pook: Two stories with a small third story tower. But if the view corridor becomes an issue, then it will probably go away. But what we are saying is, that the other part can be left up all year long because groups like the Long Beach Marathon, Gay Pride Festival, the annual jazz festival and bike races could use it as a corporate hospitality center.

There are possibilities there.

LBBJ: Would the structure take away parking from the convention center?

Pook: No.

LBBJ: What about the start/finish area, the live pits there? Is that the same?

Pook: It's the same. Everything's the same.

LBBJ: Anything else as far as the track or facilities?

Pook: We've probably got to grind and resurface Seaside Way because it's pretty bumpy. But that's not a big deal, we just have to grind the bumps out.

LBBJ: Is F1 more sensitive to the street than IndyCar?

Pook: I wouldn't say they are more sensitive, but you don't need the commentators saying, “Oh, it's all bumpy down there. Look at that bumpy street.” That's not the image you want to portray of your city. Aesthetically we would want to do that. And that would be on our nickel. Everything would be on our nickel.

LBBJ: So you're not going to resurface the entire track, you're going to just tidy up a bit?

Pook: Yes.

LBBJ: Does the approval of the track require approval from state or federal agencies?

Pook: Obviously, this is in the coastal zone, so it would have to go through its usual permit. The coastal zone is always an issue.

LBBJ: Is it a big deal?

Pook: It's not a big deal.

LBBJ: Let's get to one of the big issues, and that has to do with the costs required to sanction and put on an F1 race. We saw the article by auto racing writer Christian Sylt in the March 13, 2017, issue of Forbes magazine. He says \$57.5 million for “annual running costs of an F1 street race,” and sanction fees starting at \$31.5 million in year one and escalating to \$48.9 million in year 10. Wow!

Pook: I looked at his numbers and, in an e-mail, said, “Christian, where did you get these numbers from?” He said, “Well, over the years I've been assembling this information and I believe this is the case.”

LBBJ: So he didn't have a source? Does that discredit the article?

Pook: Absolutely. He's nuts. These numbers are crazy. These are stupid numbers. I talked to the guys in Austin about these numbers and they said, “Where the hell did this guy get these? He pulled them right out of his ass.” I mean, it's just nuts.

LBBJ: So what are the annual fees required to sanction the race?

Pook: Every fee is different, every location is different. And what we have said to Liberty is that if you want the race to be successful, you have to charge a sensible fee. And \$30 million is not a sensible fee.

LBBJ: What is the current average?

Pook: Some of the races are down as low as \$14 million or \$15 million. Some of the big ones are up at \$45 million. They are sensible people.

LBBJ: So what's doable? Is \$15 million doable?

Pook: No, \$21 million is doable.

LBBJ: We understand Austin is just over \$25 million.

Pook: Yes, Austin is just over \$25 million but nobody knows where Austin is really.

LBBJ: Would you expect an annual increase, like a CPI, tied to this?

Pook: Yes, there will be a CPI.

LBBJ: So you feel comfortable that if you are approved to go forward that you can work this number out with Liberty Media?

Pook: It's not just going to be us. It's going to be in the United States. Anywhere they go [adding another U.S. race], these economics are going to be the same. New York is going to be much more expensive. The operating costs in New York are going to be, like, five times higher than here.

LBBJ: What about to put on the event, beyond the sanction fee. How much money do you need for that?

Pook: The actual operating budget is about \$10 million.

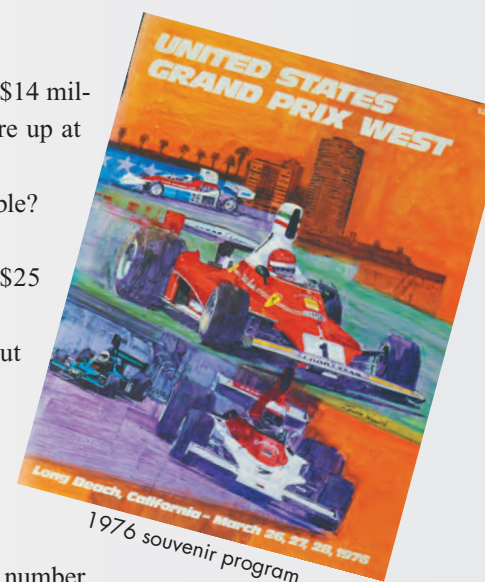
LBBJ: That doesn't seem very high. So you really need to raise, roughly, a little bit over \$30 million between the sanction fee and the operating cost to put on the race the first year?

Pook: Basically, yes. We've targeted \$35 million.

LBBJ: Have you identified where that money is going to come from?

Pook: Yes we have. We have a banking relationship.

LBBJ: Do you expect the city to fund any of this?



(Please Continue To Next Page)

start/finish line to Shoreline Drive and utilizing Seaside Way. John Watson is the last winner of a Formula One race in Long Beach.

1984: The Toyota Grand Prix of Long Beach hosts its first CART IndyCar race in front of 135,000 spectators.

Mario Andretti is the winner

of the inaugural race.

1996: Grand Prix Association of Long Beach files for an IPO and becomes a publicly traded company.

1997: Chris Pook names Jim Michaelian chief operating officer of the Grand Prix Association of Long Beach.

1998: Dover Downs purchases

the Grand Prix Association of Long Beach.

2001: Chris Pook is named the president and CEO of CART. Jim Michaelian is named as Pook's replacement as president and CEO of the Grand Prix Association of Long Beach.

2004: Kevin Kalkhoven and

Gerald Forsythe purchase the assets of CART out of bankruptcy, with the series afterward becoming known as the Champ Car World Series. **2005:** Dover Downs sells Grand Prix Association of Long Beach to Kevin Kalkhoven and Gerald Forsythe.

2008: Champ Car World Series merges with the Indy Racing League. **2017:** Liberty Media acquires Formula One for \$8 billion.

(Prepared by Long Beach Business Journal Senior Wrtier Brandon Richardson with assistance from the Grand Prix Association of Long Beach)



In 1972 at age 25, Emerson Fittipaldi became the youngest champion in Formula One history. He is pictured here at the 1978 Toyota Grand of Long Beach.

Pook: None. Absolutely none.

LBBJ: Do you know if they do that now with IndyCar?

Pook: No, the city gets reimbursed for police, fire, public works and they get an admin fee as well.

LBBJ: Does Jim [Michaelian] pay for the convention center as well?

Pook: Yes.

LBBJ: So you would also?

Pook: Yes. Everything.

LBBJ: What about marketing and promotion?

Pook: That's all part of the operating budget.

LBBJ: That seems pretty low. Does F1 have an automatic marketing edge simply because it's F1?

Pook: That's the huge advantage. You have to remember that probably 80% of the audience will come from outside of California.

LBBJ: Is that the way it was before, when F1 ran here?

Pook: Yes. F1 has a built-in, worldwide following. Say we are hooked up [back-to-back races] with Canada, the Europeans would have the opportunity to take in two races in 10 days. We want to be with Canada [June 11 on the 2017 schedule].

LBBJ: Isn't the date important to Long Beach? That is, keeping it to late March, early April? After all, conventions are booked

five years in advance, so, for example, the fall of 2019 may not work.

Pook: We hope we'll be able to keep it in that [date] area. The key to this whole business is also looking at the international markets.

It's interesting that we're talking about this right now because this past week, there's been a whole discussion about the calendar and how the calendar needs to be moved around to be compatible and have races come together. You've got to understand, to move the F1 business around the world, it takes seven 747 airplanes – freighters – just to move the stuff. Forget about the personnel. Then you've got another 2,000 personnel that come with it. So to suddenly do one offs, like from Europe to Canada, is expensive for them. But to do Europe, Canada, Southern California – makes a lot of sense. Then maybe New York on the way back or Mexico.

LBBJ: So 2019 would be the first year if F1 is selected?

Pook: Right.

LBBJ: And you would be able to do that?

Pook: If we can get out of the shoot by the end of [this] summer, then yes. Ideally, we'd want to move into that window with Canada [the 2017 race in Canada is June 11].

