

## Business Spotlight P2S Engineering

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Kent (left) and Kevin Peterson grew up in the Long Beach area, and have operated their business, P2S Engineering, here since it was founded 25 years ago. The two are very active in the Long Beach community, and have served on various non-profit boards in the area. (Photograph by the Business Journal's Larry Duncan)

## How Will A Trump Presidency Affect The Local Economy?

### Long Beach Business Leaders Weigh In

By **SAMANTHA MEHLINGER**  
Senior Writer

**F**ollowing the election of Donald J. Trump as the next president of the United States, the Long Beach Business Journal reached out to Long Beach area business leaders representing a variety of industries and asked: What are your thoughts on how the Trump presidency will impact the local economy? These are their responses.

**Duane Kenagy,**  
Interim Chief Executive  
Port Of Long Beach

**T**he Port of Long Beach is a major economic engine – with trade that generates more than \$5 billion in tax and revenue contributions each year and sustains 30,000 jobs in Long Beach. It's too soon to determine what impacts President-elect Trump's presidency will have on the local economy. We will monitor and stay engaged on policies of interest to the port industry. We look forward to working with the new administration to support infrastructure investments, advance U.S. exports and to further secure our nation's seaports. ■

**Hilda Sanchez, President**  
Minuteman Press

**B**usiness always involves a lot of unknowns. Certainly, the change in administration adds to the unknowns, especially after the unusual election campaign we

**Health Care Quarterly**  
Technology And Reconstructive Surgery  
Medicare Coverage • Drug Costs  
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just experienced. I am the eternal optimist, so am I expecting instant chaos? On Capitol Hill, maybe, but in our day-to-day business world here in Long Beach? No. We are going to stay the course. We have equipment that needs upgrading and we are continuing with that. We have a product line we want to expand and we will continue with that. We will continue to take care of our customers – that's priority one. As specifics are ironed out in Washington, we will adjust accordingly as we have with other legislative changes. But only when we know specifics will we know what changes to make. ■

**John Molina, CFO**  
Molina Healthcare

**W**e don't foresee the Trump presidency hav-

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## The Path To Long Beach's Economic Blueprint

By **BRANDON RICHARDSON**  
Staff Writer

**L**ast month, the Long Beach Economic Development Commission established focus areas to be the foundation of its forthcoming economic blueprint.

The commission was formed at the beginning of 2015 by Mayor Robert Garcia and was tasked to examine the city's economy and make policy recommendations to the council to foster economic growth. However, before the group could delve deeply into the blueprint, the minimum wage hike discussions began, which the council asked the commission to weigh in on. This was followed by a request to look into the prospective customs facility at Long Beach Airport.

"Right now, we are on a very aggressive schedule from now until March focused on the economic blueprint," Randal Hernandez, chair of the commission, said. "The big piece we were waiting for was the Beacon Economics report. Beacon was analyzing data that had never been able to be utilized before by economists, which is California Economic Development Department data."

According to Hernandez, previous economic data for the City of Long Beach was always lumped into the Los Angeles Standard Metropolitan Statistical Area and Components data and had to be extracted, which was difficult and didn't always provide the best insight. In December 2015, Beacon Economics began a project to

study and compile Long Beach-specific data so the commission could better understand the city's current economy.

In September 2015, Beacon was awarded the \$100,000 contract, which included a two-phase project. Phase one, which was presented to the commission in

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## City Cannot Enforce State Minimum Wage Laws

\$700,000 Allocated  
For This Purpose To Be  
Reconsidered At Tonight's  
City Council Meeting

By **SAMANTHA MEHLINGER**  
Senior Writer

**T**he Long Beach City Council voted on September 6 to allocate \$700,000 for community outreach about the state's minimum wage law and wage theft, and to fund two new wage enforcement investigation positions. Since that vote, the city attorney has determined that it is not within the city's purview to enforce the state minimum wage law

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## Small Business Attempts To Keep Up With Online Trends

By **BRANDON RICHARDSON**  
Staff Writer

**Y**ear after year, online shopping continues to be increasingly popular among American shoppers. Currently, about 7.7% of all retail sales transactions are completed online, up from 7.1% last year and expected

to increase by more than 1% by 2018, according to business2community.com. This puts the United States at number eight in the world for total online sales.

While 7.1% of sales in 2015 may not seem significant, it accounted for \$335 billion in transactions, according to a Forrester Research Inc. report titled "U.S.

Cross-Channel Retail Forecast, 2015 to 2020." In its report, Forrester predicts total sales will increase to \$523 billion by 2020.

Online retail sales are dominated by giant corporations such as Amazon.com Inc., Wal-Mart Stores Inc. and Apple Inc., which are the top three e-commerce re-

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### Focus On Bixby Knolls

Councilman Al Austin, right, and Blair Cohn, executive director of the Bixby Knolls Business Improvement Association, encourage Long Beach residents and guests to visit Bixby Knolls and the nearly 800 shops, restaurants and professional services located between approximately the 405 Freeway to the south and 46th Street to the north, and Atlantic Avenue to the east and Long Beach Boulevard to the west. One of its signature events is the popular "First Fridays. Art Walk. Shop. Dine," held the first Friday of each month from 6:30-9:30 p.m. (Photograph by the Business Journal's Larry Duncan)

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## Impact Of Trump Presidency On Local Economy

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ing a direct impact on our business here in Long Beach and we do not have plans to alter our local employment practices in the near future. During this time of change in our nation's leadership, there is one constant of which I am certain: for more than 50 years, Medicaid and Medicare have improved access to quality health care for tens of millions of Americans, regardless of which party controls the White House and Congress. While the details continue to develop, we can agree on one thing – both Democrats and Republicans want affordable and accessible health care. The debate is simply about how to achieve this goal.

For more than 35 years, Molina Healthcare has provided high-quality care to our members through government-sponsored programs and we will continue to do that right here at our Long Beach headquarters. We want to remind our members, providers as well as state and community partners that the Marketplace is not going away overnight and that people who are uninsured should shop during this open enrollment period and get the health insurance that is right for them.

We're proud to say Molina Healthcare is one of the most affordable Covered California health plan options with the lowest-price products in most of the markets we serve. Long Beach has been home to our family and our company for many years and we plan on continuing to build here and carry out our mission for years to come. ■

**Mark Vitner, Managing Director, Senior Economist, Wells Fargo**

Donald Trump's surprising victory has lit up the financial markets, sending stock prices higher, sparking a sell-off in bonds and pushing the value of the dollar higher. The short term impacts of Trump's economic plans are likely to be good for the economy. Taxes are likely to be cut at the personal and corporate level, which we believe will bolster consumer spending and business investment in 2017. Plans to increase defense spending and spending on infrastructure projects should also boost growth, although the time lag for these projects is likely to be longer.

Some of the greatest near term benefits will likely come from an improved regulatory environment, particularly in regards to small business.

The prospect of a huge fiscal stimulus coming this late in the business cycle means that inflation and interest rates will also be a bit higher. Both are starting from historic lows, however, and should not present major challenges for the economy in 2017.

On the downside, president-elect Trump's rhetoric on international trade is a bit threatening. Placing tariffs on imported goods would add marginally to inflation. The real damage would come from retaliatory tariffs that would likely impact many of the nation's most competitive industries.