LBBJ: But you don't have a guarantee from F1 on that?

Pook: No.

LBBJ: That could be a little bit of a hiccup for you.

Pook: Yes. The whole thing has changed drastically since the mid-'80s. Formula One has

now become the third largest sporting event in the world, after the Olympics and World Cup soccer. F1 is right there with the Super Bowl. But F1 goes back to the same venue each year while the Super Bowl bounces around venues.

LBBJ: Is there a timeline for the KPMG report coming back?

Pook: They just sent a notice out yesterday saying the report will be finished on July 11.

LBBJ: What type of economic impact would you expect for Long Beach?

Pook: There are significant differences between ourselves and Indy. The question is when was the last time there was an economic impact study done on IndyCar? It was in 1997 and it was done by California State University, Long Beach. The gross economic impact was \$30 million. At that time we were having 97,000 [attendance] on Sunday, 77,000 on Saturday and we had 65,000 on Friday. The hotels were full for four nights. These were the golden years – Unser, Andretti, Fittipaldi, Mansell. And we were building 55,000 seats to accommodate those numbers. Today, we've tried to get the seat numbers by public record from the city and it's very hard. Somewhere in city hall there's a record of the number of actual seats. In the mid-'90s, the city quit asking for ticket audits.

The questions are, as I said, what is the highest and best use? Justify these numbers, 180,000 in attendance, when they only have 35,000 seats. That means that every single seat is full for three days and you've got 25,000 people per day wandering around. It's his job to justify that number.

LBBJ: What about your numbers?

Pook: My \$100 million is based upon the [chamber of commerce] document, even though it's dated July 2013. It's four years old. I haven't pushed this up with economic increase and what have you. The television value, the \$192 million, comes out of this document. Those television viewers, 300 million, is from F1's viewership numbers that they publish every year.

Editor's note: The chamber report uses primarily 2012 data from a number of identified sources, including the first F1 race in Austin. It was prepared by several people, including former Long Beach City Manager Gerald Miller and the current dean of the school of business at CSULB, Dr. Michael Solt. The study estimated an F1 race in Long Beach would generate \$67.3 million in revenue (ticket sales, sponsorships, hotel rooms, visitor spending, full-time and part-time employee payroll, etc.). The report uses a multiplier effect of 1.6 (how many times a dollar changes hands) to arrive at an estimated \$100 million economic impact in 2012/2013 dollars. That number did not include the value of global media exposure, which Austin officials pegged at \$190 for its first race.

Pook: As far as international venues, F1 is in 21 countries; Indy is in 1 country. That's really important because that means your product, Long Beach, every two weeks [they talk about the city]. So the value just [skyrockets]. Estimated attendance, we believe, over three days, would be 242,500, legit – 65,000 in the seats, 20,000 in general admissions each day.

LBBJ: That's at capacity?

Pook: That's at capacity. Now, that does include people hanging out of the balconies.

LBBJ: Are other F1 races venues full?

Pook: Some not. But some are huge. Austin did 240-something thousand. The place is incredible. It's quite a sight.

LBBJ: So this is your best-case scenario?

Pook: Right. So this is the estimated attendance, 242,500. The paid, we are saying is 215,000.

LBBJ: That's a lot of freebies.

Pook: Well, you've got people hanging out of the windows, you've got everybody. We've got teams, support people, etc.

LBBJ: So that includes viewers and not necessarily paid.

Pook: Exactly. That's the difference.

LBBJ: Average hotel stay three to five nights? That's a long time.

Pook: First of all, you've got the teams coming in. It used to be four-night minimums. No credit cards, paid in advance. And they were sold out at rocket prices. And it will be the same again, rocket prices, because demand's there.

LBBJ: Have you talked to local hotel managers?

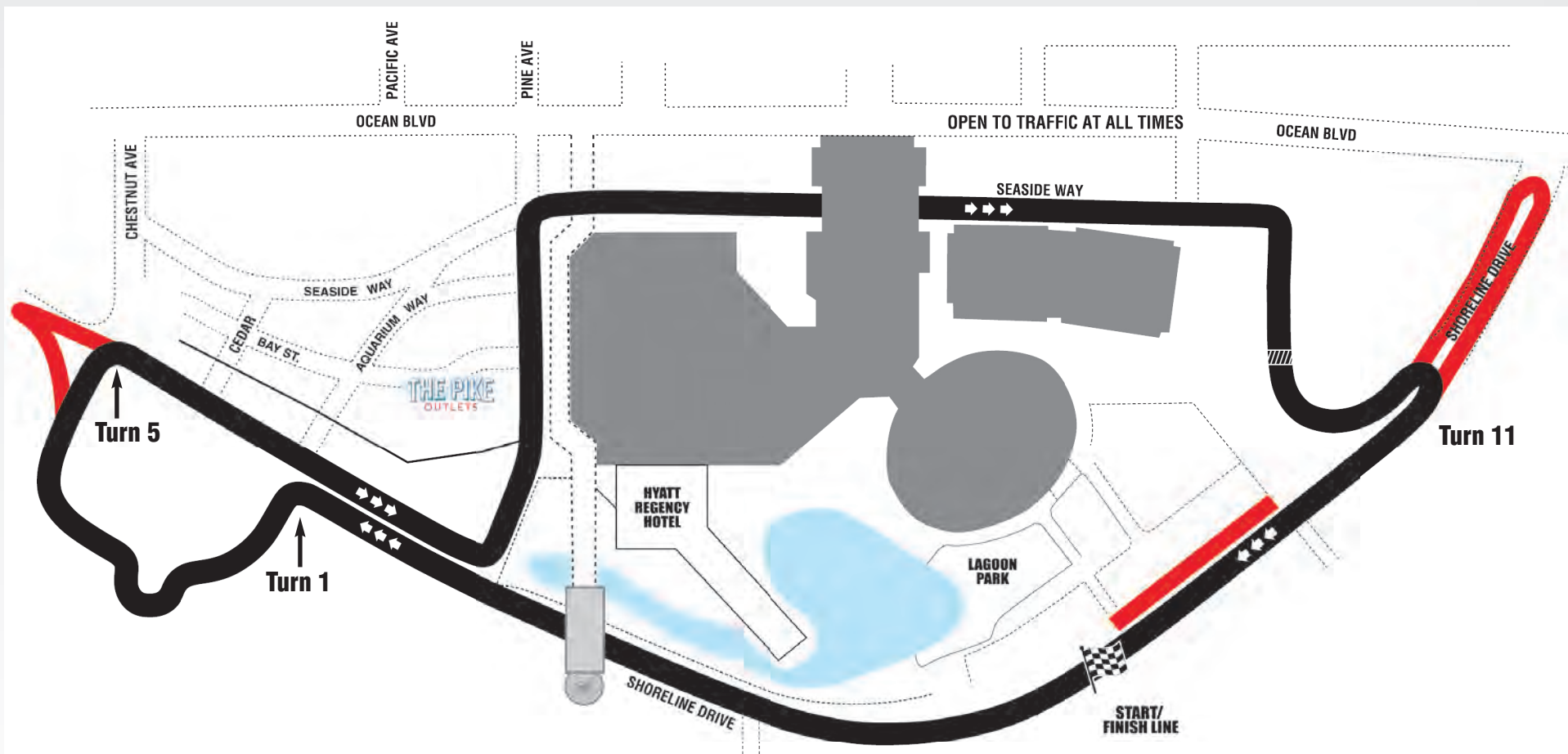
Pook: I met with the Long Beach Hospitality Alliance and the chamber of commerce, yeah. Very positive. You should talk to them. The meeting was very interesting. Anyways, so the average stay is three to five nights and currently [under Indy] one to two nights. The traveling party is 2,000.

LBBJ: Are you going to have other events surrounding the F1 race?

Pook: There will be a full slate. Probably things like the Ferrari challenge, Porsche Cup, maybe the Maserati Challenge. One of the things we would also look at is probably a junior series race. Something like Formula 2000 because we've got to develop young Americans.

LBBJ: So that's the next level down from F1?

Pook: No. It's Formula 3, Formula 2. But in this country, we've got to develop young Americans and get them into Formula One.



In order for Formula One to run in Long Beach, the current circuit used by IndyCars would have to be modified and lengthened. According to Chris Pook, Turn 1 would be widened, and the current Turn 5, leaving the Aquarium of the Pacific would make a left then back down onto Shoreline Drive. The hairpin at current Turn 11 would be extended to just below Ocean Boulevard. Another requirement of F1 is the necessity for a pit/garage complex. This is not required by IndyCar. That complex would be built near the start/finish line (horizontal line in red). According to Pook, his group, World Automobile Championship of California, LLC, would pay for all modifications required to be approved for an F1 race.



Michael Andretti, shown here in 1978, had won the 1977 race, becoming the first American to win a U.S. Grand Prix race. The 1977 race nearly didn't happen as a stressed out Chris Pook had to obtain an 11th hour loan to cover debt. But, a year later, after the April 2, 1978 race, Pook announced a new 10-year contract with the City of Long Beach.

LBBJ: Do we have any American drivers now in F1?

Pook: No. Not in F1. There's one Canadian, Lawrence Stroll. So there will be a full slate of entertainment. Currently, the event [Indy] occupies two weekends. They have the drifting and it shuts the streets down for quite a bit. When I talked to the hotels and I talked to the businesses down there, they really don't like it. So what we are saying is that we're not going to impact the city on two weekends. What's interesting is we actually signed a letter to the city in 1983 because we wanted to go to two weekends to support the costs of the circuit – we were going to run World Sports Car on one weekend and F1 the next. And Marc Wilder was councilman at the time and he said, "Absolutely not. You can have one weekend. End of story. Period. And, by the way, move off of Ocean Boulevard." So we moved off Ocean Boulevard to Seaside Way and agreed, in writing, that we'd only run one weekend because of the impacts.

LBBJ: What about this Thursday Thunder? Will you still do something like that?

Pook: Of course. The whole Formula One thing experience is different. It's a completely different level of entertainment and media and people. So what we have said is that in order to increase the economic impact, on race week itself, we will do an international aftermarket automotive trade show in the convention center, during race week, Monday through Wednesday. That will create even more hotel rooms at the beginning

of the week. Then what we'd do is open the show up Thursday to the general public and then on Friday, Saturday and Sunday, that same show would be available to the race goers in the expo as it is today. So what we are trying to do is lengthen the economic impact so it's a whole 10 days of hotel rooms.

Then we will also do an international motorsports marketing forum with someone like Sports Business Journal, but we'd involve the university in that. So the university school of sports marketing could be involved in this whole thing. So you'll have the trade show downtown, now you'll have a sports marketing forum involving the campus up here. So this will create another block of hotel rooms on this side of town in the early part of the week.

Here's a summary of the hotel rooms: Sunday through Wednesday, three nights, between 1,000 and 1,400 rooms; Wednesday through Monday, five nights, between 3,200 and 3,500 rooms; and Thursday through Monday, four nights, between 9,000 and 12,000 rooms.

LBBJ: That's thinking big.

Pook: This will fill hotels down from Huntington Beach, all the way through Torrance and the 405 corridor, and will probably, as we did in the old days, fill up some of the rooms at the LAX hotels on the weekend. We did it once before.

The LAX hotels ran shuttle buses from their hotels to the race and back. Then, finally, we discovered something really interesting. One of the major auction houses approached us and said, "We understand you are considering doing a Formula One race in Long Beach. We have uncovered about \$100 million of vintage, single-seat race cars in the western part of the United States." There's no single-seater racing car auction. So they said, "We'd like to do one, would that be OK." So we talked to the university, because we can't do it downtown, so we're thinking of using the Pyramid. It would be a fantastic location for the event. I am told that if the car originates in California, the city's share of the sales tax is 1%. I was told, and I don't know how true this is, the city retains the full percentage.

Editor's note: According to Paul Cambra, information officer for the state board of equalization: "In regards to the vintage automobile auction taking place in Long Beach, the origin of the vehicles should have no bearing on the amount of tax revenue that the city of Long Beach receives. What would make a difference is whether the auctioneer is a licensed vehicle dealer. If so, then the local sales tax due on any sales (1.0 percent) will generally be allocated to the city in which the auction takes place (in this case Long Beach). If the auctioneer is not a licensed vehicle dealer, the local tax will be allocated to the countywide pool in which the vehicle is registered in California (the tax will be paid to DMV by the purchaser rather than collected by the auctioneer). So if the buyer of the vehicle lives in Long Beach, that portion of the sales tax would go to Los Angeles County. If they came from Anaheim, that 1.0 percent would go to Orange County. Regardless of whether the auctioneer is a licensed dealer, for all taxable sales the rate of tax will depend on the customer's registration address for the vehicle, and what the tax rate is in that jurisdiction.



The staff of the Grand Prix Association of Long Beach. Chris Pook is second from left and Jim Michaelian is center front.

Whether the auctioneer is a licensed dealer will not impact the rate of tax that is due. It will only impact the allocation of the local tax.”

LBBJ: So this is vintage cars only. What’s considered a vintage car?

Pook: Oh, it’s got to be some 25 or 30 years old. Now, the car auction business is a big business. So the point is that what we are leveraging the strengths of F1 to bring in allied events to increase the economic impact of the week and increase the magnitude of the overall event. When you increase the magnitude of the event, now you increase the publicity reach and then you bring in more corporate money, more interest. It’s just a big machine. . . . Charity Ball, here we go.

LBBJ: They don’t have it anymore. Why did they do away with it?

Pook: Because IndyCar doesn’t have the money or the corporate support.

LBBJ: So you’re going to bring that back?

Pook: We’ll bring the ball back. We’ll bring the golf tournament back.

LBBJ: All these best-case numbers look impressive. But one of the things we noticed is the difference in ticket prices – huge difference. You’re saying 80% of the audience will not be local. Based on what we saw in Austin, 3-day grandstand tickets start at \$445 and it goes up to \$1,295. . . . So you think the money is here, people will buy the tickets?

Pook: Yeah.

LBBJ: But not Long Beach people?

Pook: No. With all due respect, we’re not here to take money out of Long Beach pockets and put it back into Long Beach pockets. We’re here to take money out of people’s pockets from outside of Long Beach and put it into Long Beach.

LBBJ: But you need Long Beach residents to buy off on the event, to be supportive of the event. You don’t need people thinking, “Oh, they shut me out.”

Pook: They will be able to come in with general admission, certainly on Friday, for \$50 or \$75.

LBBJ: That’s still a lot of money for a lot of people who live here. We’re thinking you’re going to get some negative feedback on this. How do you get buy off from Long Beach residents, who can’t afford \$400, \$500 or more for a weekend? This event is in their city. It’s their event, sort of. So how do you incorporate their involvement?

Pook: I think we’d probably end up putting a certain number of reasonable low-priced tickets for sale, certainly for Friday.

LBBJ: If the city council makes a decision by mid-summer, does that give you enough time to put everything in place?

Pook: Yes. The bottom line is highest and best use. And it’s got to be based on valid numbers.

LBBJ: Do you feel comfortable that you can raise the money, the \$35 million, needed?

Pook: Yes. I wouldn’t be down this road if we couldn’t. I just want to be on a level playing field. If somebody is putting a hand up and says, “My event is currently doing \$40 million in economic impact.” OK, show us why it’s doing \$40 million. “I’m doing 180,000 customers on the weekend.” OK, show us. “I’m filling all the hotel rooms.” Show us.

LBBJ: You hired Jim Michaelian when you started the company in the mid 1970s, correct?

Pook: Yes, one of the first hires. Basically, Jim showed up at the coastal commission hearing as a supporter. He arrived on a bike and brought his bike on the elevator. Following the hearing, he talked to one of our investors, a financial guy Stu Ellner, and basically told Stu that he was not employed at the time, he had an MBA from UCLA, he’d love to get involved and if it meant he’d have to work for free for four or five or six months to help us get started, he would do that.