On balance, we are taking an optimistic view of Trump's economic plans and look for a scaled down version of his tax cuts and infrastructure spending to become law early next

year. We believe the rhetoric on trade is a negotiating ploy and expect the nation to avoid a trade war that would be damaging to all parties. ■

**Robert Barnes, Executive Vice President, Operations, California Resources Corporation**

President-elect Trump has committed to strengthening America's infrastructure, manufacturing and energy production. The City of Long Beach provides a proven model of public-private investment in the energy, transportation and manufacturing sectors that creates and sustains diverse, good-paying industrial jobs. California Resources Corporation is privileged to contribute to this partnership by producing safe, affordable and reliable energy in Long Beach under California's world-leading standards. We hope that the incoming administration will reference the Long Beach model as they develop new federal policies. A key success factor in Long Beach's effort has been the diverse, highly qualified workforce from the building and construction and steelworker trades. We hope that state leaders will work with the new administration to provide more predictable permitting for infrastructure and energy projects that will dramatically increase the number of local jobs and help Southern California build a vibrant, inclusive future. ■

**Michael Bohn, Senior Principal, Studio One Eleven**

President-elect Donald Trump has expressed his opinion on many policies that will potentially impact key sectors of our local economy. These include health care, immigration, global trade, alternative energies and aerospace. A change in policy could impact hundreds if not thousands of jobs and entire industries in Long Beach.

One area that received very little debate during the campaign is the subject of affordable housing. How will this presidency respond to the current federal housing policies which impact both rural areas and inner cities in this country? A couple of names have surfaced from his transition team for HUD Secretary that would support fair and affordable housing, however others on the list are considered committed opponents.

Rural areas across our country suffer some of the worst housing conditions due to depopulation, aging housing stock, job losses and poor aging populations, with current housing programs providing little support. This demographic, particularly in the rust belt regions, had a significant role in electing Trump. If he ignores these overlooked communities, they will potentially turn on him in the next election. At the same time during his campaign, Trump spoke often about the plight of inner-city residents and promised significant investment. Improving both rural and urban areas means investments in infrastructure and quality affordable housing.

If campaign promises are fulfilled, then Trump should embrace federal housing policy to benefit all of America's struggling communities including areas within Long Beach. Otherwise, our growing nationwide affordable housing crises will only continue to get worse. ■

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## Impact Of Trump Presidency On Local Economy

(Continue From Page 3)

**Sherry Diamond, Esq., Associate Dean of Academic Standards  
Pacific Coast University, School of Law**

Pacific Coast University School of Law (PCU) has weathered nearly 100 years of economic, political and social change. And as Long Beach's only law school, we take a keen interest in our election processes. This one is particularly significant.

Statistically, it is widely accepted that charitable giving decreases under Republican administrations. While PCU is not reliant on federal funding, there are 1,524 nonprofit organizations (irs.gov) in Long Beach, whose charitable contributions may plummet under Trump's tax plan. The Chronicle of Philanthropy reports his plan calls for \$800 billion in cuts over 10 years. (11/09/2016) Long Beach nonprofits that depend on federal funding could face substantial reductions.

Repealing the Affordable Care Act (ACA) will reduce federal money for Medi-Cal, forcing lower income people back into the ranks of the uninsured, while increasing premiums to insureds. As the second most diverse city in America, our city is home to many ethnic, disenfranchised, and marginalized communities. Increased hate-crime will compromise our community identity and dampen the economic benefits inherent in diversity. Because Long Beach provides critical services, we see large concentrations of people struggling with mental illness, chemical dependency and homelessness. Repealing the ACA will have a detrimental impact on Long Beach residents, nonprofit and for-profit hospitals, and social service agencies who provide crucial assistance.

Should Trump's rhetoric become policy, the need for services provided by our city, especially the nonprofit sector, will increase exponentially, with far fewer resources to support them, at a time when we will need them more than ever. ■

**Alan Burks, AIA, LEED® BD+C, President, Director of Architecture, Environ**

We should be concerned about many issues with the new administration but I will focus only on what I think may impact the local economy.

1. Trade tariffs on Chinese goods will have a negative impact on trade. Hence a negative impact on our local economy which depends heavily on trade.
2. An added interest in fossil fuels may help our oil industries that have been dormant for a year and a half. Of course this would be at the expense of any environmental progress.
3. An added interest in fossil fuels will harm the burgeoning sustainable energy industries and also our quality of life and health.
4. Investment in infrastructure will help our local engineering companies at the expense of an increased national deficit and the resulting inflation.

In general I feel that the new administration will be detrimental to our local economy. ■

## Aquarium Holidays

**C**elebrate the holiday season at the Aquarium with special events and holiday décor throughout the month of December. Starting Dec. 3 Aquarium Holidays features a daily Penguin walk at 10:00 a.m., a gingerbread house display, and free daily showings of Sleigh Ride 4D. On weekends through Dec. 23, the Aquarium will have a snow play area, Hanukkah shows, children's crafts, and Santa appearances. Special events include Holiday Treats for the Animals on Dec. 3 and 4, a toy drive on Dec. 10 and 11, and Breakfast with Santa on Dec. 17 and 18.

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**Blake Christian, CPA/ MBT, Holthouse Carlin & Van Trigt LLP**

President-elect Trump has made it clear that he will be focusing on infrastructure projects during his first 100 days, so hopefully some of the long overdue projects in Long Beach, such as the 710 Freeway, will get some funds.

If Mr. Trump takes a hard line and directs the Secretary of the Treasury to label China a “currency manipulator,” we might see a short-term trade embargo from the Chinese side, which would negatively impact the port traffic, and also impact U.S. exporters – and possibly manufacturers using imported raw materials.

Tax reform is also at the top of his list and, since he will have cooperation of the House and Senate, we will likely see some quick tax reform, including a decrease in personal (maximum 33%) and business tax (15%) rates, as well as a promised favorable 10% rate on foreign earnings that are brought back onshore. Congress will undoubtedly challenge the new president with respect to the trillions of dollars of deficit increase these tax cuts will cause. Therefore, the ultimate tax changes will likely not be as dramatic as Mr. Trump has proposed.

From a public safety standpoint, President Trump will be pushing to pass the Restoring Community Safety Act, which is focused on reducing surging crime, drugs and violence by creating a Task Force On Violent Crime and increasing funding for programs that train and assist local police; increase resources for federal law enforcement agencies and federal prosecutors to dismantle criminal gangs and put violent offenders behind bars. While Long Beach crime is down in most areas, this bill, if passed, may offset some of the negative impact anticipated from the recent passage of Proposition 57.