LBBJ: On July 1, 1998, Dover Downs Entertainment stockholders approved the Grand Prix Association of Long Beach (GPALB) becoming a wholly owned subsidiary of the Delaware-based company. In December 2001 you left to become president and CEO of Championship Auto Racing Teams (CART) and Dover Downs named Jim Michaelian to replace you. Correct?

Pook: Dover was very unhappy that I left. They were very unhappy with me.

LBBJ: When did there become a separation of friendship among you and Michaelian?

Pook: I don’t think there’s a separation of friendship. As far as I’m concerned, he worked for me those number of years and he’s a great guy. Jim has to do what he’s got to do. I kind of feel sorry for Jim because he’s got a very untenable job right now. He’s got a series on his hands that’s just not doing the numbers – just not getting the job done. The loss of the pro celebrity race . . . Toyota is definitely completely downsized its whole thing. And Jim is fighting, as he should. And I admire him. He’s fighting to keep his turf, keep his territory, keep his business alive in the hopes that IndyCar will eventually come back. He’s a scrapper and why not? Hell, he probably learned scrapping from me because when we started I had to scrap like hell the first three or four years. So I admire what he’s doing. I would probably be doing the same thing if I were in his shoes.

LBBJ: Is there anything else that you want to talk about?

Pook: I think they to verify their attendance numbers and they have to justify why they shut the place down so early. A very important point: we’ve reduced the construction window to 30 days in advance and 15 days after.

LBBJ: From?

Pook: He’s like 10 weeks in advance to 21 days after. And we have told the merchants in the area south of Shoreline Drive that we won’t put anything in that area from Shoreline all the way through Aquarium Way, on the south side, until Monday of race week and it will be gone by noon, Monday following the race.

What we’re saying, bottom line, increase the economic impact, maximize the use of your natural assets, minimize the impact. It creates a whole week of atmosphere. A whole positive business atmosphere. Those are really important points. Formula One is more about the atmosphere. The problem currently with the customers is they come to the race, they’re there at the race and they leave. They don’t stick around in the town afterward. They are day trippers. That’s where we are, we just have to work our way through this process and the city has to come onboard. If they decide they want Formula One, then we’ve got to come together as a team. ■

got the responsibility in some ways, on behalf of the residents and the people you represent, to take a look at it.” But, the one condition I said to them was, don’t do it at the expense of the Grand Prix. Don’t do it so it’s detrimental or in a way that will cause us harm. That came about because, if you recall, our agreement at that time had another year to go. That time was typically the let’s get together and renew, but now they were saying they wanted to take a look at options. Fine. So how do we go forward? Well, what we finally agreed to do was to get a three-year extension.

LBBJ: That would have been 2016, ’17 and ’18.

Michaelian: Yes, but it was always on a basis of let’s get this done, not in the limelight in the public domain, but do your exploration, do your studies, come back with a decision. The challenge became 2014, became 2015, became 2016, became the end of ’16, now we’re getting in to 2017 and it’s like, guys?

LBBJ: Why did they drag their feet?

Michaelian: I have no idea.

LBBJ: What do you believe is going to be the deciding factor? If you’re a councilperson, you’re going to get this report, is there something you would be looking for?

Michaelian: I think there are a number of issues to take a look at when you’re looking at something as large and complex as this. One is the history and the legacy and the success of the event. You have a certain amount of credibility when you have done something for 43 years and done it without any real issues, concerns. There’s nonfulfillment. You know, when people don’t get paid, or you don’t carry through with what you intended to do. Have you, in fact, provided the city with what the contract calls for? Is there a provided economic impact? Is there television exposure? How has that expanded over the years and gone beyond to what was initially agreed to? What has it done to the esprit de corps in the town? What has it done in terms of assisting the residents in this city? What does the Grand Prix do? What programs do they have in place? Programs for children, programs for schools, programs with the Boys and Girls Club, programs with the Grand Prix Foundation, activities that involve the Committee of 300 [a group of race volunteers], visits that we do with various entities, discount programs we put together.

LBBJ: You’re pretty much saying you’re fully immersed in the community.

Michaelian: We are. Look, I’m going to leave this [a report prepared by the GPALB] with you. It details a lot of the things we’re talking about here. Where we go, what we do, how much we’re involved in, the activities, the free events we put on here during the year, the assistance we give the city in regards to utilizing some of our assets for certain functions. If I’m a councilperson, I’m looking at it in its totality. What do the residents feel? How representative is the event of the city? Is it in a positive light? Is there any controversy? Are there any issues? Are there concerns? Have they lived up to, fulfilled, or even exceeded the expectation levels that the Grand Prix and the city have with regard to this event and going forward?

LBBJ: So you’re saying it’s not strictly a dollars and cents issue, it’s what organization best fits the community.

Michaelian: Despite all the macro aspects of this, like I say, economic impact, bringing people in town, television coverage, 550 media people here, in the end, it’s a community event. It’s an event that the people of the City of Long Beach have to feel proud of. They don’t all come to the race, I understand that, it’s not intended that they all come to the race. But what they do, is they say, you know what, when grandma in Omaha or the aunt up in Spokane says, “Oh that’s Long Beach, that’s the one that runs that race,” that’s our race, that’s something we can be proud of. That’s something we never have to ask about nonfulfillment. It always does what it says it’s going to do and more. And it presents a very positive impression to people who come here and the millions of people who see that shot [city skyline], and that shot in an eight and a half hour first-run TV commercial for the City of Long Beach.

LBBJ: It shows off the city. . . .

Michaelian: This is an outside event, this isn’t played inside the Staples Center or the Honda Center, so when you’re covering this event, you’re forced to cover all the environs around it. In so doing, when you’re sweeping with the camera down Shoreline Drive, or the camera that’s looking at the skyline, that’s the portrait, that’s the picture, that’s the postcard that’s resonating throughout the country and throughout the world. So, at that macro level, that’s what you deliver. But it’s still people looking at that saying, “That’s my city, that’s my event, I’m proud that they’re running that event in my city.”

LBBJ: Do you feel your organization is providing the greatest return possible for the city? You talked a little about that just now, but is there something you can do or thinking of doing? For example, you lost the pro/celebrity race, you brought in the trucks and some other events.

Michaelian: We brought in the Can-Am Series.

LBBJ: Right, the Can-Am this year. Do you feel that you’re giving it your best shot with events surrounding Grand Prix week?



Jim Michaelian is shown speaking with his director of communications, Chris Esslinger, during the 2015 Toyota Grand Prix of Long Beach. Michaelian has served as president and CEO of the Grand Prix Association of Long Beach (GPALB) since December 2001— but he’s been with the organization since nearly day one. “We put out a stock offering in July (1975) and ran a race in September,” he said during a 1994 interview with the Business Journal. Michaelian, then serving as vice president of administration and finance, talked about raising funds for the first race: “It was difficult in some ways because there was obviously nothing substantial that you could point to and say, ‘This is the product.’ It was a concept, pure and simple. It was something people could perceive happening in Monte Carlo, but could it happen in the U.S.? Could it happen in Long Beach? A city which, at that time, really had nothing to offer in terms of attractions or amenities. In retrospect, it was a long shot.” (Photograph by Jack Fleming)

Michaelian: We’re always looking for more opportunities, but don’t forget, we have free events Wednesday night in Belmont Shore, Thursday night with Thursday Thunder, we have the Miss Grand Prix of Long Beach Pageant at Hotel Maya on Wednesday night. On Thursday we do the Walk of Fame open to the public. We do a number of activities during the week, and quite frankly, as time goes along, we can be looking to expand it. Remember, the Grand Prix Foundation had a golf tournament on Monday which, at that time, only left Tuesday for a non-Grand Prix involved activity, and we would certainly be looking for things to fill in the space, make it an entire week’s worth of activities.

LBBJ: On Friday you have casino night, but whatever happened to the charity ball?

Michaelian: The charity ball was replaced by the casino night.

LBBJ: Wasn’t the charity ball a big fundraiser?

Michaelian: The charity ball was a good fundraiser, but to be honest with you, it got tired. I don’t know how many you go to, but some of these people think, “I got to go to another one?”

LBBJ: Well, plus the fact you don’t have the pro/celebrity race to auction off the ride. . . .

Michaelian: The whole idea is, this is a civic event and the more we can involve the city and the residents in these activities . . . take a look, we put discount programs for a variety of different entities, all in this town from Boeing to Molina to the Port of Long Beach to the residents downtown. You know why? Because they’re impacted in some way or we want to engage their employees in the program. We have about 30 or 40 different entities.

LBBJ: So the Grand Prix, the way it is, and the way it has been for years, is really more community-oriented than an F1 race would be.

Michaelian: Yes, the event is oriented to engage the community.

LBBJ: Do you have an idea of what percentage of attendance is local compared to outside the area?

Michaelian: Our percentage is a little over 80% from what we call our marketing area, which is just north of Santa Barbara, San Diego, out to . . .

LBBJ: So it’s the opposite of what Chris Pook says the F1 market is.

Michaelian: If he can do that. F1, just by the pricing structure and how the event is laid out, is totally different. It’s a different animal.

LBBJ: How would you describe your relationship with Chris Pook? He hired you back in the day . . .

Comparing The Cars



Formula One

Teams build and develop their own car

- *Average operating budget:** \$83 million to \$468 million
- Top Speed:** Approximately 225-235 miles per hour
- Engine:** Turbocharged, 1.6-liter V-6 (aided by electric motors*)
- Horsepower:** Approximately 760 (600 from engine and 160 from energy recovery system)
- Gearbox:** Semi-automatic with eight forward gears, plus reverse
- *Steering:** power steering
- Fuel:** Unleaded racing gasoline
- *Refueling:** not allowed during race
- Tires:** Un-grooved racing slicks and grooved wet-condition tires
- Weight:** Maximum of 1,591.74 pounds (722 kilograms), including driver, safety gear and tires, but without fuel.
- Height:** 37.40 inches maximum (95 centimeters)
- Width:** 78.74 inches maximum (200 centimeters)
- Sources:* Indycar.com, *NBC Sports



IndyCar

Teams must use standardized cars

- *Average operating budget:** \$5 million to \$15 million
- Top Speed:** approximately 235-240 miles per hour
- Engine:** Twin-turbocharged, 2.2-liter, V-6
- Horsepower:** approximately 50-700 depending on turbo boost
- Gearbox:** Assisted six-speed paddle shift, plus reverse
- *Steering:** no power steering
- Fuel:** Sunoco E85 (blend of 85% ethanol and 15% gasoline)
- *Refueling:** allowed during race
- Tires:** Firestone Firehawk (un-grooved racing slicks; grooved wet-condition tires for road/street courses)
- Weight:** approximately 1,610 pounds (road/street/short oval configuration and 1,580 pounds (speedway configuration), without fuel, driver and driver weight equivalent
- Height:** approximately 40 inches
- Width:** 78.5 inches maximum, 77.5 inches minimum (measured outside rim to rim, floor is 79 inches
- Sources:* Indycar.com, *NBC Sports

Michaelian: 1975. We worked together for 25 years, you know? I learned a lot from Chris and I think, at the time, we had a reasonably good partnership and relationship. Then he went off to run IndyCar [December 2001] and his other functions and we've carried on doing what we do.

LBBJ: But do you consider yourself close in the last 10 years?

Michaelian: I don't know about close, but certainly on a friendly basis.

LBBJ: We reviewed our 25th Grand Prix anniversary publication from 1999. We ran a chart comparing attendance for the previous 18 years. How have the numbers changed?

Michaelian: They came down a little bit because these were the halcyon days of racing – Andretti, Unser, Montoya, Zanardi, and you had all the manufacturers – Toyota, Honda, Chevrolet, Mercedes. Those companies brought huge dollars, not to us necessarily as an event because we had Toyota, but they brought financial resources to the series – teams drivers, promotion, advertising, marketing. All those things. Those were the great days.

LBBJ: Pook said he's had extensive conversations with Liberty Media, Chase Carey and Sean Bratches, and they said yes, they want to be in Southern California, they want to be in New York.

Michaelian: So does Long Beach represent their objective in terms of Southern California?

LBBJ: According to Pook, yes. In other words, they know what he's doing and while they're not necessarily involved, they have no opposition, evidently, to him moving forward. We asked him what happens if they're selected and F1 says they're not interested? And he said that's not the case.

Michaelian: But here's an issue that I'm going to bring up. What if you select somebody and you kick the other guy out. Then, suddenly, for whatever reason, F1 says, "We're not interested in going there. Maybe we want to go to L.A. but that's not Long Beach." Or what if the financial package, whatever it is, doesn't come together. What do you do? What position does that put the city in? Now the city has made a decision based on "it's not going to cost anything here. It's not going to do this, it's not going to do that." And now all of a sudden you go back to the city and, I'll be honest with you, you've got a lot of leverage, you've got a ton of leverage and say, "Hey city, I got a problem. This didn't work out. This didn't happen. The [sanctioning body] FIA came in and said those garages don't work for us. We're going to have to spend three times as much." What happens now? That's a legitimate concern.

LBBJ: One of the questions that's been coming up a lot is the annual cost of putting on an F1 race in a city. Pook stated that none of the estimated \$35 million total annual cost would come from the city, including convention center rental. He said it would be covered. He said about \$21 million or so is for the F1 sanction fee and \$10 million or so for operating expenses. That's what he is claiming and that's what he is sticking with. What's your response?

Michaelian: It's unfair to put me in a position to comment on what he's alleging, when you, yourself, admit what you've read doesn't correspond to what he said [a Fortune magazine story by motorsports writer Christian Sylt claimed it takes more than \$57 million to put on an annual F1 street race and another \$30+ million for the sanction fee – figures Pook disputes]. That's his position. All I know is that Grand Prix, every year, pays its sanction fee to IndyCar. There's no drama.

LBBJ: How much is that? Can you tell us?

Michaelian: No, I can't. They won't let me. But there's no drama. There's no nonperformance. There's nothing. It's always done and it brings the best that IndyCar has to offer to Long Beach. That's what I can say now and that's what I can say in the future will happen.

LBBJ: The city doesn't pay anything, right?

Michaelian: Nothing. The city receives reimbursements for all expenses and administrative fees, rental of the convention center, rental of the parking lots and it's all included in a fee that we pay to the city.

LBBJ: Pook said it will take \$9.2 million in improvements – to be paid by the promoter – to conduct an F1 race.

Michaelian: Is that true? I can say it's going to cost \$3 million. Who's going to challenge that? Who's going to say putting up the garages, extending the track, moving infrastructure, widening turn one, etc. is only going to cost \$9.2 million?

LBBJ: But we assume KPMG is going to look at that and try to determine if that amount makes sense.

Michaelian: I would think they would. And there's the question of, well, who's going to fund it?

LBBJ: Pook said it's not going to be tough to get the sponsors. He said the \$35 million has already been identified.

Michaelian: And what does that mean?

LBBJ: It means they have backers ready to put money into it, banking ties, but he wouldn't give us any names. Let's talk about attendance. Pook is claiming that under F1, there will be 242,500 attendance for the weekend, on the high end, and 215,000 paid. The rest are



"Attendance has been growing the last couple of years," Jim Michaelian says. "Not in huge numbers." 2017: Just over 183,000 for the weekend

staff, workers, freebies, etc. Do you want to respond to that? This was based on other races, such as Austin. And he said they'd build 65,000 seats. That's a lot of extra seats.

Michaelian: You can build more seats, but when you get to 45, 50, 55, that's a lot of high seats. And you'll have to start building them earlier because you can't put them all up the last day.

LBBJ: Pook questioned the validity of current Long Beach attendance figures.