One final thought. Trump's focus on improving the Veteran's Administration should benefit our local VA hospital and possibly Fisher House also. He mentions both fairly regularly. ■

**Roger Frizzell, Chief Communications Officer, Carnival Corporation**

We remain optimistic since his (Trump) platform was pro-business. We have exciting new ships and wonderful destinations for our guests in more than 700 ports around the world, so the appetite for cruising is very strong. ■

**Vince Passanisi, President, Santa Fe Importers**

I’m reluctant to hazard a guess, knowing that any attempt to predict the impact on the local economy would be purely speculative at this point. Instead I profess my sincere hope that Mr. Trump will promulgate policies that will protect property rights, defend our civil liberties, respect the rule of law, and bolster the free market by reducing both the tax burden and stifling government regulations. ■

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Ford Transit F350 Van with High Roof	ITB FS17-020	12/06/2016
Rehab of Wells Citizen 7A & Commis. 20 (EO-3312)	WD-31-15	12/07/2016
Willow Springs Wetlands Restoration	R-7063	12/07/2016
ERP Project Quality Assurance Services	RFP TI17-018	12/07/2016
Executive Coaching	RFP HR17-016	12/09/2016
Alamitos/J. Will Johnson Rsrvs. Safety Imprv. Proj.	WD-36-16	12/15/2016
Development Environment Assessment	RFP DV17-026	12/21/2016
North LB Sewer Improvement Phase 1 (SC-0280)	WD-15-16	01/10/2017
Firefighting PPE for Airport	ITB FD17-017	01/17/2017

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

### Bidder Registration

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

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## Impact Of Trump Presidency On Local Economy

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Chris Wing, CEO, SCAN Health Plan

It is too soon to know for certain the new administration's thinking on many issues or where they will place their highest priorities. As it pertains to SCAN specifically and senior health care in Long Beach more generally, over the years we have seen growing bipartisan support for Medicare Advantage plans with both Republicans and Democrats holding up Medicare Advantage as an example of value-based health care. In fact, most recently we were pleased to see the drafting of the bipartisan CHRONIC Care Act aimed at strengthening the Medicare Advantage program to make it easier to serve chronically ill seniors. All of this is good news for local seniors who continue to seek affordable quality health care that allows them to remain healthy and independent. ■

Trajan Perez, Partner, Miller Nash Graham & Dunn

As we look ahead at the change in U.S. administration, we should expect significant regulatory reform. Specifically, substantial rollbacks on environmental protection regulations are potentially on the horizon. What does this mean for local businesses? For the local economy, such as the Long Beach Ports, relaxing of regulatory policies could allow for a potential business boom.

More importantly, businesses should pay careful attention to regulatory swings - noting that the United States has a history of moving from a substantially deregulated business environment to a highly regulated business environment; and it appears that we are due to shift back to a deregulated climate. In other words, although we believe the new administration will move the United States toward a season of deregulation, how long this environment will last is a risk factor that businesses should consider. ■

Ralph Combs Manager of Regulatory, Community, and Government Affairs  
The Termo Company

I am afraid I cannot make any prognostications about the impact of a Trump presidency on Long Beach's economy. It all depends on which way he goes on policy and that is still unknown at this time. Anti-global trade = negative impact on ports. Increased domestic oil production = continued downward pressure on prices (although it is really individual companies that will make an investment decision based on market conditions). Lower corporate taxes = more business spending.

I do not think that one can automatically assume that he is good for the oil business or

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business in general. As we saw from the market reaction, certain company's stock prices really shot up while others declined, based only on speculation.

I honestly just don't know because there are too many unknowns at this time.

I will state that some folks in our industry and some other business owners I know are cautiously optimistic because they see a more pro-business attitude coming with a Trump administration. At the same time, if he starts trade wars, a lot of companies (and consumers) will be hurt. However, the main take-away is that it is way too early to know what the impacts (of his administration) may be because of the lack of specific policy recommendations. And again, regarding the oil and gas industry, unless the administration changes tax policy, I don't see a positive impact on the horizon that would benefit Long Beach. This is just my take on the situation as I understand it today. ■

**Mike Brascia, President, Brascia Builders**

My hope with any newly appointed president is that they put the people first and continue to lead our great country towards a safe and prosperous future.

Trump's trade agreements could negatively impact our local ports but so could bankrupt shipping companies. I feel that the vertical growth will continue in a positive way and infrastructure will be renewed so that we can enjoy it for the next 100 years. The best to Long Beach residents and local businesses. ■

**Damon Wyler, Regional Manager, Marcus & Millichap**

I would say there may be many positives if he is successful in his job growth initiatives and we could greatly benefit from additional infrastructure investments surrounding the ports, transportation, and energy. His differing views on trade from the current administration will certainly take some time to play out, but that would be another area to pay attention to, as well as changes that may be in store in health care. ■

**Scott Bragg, Vice President/COO, Bragg Companies**

I hope that President-elect Trump will work to improve the economy. Since he is a businessman he should understand that America needs to become more productive and to provide more job opportunities for all Americans. It would be helpful if he could create some tax incentives for businesses. These incentives allow businesses to expand which means hiring more employees and purchasing more equipment. We need to make it easier for small and medium-sized businesses to conduct business. These are the companies that employ the majority of Americans. Right now, especially in California, it is really difficult to start or grow a business and make it successful. It's an uphill battle. ■



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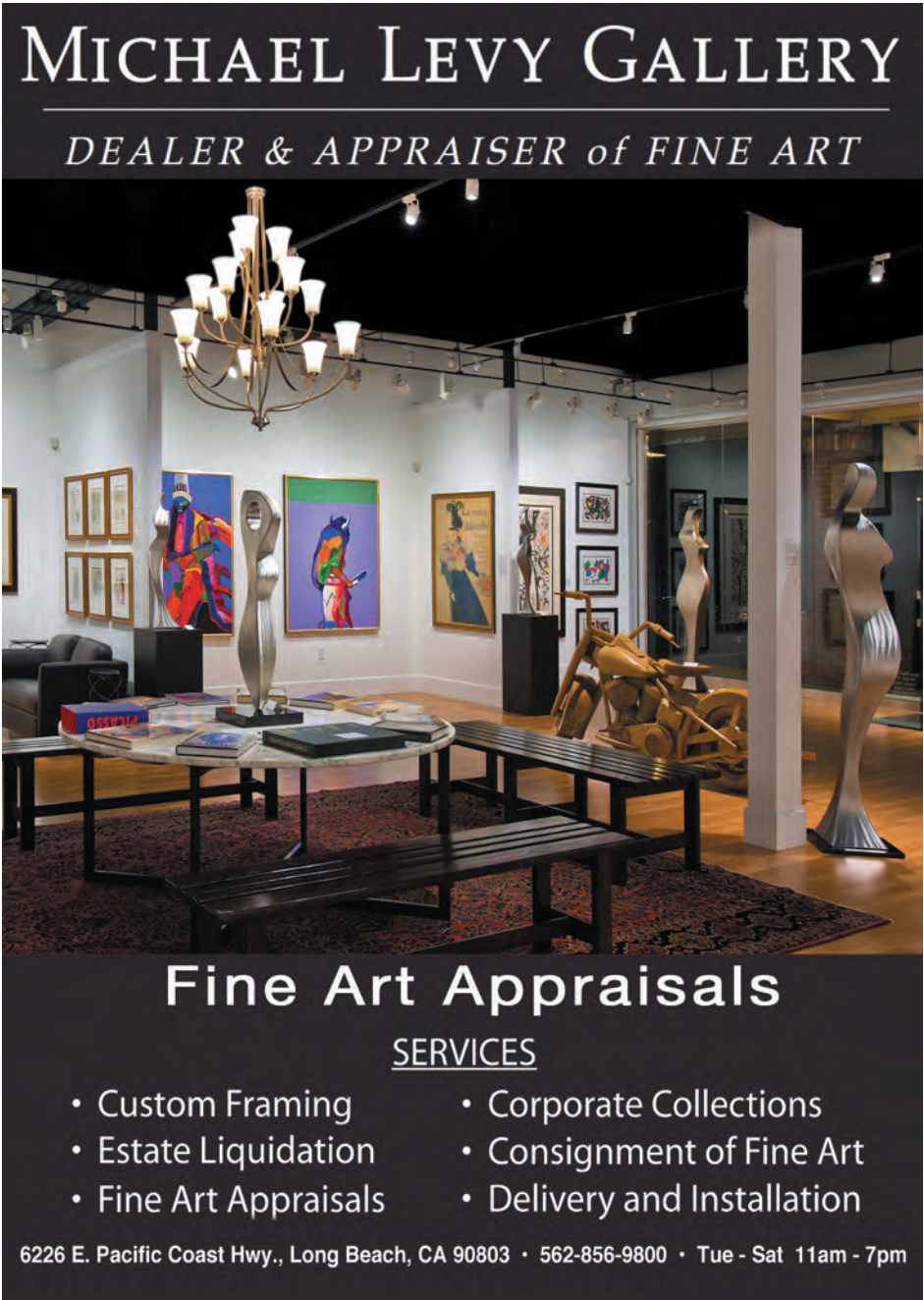
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# What? When? Where? Weed.

■ By **BRANDON RICHARDSON**  
Staff Writer

On November 8, four states – California, Maine, Massachusetts and Nevada – became the latest to legalize recreational marijuana use and sales, despite the prohibition of the substance under federal law.

In California, 58.4% of voters approved Proposition 64 (as of November 17), which legalizes the sale and use of recreational marijuana by persons aged 21 and older. Prop 64 also imposes a 15% tax on sales, along with a \$9.25 tax and a \$2.75 tax on the cultivation of flowers and leaves, respectively.

Following suit, as of November 17, 67.66% of Long Beach voters approved Measure MA, while 59.33% approved Measure MM. Measure MA imposes a 6 to 8% tax on the sale of medical marijuana, a 10 to 12% tax on the sale of recreational marijuana and a tax of \$12 to \$15 per square foot of marijuana cultivation. Measure MM allows the city to permit up to 32 medical marijuana businesses, such as dispensaries, manufacturers and farmers, to operate in the city.

“The way the timeline works is that, in order for MM and MA to go into effect, first the election has got to get certified. That will happen December 13,” Mayor Robert Garcia said in an interview with the Business Journal. “Then the city has . . . a few weeks to set up the process to begin accepting any applications of people who might be interested.”

Garcia said city staff expects to begin accepting applications for medical marijuana businesses in January. However, the city council has not passed any zoning or planning documents as far as recreational sales are concerned. California will not begin issuing licenses for recreational marijuana sales in the state until 2018, Garcia explained, so the Long Beach City Council will discuss recreational businesses and sales at some point in 2017.

Under Measure MM, up to 32 medical marijuana businesses are allowed in the city. Garcia said it is impossible to gauge the exact number that will end up in Long Beach, but he doesn’t think the city will have more than 25 or 26. He noted that just because they are legal doesn’t mean there will be space or that property owners in the private sector will want to lease to the businesses.

Doug Shea, president of INCO Commercial, recalled past experiences leasing to marijuana cultivators. He said, if the occupants are not sophisticated enough, there can be problems with water damage, mold, electrical issues, smell and security. However, Shea acknowledged that, if a quality grower occupies a unit, the issues are nonexistent.

“I have rented to a legal [marijuana business] in Wilmington,” Shea explained. “They were so sophisticated that they had these huge filters and these huge lights and security guards everywhere on the inside and security bars and gates. It’s just insane the amount of security they go through. And they pay high rent.”

Shea said property owners will likely weigh the problems attributed to renting to a marijuana manufacturer against the potentially increased rent for the space. He explained that, for each unit, owners will have a tipping point where the dollars coming in will be worth the headaches, as marijuana-related businesses often pay much higher rent than others. This could cause non-marijuana businesses to be priced out of certain areas.

“The deal that I’m doing right now is a little two-unit facility, and the marijuana guy that is in there is paying \$3,500 per month. He said he will pay \$7,000,” Shea said. “As a landowner, you have to say that’s good money. Another [business] coming in says I’m not going to pay that and will have to go somewhere else.”

In the months leading up to the election, Garcia, as well as the rest of the city council, endorsed Measure MA, saying there needed to be tax regulations in place in the event that marijuana was legalized. Supporters noted the estimated \$13 million in tax revenues that would be brought in by marijuana sales in the city.

“Money will start coming in once the dispensary process begins, but the council has put out a resolution of where the money would go,” Garcia said. “The resolution is pretty clear that the dollars would go to public health, public safety and the cost of managing the planning process. It’s really going to go to fire, police, public health and making sure that there’s a permitting and processing process.”

However, Garcia noted that most, if not all, of the revenue generated by the marijuana tax will be cost recovery due to increased expenditures caused by allowing marijuana in the city. Also, Garcia explained that the estimated \$13 million revenue will not come in during the first year but will likely be achieved after several years when all allowable dispensaries are open.

The process of allowing marijuana businesses into the city will be gradual, Garcia said. Because of this, the cost and revenue are expected to grow simultaneously. As far as other costs and problems, Garcia said they are hard to predict because this is an uncharted industry that everyone will figure out together.

He said there will certainly be additional costs in enforcement and public health, as well as regulating and permitting, but he is confident that Measure MA will cover those and is thankful for the voter support. Beyond that, Garcia hopes to learn from past experiences and make the best of the changing environment.

“We have to see. The truth is that, when

(Please Continue Next Page)



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we had medical marijuana dispensaries before, you had some dispensaries that were very good neighbors, and you had others that were terrible neighbors and were doing terrible things,” Garcia said. “So this go-around, we are hoping that we end up with good neighbors in all the dispensaries. But there will probably be some that will not be, and that will have to be dealt with appropriately. That’s why we have to learn and take it slow and go from there.” ■

## Boeing Shifts 1,600 Jobs To L.A. County In Nationwide Realignment

More Than 500 Positions Moving Out Of State

■ By **MICHAEL GOUGIS**  
Contributing Writer

As part of a company-wide reorganization, Boeing is shifting more than 2,000 positions from its Huntington Beach operations to facilities in Los Angeles County and elsewhere, the company announced last week.

The move is driven by a desire within the company to more effectively use the physical capacity for production within its existing operations and to use underutilized office space. In total, the reorganization is expected to see the company reduce its overall facilities space by 4.5 million square feet – the size of more than 93 football fields – by the end of 2020, company executives said.

“In order to push ourselves farther and win more business, we need to make the most of our resources and talent,” Leanne Caret, president and CEO, Defense, Space & Security, said in a prepared statement. “These steps will help us be a stronger partner for our customers worldwide.”

Locally, operations are being condensed into space that is at this point being underutilized, particularly in Long Beach and in El Segundo, Tiffany Pitts, a Boeing communications specialist, told the Business Journal.