Michaelian: It was 183,000, which is down from what it was [in the 1990s] but I have explained why. And our attendance has been growing the last couple years. Not huge numbers. It was 170,000 for a while because of the recession and then it started to grow. We started to get involvement from a lot of groups and a lot of companies. And this year it was just over 183,000 people. You can go take a look at the pictures, you can look at the video – those bodies are there. This isn't supposition. Those people came, and the difference between this event and other events is we have a huge crowd on Friday. Our crowd on Friday is very close to 50,000 people. There are very few races, including the Indy 500, that you can go to on a Friday and see anywhere near those numbers. That's why a lot of people look up and say, "Wow. That's a lot of people for the weekend." They're used to having a big day on Sunday, a few people on Saturday and nobody on Friday. That's just the way it is. They're all that way. NASCAR is that way. Even F1 races are that way because there's not that much else to do.

LBBJ: How do you determine attendance? Is it strictly by ticket sales?

Michaelian: No. There's ticket sales, but there's also credentials that go to people, there's workers. So what we do, is we [accumulate] all of that. The credentials we put out, the credentials the sanctioning body puts out, the count that we have in terms of ticket sales. And keep in mind, and this might be a bit of a misnomer for people, on Friday, we do a free Friday for sponsors. You've got to go and buy a product or do something incentivized to get a free Friday pass. We do a lot of that. But we don't give a free Friday pass unless it goes through the sponsor. That's how we accumulate that many people. Just look at the pictures.

LBBJ: We understand. We are simply going off of what he is claiming.

Michaelian: He goes to the race too and looks around.

LBBJ: He said the number of stands has been reduced.

Michaelian: The stands have not been reduced. The height of the stands from [the 1990s] era has been reduced. But let me tell you why. What happened is that we made a determined effort to attract younger people to this event. We can't go on year after year getting 50- and 60-year-old people coming here because that's not a long-term plan. So with our music, with our activities on track, with our entertainment off track, we looked to bring younger people in. Here's what happened: we went to try and sell seats to young people and do you know what happened?

LBBJ: They didn't want to sit down.

Michaelian: Exactly. It took us a couple years. We were still building grandstands the old size and I'm looking around saying, "We're not selling a lot of seats but there's a lot of people here. Why are our GAs [general admissions] going up? Is it just price? Is that the reason why?" And you know what? It wasn't. Those people don't want to sit in a seat. That's an old tradition. They want to move around. We're complicit in that. We have a sports bar on the backside, we opened a food truck village – we've got 16 food trucks – a big area where a DJ is. We just created it. Three years later, there's 10,000 or 15,000 people back there. They don't want to sit in a seat, they want to walk around.

LBBJ: Regarding ticket prices, we looked up the Austin F1 prices: \$159 for a three-day general admission and \$460-\$1,295 for grandstands. That's considerably higher than what you charge.

Michaelian: And children? Go back and read it. Age 2 and under [are allowed in free]. There are no kids going in there for free.

LBBJ: What do you do for children?

Michaelian: Twelve and under is free everyday.

LBBJ: Pook also said 98% of the audience will be from outside Long Beach; 70% from outside California; and 25% from outside the USA.

Michaelian: I don't know where those numbers come from but, again, if they're not going to be challenged they sort of take on a life of their own.

LBBJ: Hotel occupancy for the Long Beach Grand Prix has not been at 100%.

Michaelian: No, 95%. You can check that out with [Convention and Visitors Council President/CEO] Steve Goodling. Ask him.

Editor's note: Goodling told the Business Journal that according to the Star Report (Smith Travel Accommodations Report) program, which collects hotel data and is used by the global hotel industry, that on Friday, Grand Prix weekend, the major hotels were 94% booked citywide, and on Saturday, it was 95% citywide. These are the hotels that are part of the visitor council's business and tourism improvement district.

LBBJ: Chris says he has talked with some of the hotel people involved with the Long Beach Hospitality Alliance, an arm of the chamber of commerce, and he says that they're not at 95%. He said he is confident that with F1 occupancy would be 100% in Long Beach and people would have to stay in surrounding cities as well.

Michaelian: That is the number I got from Steve: hotels rooms, 95%. They're not 70%, alright. The point I was making is, if you are looking at it from a city perspective, not a regional perspective, a city perspective, what value does it have if you bring a lot more people from out of town and they stay out of town? What's the value of that? My point is, to say that [the assumption] there's a huge economic impact that the city's going to realize because it goes to F1 just isn't true.

LBBJ: Pook mentioned that part of the economic impact is that F1 would attract people to stay more nights. He said average F1 nights would be 3-5, while currently he claimed Indy is 1-2 nights.

Michaelian: No, most of those places have at least a two-night minimum, some a three-night minimum. You can ask them. What we're talking about here is the incremental cost, the delta. If we're both bidding on this from scratch, it would make a difference. But we're not. We're already here. We perform every year. That money comes in, the city realizes it. The benefits accrue to the restaurateurs and everybody else. So now, when somebody says let's take on all of these contingencies and all this stuff, and by the way, a lot of that is going to go to Torrance and Huntington Beach and Newport Beach. So if I'm the councilperson or the mayor, I'm going to have to say to myself, "Hold it. We're not doing this just to benefit those guys. We want an event that really maximizes the benefit to the City of Long Beach." And that's what I'm saying they currently have.

LBBJ: Let's talk about the TV audience. According to Pook, F1 races attract 300 million viewers worldwide, while IndyCar is around 450,000 TV viewers on average per race. Do you think these numbers are accurate?

Michaelian: Two things you have to consider: how much value is the worldwide audience to the City of Long Beach and how much value is the national audience to the City of Long Beach? Big difference. Big, big difference. You can talk about, and I agree, F1 has a much more extensive viewing audience. But value, quality, which one matters? I'll give you some numbers for IndyCar. They had an average viewership of 1.28 million people on ABC and NBC Sports Network (NBCSN) in the United States in 2016.

LBBJ: So you're saying Indy is more popular . . .

Michaelian: Yes, in the United States. Overall, NBC Sports Group was 482,000 [average per race for F1 viewership in the U.S., according NBC Sports Group Press Box].

Editor's note: According to data supplied by Verizon IndyCar Series, the average viewership includes the Indy 500's more than 6 million viewers on ABC. The report shows Long Beach viewership was 402,000 on NBCSN.

LBBJ: One of the major points you've made is that anybody can put numbers on a piece of paper or state them in a report but how are they verified and where do they come from?

Michaelian: And you're making comparison to an entity that has fulfilled all its obligations, that has provided for an entertainment vehicle for people in the city to come and participate in and has done it in a non-controversial manner, and that the city and the residents there can be proud of.

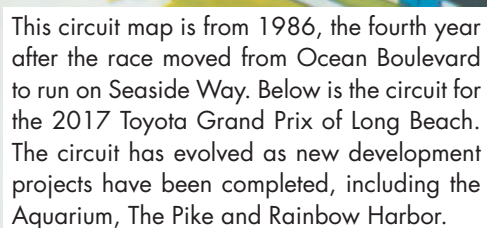
Your chances [for F1 per Pook's numbers] are based on banking ties, we can do all this for \$9.2 million, we're going to bring 242,500 people to the event, they're going to

I talk about the partnership that we have with the city, the fact that it's 43 years in existence. It's a great relationship that's grown over the years. I talk about attendance. I talk about the sponsors – we have a sponsor in Toyota that's been here for 43 years. That's unheard of in sports. Look at the rest of them – Firestone, Coca-Cola. All these people. Why have they stayed? Because the results were something that they had achieved. Even those broad-based, macro-view, this is still a community event. You've got the committee of 300, you've got the Grand Prix Foundation, you've got the Boys and Girls Club. Talk to Don Rodriguez at the Boys and Girls Club. I'll get into one of these programs that really worked for him. Ticket discount programs. Not only are our

We went to eight different council districts, taking this event to the community. This event is not a downtown event, it's a community event and you need to reach out and do the events in their areas. Five different events, all weekend long, that people can come to and not pay a dime.

Editor's note: Michaelian provided the Business Journal a pamphlet, "Jewel by the Pacific," that provided more detailed information about the association's "special part-

Situated a mere 35 minutes from the downtown centers of Los Angeles, Beverly Hills and Orange County, Long Beach is at the nucleus of the nation's No. 2 marketplace.



nership with the city;” the local discount ticket program; school tours; school visits by association staff; free community events; city events in which the association participates; charitable contributions (since 1991, the Grand Prix Foundation has donated \$4 million to local charities); the “minimal impact to city operation;” alternative modes of transportation to the event (e.g., the AquaLink and AquaBus provided rides for 2,791 people to and from the event); and more.