“There will be a condensed footprint in Orange County. And in Los Angeles, we are not at capacity right now,” Pitts said. “This is about right-sizing and making sure we are utilizing all of our footprint and that we are being as efficient as possible.”

The job numbers look like this:

- Currently, there are about 5,000 positions in the company’s Huntington Beach operations.

- Of those, 300 positions are being shifted to the company’s Seal Beach facility.

- Boeing’s El Segundo and Long Beach operations are receiving a combined 1,600 positions. The Long Beach employees will be moved to the Boeing buildings at Carson Street and Lakewood Boulevard.

- An additional 500 positions are being shifted from Huntington Beach to the company’s facility in St. Louis.

The company’s news release states that 400 positions are being relocated to its Huntsville, Alabama, operation, and that some of those positions are being relocated from Huntington Beach.

However, it is not clear yet how many of

those positions going to Huntsville are being relocated from Huntington Beach. The company is relocating positions throughout the United States, and the final disposition of many positions is still in a state of flux. Positions in Kent, Washington, are being relocated to the Seattle suburb of Tukwila, and the company’s facilities in El Paso and Newington, Virginia, are being shuttered.


“Making better use of our facilities will enhance efficiency and promote greater collaboration,” Caret said. “This will help drive our global growth in Boeing’s second century.”

Internationally, the company’s realignment will see three national organizations managed under a single global operations group. Boeing Defence Australia, Boeing Defense Saudi Arabia and Boeing Defence United Kingdom will be managed by David Pitchforth, who will continue as managing director of Boeing Defence UK.

California remains a key component in Boeing’s operations. El Segundo houses the world’s largest satellite factory, and the company’s other Southern California facilities play a critical role in commercial airplane engineering, as well as military and commercial airplane product support.


“Boeing celebrated its centennial in 2016. It has been in California for almost all of those 100 years. The best way to honor that legacy is positioning for a solid future,” the company said in a news release. “These moves set us on a course to become a global industrial champion during our second century.” ■

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## City Cannot Enforce State Minimum Wage

(Continued From Page 1)  
and that those funds should be allocated for another use.

At the September 6 meeting, 3rd District Councilmember Suzie Price came prepared with a presentation outlining the state's existing wage enforcement efforts and cautioned against duplicating the state's services. She also pointed out that neither the council nor the city attorney's office were yet aware as to whether the city could actually enforce the state's minimum wage law. As it turns out, it cannot.

City Attorney Charles Parkins' office engaged outside counsel, Rutan & Tucker, LLP, for an opinion on the matter. A memo from Assistant City Attorney Michael Mais to the city council, dated October 18, said

in part: "Essentially, the city attorney's office cannot take any active role in the enforcement of state minimum wage laws because administrative remedies would be processed through existing state agencies . . . and the city's charter precludes the city attorney's office from representing private individuals in legal matters, including legal actions processed through the state court systems or state administrative agencies."

An attached memo from Rutan & Tucker stated that "enforcement by the city attorney's office is not permitted," in reference to state minimum wage laws and any activity that is the sole responsibility of the state through the California Department of Industrial Relations. The City Charter defines the powers and duties of the city attorney's office, and those powers do not include enforcement of state wage laws, according to the memo.

The city attorney's office recommended in its correspondence to council that the \$700,000 allocated for wage enforcement matters be reallocated to the General Fund or to another department for educational purposes related to the minimum wage.

At tonight's (November 22) city council meeting, Councilmembers Suzie Price, Daryl Supernaw and Al Austin are proposing the dollars be put toward public safety priorities, including "restoration of resources, staffing, equipment or any other priority," according to the agenda item.

"This is another example of some councilmembers being so wrapped up in representing some of their constituents who were complaining about wage theft, that they were not listening to reason and they ended up spending taxpayer money (outside counsel and staff time) needlessly," said Business Journal Publisher George

Economides. "As Councilwoman Price correctly pointed out to her colleagues in a very factual presentation, the state oversees wage theft issues, but her colleagues ignored her, foolishly allocating \$700,000 that should have gone toward public safety. Hopefully, now it will."

He added that wage theft is a serious issue and employers who intentionally cheat their employees should be dealt with severely. "I have no sympathy for employers who steal from their employees," he said. "They need to be locked up." ■

## The Path To The Economic Blueprint

(Continued From Page 1)  
October, was a macro look at the Long Beach economy, including its largest and fastest-growing industries. Phase two is scheduled to be presented to the commission on December 13 and will consist of a micro view of the city's economy, allowing the commission to understand key areas where big business is located and where growth is taking place.

The commission's recently adopted focus areas are based on Beacon's phase one report, which is why they were only just now developed. "Number one is we've identified the growth areas, if you will, that are happening in Long Beach – health care being one of the big drivers, education being a big driver, international business, leisure and hospitality, and [technology]," Hernandez explained.

The remaining focus areas are jobs and education, business environment, infrastructure, and business assistance and resources.

According to Hernandez, the commission will continue to host panels for each focus area, where speakers are invited to discuss their area of expertise. Panels were already held on October 25 regarding jobs and education, November 8 regarding business assistance and resources, and November 15 regarding development in the city.

On November 29, the panel will take a look at land use, zoning and the city's general plan. On December 6, City Engineer Sean Crumby and others will speak on infrastructure. Lastly, Beacon Economics will make its phase two presentation on December 13. The commission is scheduled to present the economic blueprint to the city council on March 21.

"To me the most important thing is, even though we are doing these panels and a series of study sessions on the focus areas, we are welcoming public comments during those study sessions. We are welcoming written comments. We are welcoming thoughts on who speakers should be," Hernandez said. "We have limited time here, so we are trying to pull together as much information as we can. We want to make this process as open as possible."

Hernandez said the aspect of the economy that he is most concerned with is the growth of small business in the city. He hopes phase two of Beacon's report will show areas of strong small-business growth and provide insight on how the city can nurture those businesses. Also, he is interested in the opportunities and challenges the city faces regarding demographics and the role they play in the business sector.

(Please Continue Next Page)

# Annual Focus On Downtown Long Beach

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Once completed, Hernandez said the economic blueprint will include the findings from Beacon Economics' report, the focus areas, as the most near-term opportunities for growth, and preliminary policy recommendations for the council to consider on how to move forward and help businesses grow.

"Our goal – once we have the blueprint done and the baseline data completed – is to create a dashboard," Hernandez said, "so that every six months, every three months, a year, whatever it is, we can begin to hopefully see trend lines to see if we're moving the needle or, just as important, respond to challenges."

Long Beach is going through a great economic renaissance, Hernandez said. With investment in North Long Beach and positive atmospheres and developments in downtown and on the eastside, he explained that a major concern is ensuring that economic growth is seen across the city, not just in small pockets. He said the commission is trying to take a holistic look at the city and get input from people in every neighborhood.

"Even though we will be coming back to the council with a blueprint by March, the commission views this and, I believe, the mayor sees this as an ongoing process," Hernandez said. "So when we release the blueprint to the council and the public, that's not the end of the process. It's almost like the beginning of the next phase as we continue to dive deeper into the focus areas and continue to look for ways that we can be of assistance to the city in growing the economy." ■

### John Keisler Named Director Of The Long Beach Economic And Property Development Department

John Keisler, who has led the Long Beach Innovation Team (iTeam) since 2015, was recently selected to take over as director of the Long Beach Economic and Property Development Department. Keisler has 11 years of experience with the city. Previous positions include chief financial officer for the police department, business operations manager for the department of parks, recreation and marine, and manager of animal care services. In his time leading the city's iTeam, the group has helped launch a



series of city initiatives, including the new BizPort website, which is designed to help entrepreneurs start businesses within the city. He replaces Michael Conway, who retired in August. Keisler holds a master of public administration degree from the University of Southern California. The city also appointed Sergio Ramirez as deputy director reporting to Keisler. He hails from the City of Anaheim, where he is a senior project manager with the city's economic development department. Ramirez holds a master of public administration degree from California State University, Los Angeles. (Keisler is pictured at the recent launch of BizPort, photograph by the Business Journal's Larry Duncan)

### Business Interests Say Federal Bill Is Needed To Inhibit ADA Suits

■ By **SAMANTHA MEHLINGER**  
Senior Writer

Business interests hope the bipartisan support shown for Americans with Disabilities Act (ADA) reform in California earlier this year translates to the federal level when Sen. Jeff Flake's bill, the ADA Education and Reform Act of 2016, is voted on by Congress after the first of the year.

In May, Gov. Jerry Brown signed into law a bill by State Sen. Richard Roth that gives small businesses a chance to fix ADA access violations at their facilities before being fined or hit with a lawsuit. The bill provides that certain ADA noncompliance issues, like chipped paint on parking lines and the color of parking signs, do not cause a person difficulty, discomfort or embarrassment and allows businesses with fewer than 50 employees to correct those issues within 15 days.

The California legislation also exempts businesses from liability for "minimum statutory damages" related to certain ADA noncompliance issues for 120 days if the area in question has been inspected by a certified access specialist and the issue is rectified within that time period. The bill passed

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# Federal Legislation Targets ADA Lawsuits

(Continued From Page 11)

both the assembly and the senate with unanimous yes votes and three abstentions.

Flake's bill would, at the federal level, make it more difficult for civil action to be taken against businesses for disability access issues. The bill by the U.S. Senator from Arizona requires the person claiming wrongdoing to submit written notice detailing the access issue to the owner or operator of a business. It gives a property owner or operator 60 days from receipt of that notice to respond with a written description outlining planned improvements and remedies to the issue. It also allows 120 days to take corrective action after that notice is given. Under the proposed law, civil action can only be

taken if these conditions are not met.

The International Council of Shopping Centers (ICSC), among many other business groups, supports Flake's bill. "ICSC has about 55,000 members, and we represent shopping center owners, developers, retailers and so on," Betsy Laird, senior vice president of global public policy, told the Business Journal.

"The common thread is that we represent businesses open to the public. And those businesses are affected by a section of the ADA law, Title III, which is that businesses open to the public must provide access to the public," Laird said. "And a number of our members have been sued in federal court, in state court, with regards to being in violation or allegedly in violation of Title III of the act."

Although California only has about 12%

of the country's disabled population, about 40% of the nation's ADA-related lawsuits occur in the state, Laird said. While California has made headway in reducing frivolous lawsuits with the passage of Senate Bill 269 and previous legislation, Laird said litigants in California have simply begun filing their claims at the federal level instead of the state level, so businesses within the state are still impacted.

"What we're told is, basically the trick is that the lawyers are savvy enough to suggest an amount for settlement which is just below what it would cost to perhaps fight this out in court," Laird said of frivolous ADA-related lawsuits. "And so there is little incentive to try to take it to court and litigate. People tend to just get out their checkbook and write a check."

Laird continued, "The ADA has been

around for over 25 years, and our members absolutely support the intent and the spirit of the act. I mean, it has been a historical civil rights law that has benefited so many." She added, "It seems to me that when this law was enacted over 25 years ago, it was never contemplated that this sidebar practice would come to be. It has continued to persist, if not grow, over time. And it pops up everywhere. Something needs to be done about it."

ICSC supports Flake's legislation in the hope that a federal-level policy will help rectify this issue.

In a statement provided to the Business Journal, Flake said, "For these trolls to abuse the ADA as a means to line their pockets is beyond the pale. Small businesses ought to have the chance to fix these problems before being saddled with costly and needless lawsuits." ■

## Small Businesses And Online Trends

(Continued From Page 11)

tailers as of March 2016, according to wwd.com. However, small local businesses are trying to keep up with current online trends – some more successfully than others.

"I didn't have any experience with an online store before I opened the boutique. My experience was in brick-and-mortar. I worked for Urban Outfitters Incorporated for 10 years," Dayna Mancera, owner of Prism Boutique, said. "So we started very small, very simple. And we've just slowly built and improved the business – and just kind of learned as we've grown. Still learning and still growing."

Despite her lack of online sales experience, Mancera has grown her online sales to match in-store sales in the three years since opening Prism in Belmont Heights. She explained that before launching the store's website and online store, Prism had already built an Instagram following, which brought shoppers to the website when it went live.

With half her sales being online, Mancera said she offers 100% of her inventory both online and in the store. Having items available on both platforms allows Mancera to use her brick-and-mortar store as a stockroom and headquarters for her online business. She said that without such high online sales, she would most likely only have three employees, instead of the eight she currently employs.

"We cannot function without one or the other," Mancera explained. "We're not at the point where I could just close the boutique and be an online business. And with the boutique, we need the online, too. It allows our business to be much bigger than we would be if we were just an ordinary boutique."

In order to sell nice clothing and jewelry, Mancera said websites need to have good photos to grab customers' attention and draw them in. When she first started her website, she kept it simple and the photography was subpar, Mancera explained. However, nowadays Prism utilizes professional photographers and pays for lookbook and e-commerce photo shoots to ensure top-quality images.

Mancera said a trend she has noticed is a rise in customers who will come into her store looking for specific items they saw

(Please Continue Next Page)

Update On . . .

## Long Beach Area's HOSPITALITY & TOURISM INDUSTRY



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online. She explained that many modern shoppers enjoy browsing online stores, and if they find things they like, they will then take the time to drive to physical stores.

“Online is definitely where it’s headed, but I think there’s also a big interest in shopping small and supporting businesses in your local community,” Mancer said. “People want to be able to see that online, but they also want to be able to have that intimate boutique experience, too.”

Karen Quimby, co-owner of Twig & Willow, a boutique store with two Long Beach locations, admitted that she still has a lot to learn about running a company website. The biggest problem she said she has faced is knowing who to trust when seeking help building a website, since she puts most of her energy into keeping her two physical stores running.

Despite her problems getting her website running, Quimby said that her web business has been slowly increasing, particularly the “reserve” feature that allows customers to reserve items they see online so they can view them in the store at a later time. Quimby plans on placing a much larger focus on growing her online business beginning the first quarter of next year.

Quimby said she sends out a weekly e-blast to everyone on her e-mail list, and within minutes she gets online reservations and online orders. She added that when her Instagram and Facebook accounts have good posts, she sees a spike in store foot traffic with people actually saying they saw specific items on social media.