LBBJ: Your pamphlet states, “The future is bright.”

Michaelian: It is. IndyCar is growing. The Indy 500 had its best crowd ever. It was huge.

LBBJ: What kind of contract does Verizon have with IndyCar? Do you have any idea?

Michaelian: I know it’s got another year or two in it. Generally what they do is five years.

LBBJ: At one time, the IndyCar series was on shaky grounds . . .

Michaelian: Now it’s back together with sponsors – Chevrolet, Honda – all are very, very involved in the series. They’re television ratings are unlike almost any other series, including F1. Keep in mind, we run six races on a weekend. You can’t do that with F1, you don’t have the time to do that. You have to do everything according to their schedule. We run our own schedule. And why do we do it? Because we want to present a whole smorgasbord of activities for people to enjoy. What do you like? Open-wheel? we have IndyCar. You like sports cars? We’ve got IMSA (International Motor Sports Association) – Ferraris, Porsches, Lamborghinis. Prototypes come with IMSA. Pirelli World Championship challenge has other sports cars – Acuras and Porsches, too. How about trucks? Do you like trucks? We have Robby Gordon’s trucks, probably the most attractive part of our schedule is Robby Gordon’s trucks. People love the trucks. Kids love the trucks, women love the trucks – women. My wife comes and she loves the trucks. How about Drifting, do you like drifting? We have drifting on Friday night and Saturday night included in the package. Heavy Hispanic and Asian influence. So you get all these young people coming out to our race in the daytime, they sit in the grandstands at night, included in the price, and have a good time. It broadens the demographic and provides a specific source or entertainment for a group of people. That’s what you want to do.

And now we added the vintage, the historic cars, because there’s a bunch of people who wanted to see them. Based on the reaction we’ve gotten so far, they’re coming back next year. That’s all I’ve heard. “We want them back.” So, again, it’s that whole concept of what are you going to do to make sure that everybody comes out and enjoys themselves? What kind of music are you going to put on? We have a Hispanic concert on Friday night. Hispanic concert, why? Because we want to make sure that we are appealing to our Hispanic audience. Our numbers are 26% Hispanic, which is where it should be. When we started 2000, it was 6%, but we worked with drivers Adrian Fernandez and Mario Dominguez and we worked with Tecate, and we built that number up. Specifically, that was a goal and an objective for us. Our Asian-American audience has grown too.

LBBJ: So you’re saying the race attendance is definitely a reflection of the community.

Michaelian: Exactly. It needs to be a cross-section of who is involved in this community. And when you walk around that race – I go all over the place and I’m like, “Wow.” Kids, young people, older people – it is exactly that: it is a cross-section of what this community’s all about. Diverse in every sense of the word.

LBBJ: According to Pook, the setup for F1 would not take place in major impact areas until the Monday of race week and would be down by noon the day after the event is over. How does this compare to current setup?

Michaelian: It’s very similar to what we do. In the major impact area, which is South Shoreline Drive in front of the restaurants there, we start on Monday and end on Wednesday of the week before the race and we tear that down within 24 hours of the race being over. It’s gone. The rest of it, down the rest of Shoreline Dive, down Seaside Way and the parking lots, what we do there is we work with all the various stakeholders. Twenty-four hours after that race is over, the area in front of the restaurants, the Aquarium and all that street is all devoid of all racing material.

LBBJ: Do you sit down with the manager of Shoreline Village and ask how are things going and if there’s a negative?

Michaelian: Absolutely. Every year.

LBBJ: Same thing with Rainbow Harbor restaurants and the Aquarium?

Michaelian: The Hyatt, the convention center, Shoreline Village, The Pike Outlet personnel, the Aquarium. In fact, it’s part of our deal.

LBBJ: So what’s the feedback? What do they say?

Michaelian: I introduce it and talk about what’s happening this year and then we go around the table and see what concerns and complaints there are. John Sangmeister of Gladstone’s restaurant, always has the same complaint – he doesn’t want the race here. Other than that, Jerry Schubel from the Aquarium used to have a concern and we helped to solve his problem. Debra Fixen at Shoreline Village asked us to bring some attractions and we went and got the ferris wheel, put it in her parking lot and she’s happy. She said it was an attraction that brought a lot of people. We do that. We do it post too. We sit down with everybody and say, “What were your concerns this year? Was there a parking issue? Is there something that we didn’t address?” And I’ll tell you what, those meetings last 30 minutes at most and they’re done. Because, again, we deliver on what we promise we’re going to do.

LBBJ: Is there anything that you want to discuss that we haven’t talked about?

Michaelian: I think the important thing is that we feel strongly that the extraordinary partnership between ourselves and the city should continue for the benefit of all concerned. The race continues to grow in popularity, the fans, teams and sponsors appear very satisfied, and the city continues to experience well-deserved accolades for its presentation. It’s easy to promise; we have delivered. And we’ll continue to do that. And the future, as far as we are concerned, is Grand Prix and Long Beach marching down the road together. That’s where we need to be. That’s where we want to be. ■



The staff of the Grand Prix Association of Long Beach, March 2016

Small Business Focus – Parkview Village

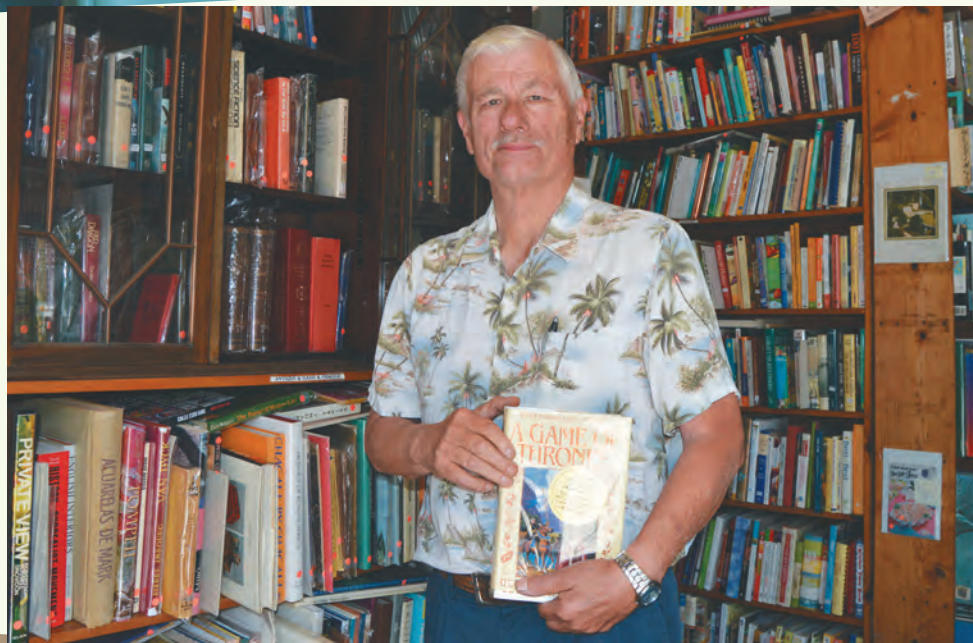


Village Cafe

For 17 years, Village Cafe has occupied the storefront at 4148 N. Viking Way. Owner Paul McMurtrie said he was tired of his job at the Auto Club and that he had been in and out of the restaurant business when he was young, which led him to open the breakfast and lunch cafe. "The best part of owning the cafe is being part of the community," McMurtrie said. "We're kind of old school, so we get some older people in here, and . . . it's sad when people pass." McMurtrie said living a quarter mile away isn't so bad either. The cafe has about 15 employees, including longtime kitchen staff, some of which have been with him from the start. He said everything in the cafe is home-made, including jams and six different kinds of salsa, and that only high-quality ingredients are used in all their dishes. The most popular dish is the huevos rancheros, according to McMurtrie. He noted that the restaurant is also known for its thin, spongy pancakes and 20 different omelets. "We're just a good local place that likes to take care of its customers," McMurtrie said. "I like to tell people, 'You can come by yourself, but you're not alone.'" For more information, call 562/421-5515.

Once Read Books

Roger Grunke has owned and operated Once Read Books in Long Beach for 30 years. Originally near the intersection of Woodruff Avenue and Carson Street, Grunke relocated in December 1999 to the current location at 5422 E. Village Rd. "I've always loved books," Grunke said. "I was a recreation therapist, and I didn't like it. So it just seemed like an interesting thing, and people were very supportive at the time, and I went for it. I've been very happy since." With only one employee, Grunke said at any one time, the used bookstore has around 65,000 books, the oldest of which currently dates back to the late 1700s. He explained that most of his stock comes from estate sales and that he will get calls from relatives asking for an offer on all the books in the house. Sometimes, Grunke said he would search through estate sales on his own or go to auctions for fun. Another big aspect of the business is trading. Grunke said many customers bring in books for store credit toward their purchase, while others sell him books for cash. "Buying the books is the best part," Grunke said. "It's like a treasure hunt." For more information, visit www.oncerreadbooks.com.



Studio DeLucca

Khobe DeLucca opened her own jewelry business, Studio DeLucca, at 5403 Village Rd. in 2008 after having worked in the industry since the late 1990s. "I have been working in the jewelry business since 1997. I worked for years for a designer that had work in upper-end department stores like Barney's New York and Neiman Marcus," she said. DeLucca studied with master goldsmiths and attended a small diamond setting school in the Nashville area, eventually earning a GIA graduate gemologist certification. When she first set up shop in Parkview Village, she sold her works through catalogs and trade shows. She has moved away from that and now focuses primarily on individual clients. "The best part of the business for me is working with clients to create heirloom pieces for themselves and their families, from wedding rings to anniversary pieces to reworking Grandma's old diamonds," DeLucca said. "Those pieces that are very personal and custom are really the specialty here and really where my heart is at." DeLucca also has two collections, one focused on sterling silver and one on precious stones. "My favorite part of the work is gold, most of the time recycled gold and diamonds," she said. "The aesthetic really ranges from classic to like a contemporary, stackable look." For more information, visit: studiodelucca.com.



Parkview Pet Hospital

Martha Gamble opened Parkview Pet Hospital at 4103 N. Viking Way in 2009 after years of working at other veterinary practices and hospitals in Long Beach. "I have worked in Long Beach since 1989 in various animal hospitals, but I live in the South Bay," she said. "I thought that there was sort of a need for a smaller, more family friendly type animal hospital that is different than the big corporations that are owning many animal hospitals now," she explained. "And then the clients and the pets when they go there, they sometimes just feel like a number. So I wanted something that has a smaller, more personal feel to it where we would feel like we know our clients." Opening the hospital at the end of a recession was "a bit scary," but the business has done well, Gamble said. Gamble has wanted to be a veterinarian since she was a kid. "My favorite thing is getting to know the owners and the pets, like, as a bonded unit," she said. Parkview Pet Hospital treats cats and dogs and offers exams for sick pets, in-house blood testing and X-rays, dentistry, surgery and some grooming. In the future, Gamble hopes to bring on another veterinarian so the hospital can expand its hours. For more information, visit www.parkviewpet.com.

Articles by Assistant Editor Samantha Mehlinger
and Senior Writer Brandon Richardson.
Photographs by the Business Journal's Larry Duncan

Support Local Small Businesses

This edition features small businesses in the area known as Parkview Village at Carson Street and Bellflower Boulevard

Jack's Shoe Repair

Richard Brown started his career shining shoes at Ocean Boulevard and Pine Avenue back in the 1940s. "It was quite a deal down at the Pike and the underground stores down there off of Ocean Boulevard," he recalled. Brown went to work for a shoe repair shop in Bixby Knolls before being hired by Jack Edwards of Jack's Shoe Repair at 4131 N. Viking Way. Brown took over the shop in 1955 and has been there ever since. "It has changed a lot because everybody is wearing more of those tennis shoes," he said. "But the quality of shoes that are made now aren't the quality they used to be." When Brown first started working on shoes, school children typically wore two-toned Oxford shoes, he recalled. Many of Brown's clients have stayed on with him through the decades. "Yesterday, a lady was in here. She came in here with her mother when she was just a little young girl, and now she's 55 years old," he said. In addition to shoe repair, Brown also works on belts, purses and sometimes suitcases. He estimates he has worked on more than 10 million shoes in his lifetime. "I am 85 now, and I hope to work to about 87. And then I'll retire, I think. Maybe," he said. For more information, call: 562/429-7914.



The Rok Music Academy

After more than 40 years as a professional bass player, Brad Cummings decided to open a learning institution dedicated to teaching students how to rock. For three years, Cummings and his wife, Stephanie, pictured, have owned and operated The Rok Music Academy at 5465 E. Carson St. "At this stage of the game, and having kids, I realized how many distractions the next generation has that would prevent them from touching a real musical instrument," Cummings said. The facility offers students instruction in singing, guitar, bass, piano, keyboard, ukulele and drums, as well as songwriting, artist development, music theory and composition, live performance, recording and producing. Though most of his academy's students are kids, Cummings said he and his nine instructors have worked with students ranging from 1 1/2 years old to 70 years old. Most notably, Cummings has worked with artists such as Scott Weiland of the Stone Temple Pilots, Patrick Simmons of The Doobie Brothers and Chuck Negron of Three Dog Night. "The young ones are really fun," Cummings said. "The young girl singers – they're always scared to death the first time on stage. And then 10 shows later, their level of comfort and showmanship has blossomed, and that's really cool to see." For more information, visit www.therokacademy.com.

Small Business Dollars & Sense

Planning Creates A Smoother Transition For Your Family business



By BEN
ALVARADO

Many small business owners put years of their life into their small business and considering transitioning their life's work to someone else can be something easily put off. Recently, in a survey, over 50 percent of business owners said they intend to transition their business's ownership by 2025. There will be bumps in the road leading up to and transitioning the business, but planning can make the transition successful for the current and future owner and the business itself.

Early planning, a shared vision, clear communication and a formal succession plan are all important to whether a family transitions the business to the next generation or collectively decides to sell the business. Many relationships are entwined with the success of the business, so the stakes are high. Successfully executing the plan is the best way to create a legacy for both your family and your family business for generations to come.

1. Do you have a business plan? There are many free resources available to help

you write your plan. Every business, no matter how large or small, should have a business plan. Check out SCORE business mentor organization for a class on writing a business plan, wellsfargoworks.com for a step by step tutorial or any number of other free resources available to help.

2. Plan early. Consider building an exit strategy into your business plan.

3. Promote open communication. No matter when you plan to make your transition, clear and open channels should be in place. Create a formal process for communications and plan to discuss them often. Discussion helps manage expectations on both sides.

4. Educate the next generation. Have a comprehensive education plan to help the next generation of family members become responsible, educated, and competent regarding business and money matters. Schedule regular meetings with family members and heirs to review the family's business plans, financial reports and discuss family business. Include a transparent way to resolve conflicts.

5. Work with business and financial professionals. Your business advisors such as your attorney, CPA and banker should have an established relationship with your business. The longer they have been at your side advising you the more effective they will be to help with succession planning and navigating transition issues.

The key to a successful transition is planning. Take time to plan for your success so that you are able to ensure your business thrives during and after a succession. Planning helps ensure that your life's work is preserved for your family and yourself.

(Ben Alvarado, a 26-year veteran of Wells Fargo, is the president of the bank's So. Calif. Region, which stretches from Long Beach to Orange, Imperial and San Diego counties.)



On Track for Tomorrow

The Port of Long Beach is the greenest, fastest, most efficient gateway for goods moving to and from Asia and marketplaces across America.

We're proud to welcome our newest ocean carrier, SM Line. The South Korean company has launched a weekly service between China, Korea and the U.S., and will be docking at our SSA Marine terminal at Pier A. Welcome aboard!



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