“I would love to see my online [business] do as much as my stores. That would be great. That would be an awesome supplement to our business,” Quimby said. “We need to make sure that we’re loading as much new product as possible. It’s always been kind of a challenge for us in that regard because our stores take a lot of manpower to run. Honestly, what it needs is daily attention, and that’s what’s been the hardest to give it.”

In order to give the online business the attention it needs to thrive, Quimby said



### Twig & Willow

Billie Gentry, left, and Karen Quimby own two Twig & Willow stores in Long Beach: one at 4130 Atlantic Ave., which opened a year ago on November 6 – six years to the date after opening their first store on 4th Street in the Belmont Heights neighborhood of Long Beach. The stores feature curated clothing, jewelry and gifts. They also sell their items online at [www.twigandwillow.com](http://www.twigandwillow.com). (Photograph by the Business Journal’s Larry Duncan)

she hopes to hire another full-time employee next year.

Heather Duncan, owner of Blue Windows in Belmont Shore, is also new to the online game. And though she understands the value of online business, she shares the same problem as Quimby in that she simply does not currently have enough employees to market and grow the online business. At this point, Blue Windows does not offer its full inventory online, which leads to much greater sales in store.

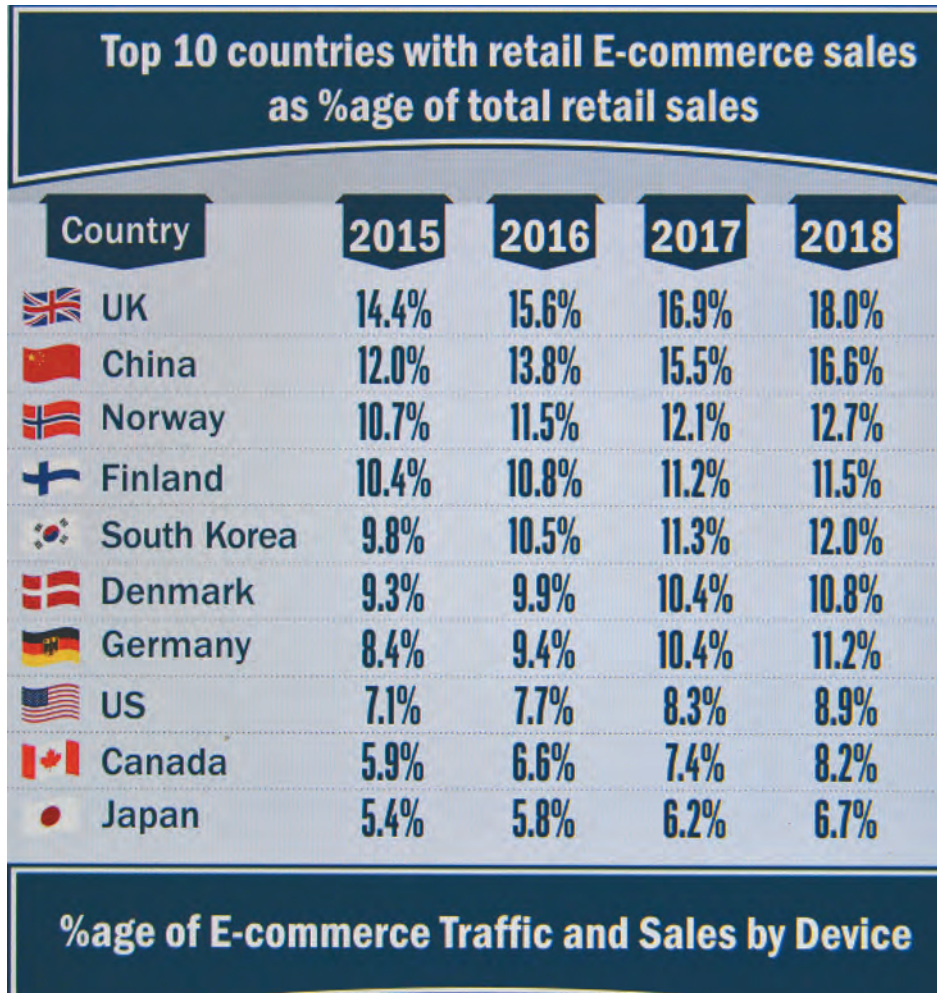
“I do think that my website could be more successful. It’s just a matter of capital. And I don’t have enough staff to be able to. I would really love to tap into that,” Duncan said. “It’s kind of an investment to be able to have someone who is constantly taking pictures, on top of the website and uploading. It’s a lot of work to be able to get that product online.”

Duncan explained that when she first

wanted to promote her business online, she lost two of her managers and was forced to focus on the shop. However, she said that the shop opened in March of 1999 and she has owned it since 2004, so even without online sales her store is still doing good business. Duncan attributes this to her shop’s environment and exceptional customer service.

Mancer, like Duncan, believes that great customer service will keep small local

businesses running despite online sales. “It’s just so easy for the customer to have both now. It’s like those big companies you buy online from – you’re not going to talk to a person, and there’s no connection made,” Mancer said. “That’s something about shopping even small online, you’re supporting small businesses versus the Amazons of the world. It’s important to keep our small businesses alive.” ■







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# Ports Release The Clean Air Action Plan Discussion Document

■ By **BRANDON RICHARDSON**  
Staff Writer

Commissioners from the ports of Los Angeles and Long Beach held a joint meeting on November 17 to unveil the discussion document regarding updates to the Clean Air Action Plan (CAAP).

“These updates will move the region closer to a zero-emissions future,” Long Beach Mayor Robert Garcia said in a prepared statement. “We have already proven that it’s possible to increase jobs and trade with cleaner air and healthier communities. And I want to thank all of our partners who helped make this possible.”

Originally published in November 2006, the CAAP was a joint effort between both ports to develop strategies to reduce greenhouse gas emissions. According to a press release, to date the ports have invested \$15 million in the Technology Advancement Program, which was created to “accelerate the development and demonstration of cutting-edge emission reduction technology.”

Under the CAAP, the ports have reduced diesel particulate matter by up to 85%, cut mono-nitrogen oxides by 50%, eliminated 97% of sulfur oxides and reduced greenhouse gas emissions by an average of 12%. Commissioners hope the updated plan will increase those numbers.

“There is still a lot of work to do, and getting across the finish line will not be easy or inexpensive,” Ambassador Vilma Martinez, president of the L.A. Harbor Commission, said. “Partnerships and co-

## Port Of Los Angeles And GE Transportation Unveil Digital Portal Pilot Project To Track Goods



Port of Los Angeles Executive Director Gene Seroka and GE Transportation CEO Jamie Miller, both pictured, announced an innovative collaboration designed to improve supply chain stakeholders’ oversight of goods and access to information, as well as the overall flow of goods, at a press conference on November 17. The advent of mega-ships, which carry unprecedented amounts of cargo, combined with shifting shipping alliances, has complicated the flow of seaborne goods, making it more difficult to track and move containers. The port and GE have launched a two-month pilot project to address this issue: a digital platform using information from U.S. Customs and Border Protection’s Automated Commercial Environment System that will provide cargo data in one place for all supply chain stakeholders to access. “To keep pace with the rapidly chang-

ing shipping landscape, operations at our ports must evolve,” Seroka stated. He added that the portal would enable supply chain partners to receive information about a ship’s cargo well before its arrival at port. “Our partnership with the Port of Los Angeles will unlock the power of big data at one of the largest ports in the world and demonstrate how digital can enhance and improve operations,” Miller stated. “This initial pilot will generate the insights to build a smarter, more efficient supply chain moving forward.” United States Department of Commerce Secretary Penny Pritzker commended the port and GE for the project, stating that it demonstrates the value of new technology systems for ports and shippers. For more information, visit [www.invent.ge/GETMM16](http://www.invent.ge/GETMM16). (Photographs by the Business Journal’s Larry Duncan)

operation among all stakeholders will be critical to success, as will be financial participation from both the public and private sectors.”

The joint meeting marked the beginning of a three-month public review and comment period that will end on February 17, 2017. The ports will incorporate public comments into the document and present

the 2017 CAAP Update for final consideration at another joint harbor commission meeting in spring of next year.

Some of the near- and long-term goals included increasing the number of clean or zero-emissions vehicles and equipment, increasing on-dock rail cargo movement to 50% of all inbound cargo, developing charging standards for electric cargo-han-

dling equipment, increasing efficiency, as well as increasing overall energy conservation, resiliency and management strategies.

“The ports of Los Angeles and Long Beach are driving forces of our region’s economy – they should also be models for how we move toward a more sustainable future by balancing growth and environ-

(Please Continue Next Page)

# Port Of Long Beach Awards \$538,750 To Community Groups

- AGAPE CHILDREN’S MUSEUM Art Is Education Festival – \$500
- ALAMITOS BAY YACHT CLUB
- International 29er Sailing World Championship – \$2,500
- AMERICAN ASSOCIATION OF UNIVERSITY WOMEN LB BRANCH AAUW Long Beach STEM Career Conference – \$2,500
- AMERICAN CANCER SOCIETY Long Beach Gala – \$5,000
- AMERICAN RED CROSS
- Centennial Hometown Heroes Event – \$2,500
- ANDY ST. COMMUNITY ASSOCIATION Yesterday, Today & Tomorrow—A Black History Month Project – \$10,000
- AOC7 NEIGHBORHOOD ASSOCIATION AND LINCOLN ELEMENTARY 5th Annual Literacy Fair – \$600
- AQUARIUM OF THE PACIFIC Blue Whale Gala – \$10,000
- AQUATIC CAPITAL OF AMERICA
- 2017 Annual Awards Banquet – \$2,500
- ARTS COUNCIL FOR LONG BEACH Eye on Design – \$5,000
- ASSISTANCE LEAGUE OF LONG BEACH CAMEO Mentoring Annual Fundraising Fashion Show – \$5,000
- BAY HARBOUR COMMUNITY ASSOCIATION Community Movie Night – \$500
- BELMONT SHORE BUSINESS ASSOCIATION
- 28th Annual Belmont Shore Car Show – \$3,500
- BELMONT SHORE BUSINESS ASSOCIATION
- 35th Annual Belmont Shore Christmas Parade – \$7,500
- BHS/FLOSSIE LEWIS CENTER
- The 27th Annual Flossie Lewis Luncheon – \$1,000
- BLUFF PARK NEIGHBORHOOD ASSOCIATION Lampost, Lighthouse & Lines: Where Art & Light Intersects – \$550
- BOYS & GIRLS CLUBS OF LONG BEACH Annual Gala – \$5,000
- BREATHE CALIFORNIA OF LOS ANGELES COUNTY 8th Annual Chronic Obstructive Pulmonary Disease Conference \$ 500
- CABRILLO ENGINEERING AND DESIGN (CABRILLO HIGH SCHOOL) Women In STEM Luncheon Event – \$500
- CALMITAS CALIFORNIA MARITIME LEADERSHIP SYMPOSIUM – \$7,000
- CAMBODIAN ASSOCIATION OF AMERICA
- 41st Anniversary Gala \$ 1,000
- CAMBODIAN BUSINESS ECONOMIC DEVELOPMENT CORP. National Khmer Conference – \$1,500
- CAMBODIAN COORDINATING COUNCIL 2017 Cambodian New Year Parade & Park Celebration – \$7,500
- Catalina Island Conservancy
- Annual Conservation and Education Symposium – \$1,000
- CENTRO COMMUNITY HISPANIC ASSOCIATION 2016 19th Annual Nuestra Imagen Leadership Awards Celebration – \$20,000
- CHILDREN TODAY Feel the Funk 70’s Disco – \$3,000
- COALITION FOR CLEAN AIR
- 2017 California Air Quality Awards – \$6,500

- COLLEGE SQUARE NEIGHBORHOOD ASSOCIATION Community Holiday Events and Activities – \$500
- COMMUNITY HOSPITAL LONG BEACH FOUNDATION Night at the Movies 2 – \$3,000
- COMPREHENSIVE CHILD DEVELOPMENT 7th Annual Art of All Ages – \$2,500
- CSU LONG BEACH AMERICAN MARKETING ASSOCIATION 2017 Business and Technology Summit – \$500
- CSULB COLLEGE OF ENGINEERING Distinguished Lecture Series – \$2,500
- DEFOREST CHAPTER NORTH LONG BEACH Deforest Park Chili Cook Off – \$500
- EL DORADO PARK SOUTH NEIGHBORHOOD ASSOCIATION Elm Street Band Concert – \$2,500
- FRIENDS OF BIXBY PARK Annual Dinner Fundraiser – \$1,800
- FRIENDS OF THE LOS ANGELES RIVER
- The Great LA River CleanUp: La Gran Limpieza – \$2,500
- FUTUREPORTS
- Strong Ports=Strong California Annual Conference – \$5,000
- GLOBAL REFUGEE AWARENESS HEALTH CENTER Cambodian Community Asthma Education Program – \$1,500
- GREEN EDUCATION 2017 Green Prize Festival – \$5,000
- GROUNDWORK FITNESS
- 1st Inaugural Wheelbarrow Street Race – \$500
- HARRY BRIDGES INSTITUTE
- 23rd Annual Cesar Chavez Labor Tribute Banquet – \$2,500
- HEAL THE BAY
- Bring Back the Beach Annual Awards Gala 2017 – \$5,000
- HISTORICAL SOCIETY OF LONG BEACH
- Long Beach Remembers Pearl Harbor Exhibition – \$5,000
- HONORING OUR FALLEN Cruise Honoring Our Fallen – \$1,000
- INTERNATIONAL CITY THEATRE Free Saturday Family Theatre Series – \$7,500
- INTERNATIONAL CITY THEATRE Port Premiere Night and Honorary Producer – \$6,000
- INTERNATIONAL TRADE EDUCATION PROGRAMS ITEP 2017 Dinner & Scholarship Celebration – \$1,500
- JDRF GREATER LOS ANGELES CHAPTER OneWalk 2017 – \$500
- JETBLUE LONG BEACH MARATHON – \$12,000
- JEWISH FAMILY & CHILDREN’S SERVICE OF LONG BEACH West OC Race With A View 2017 – \$500
- JUNIOR LEAGUE OF LONG BEACH LUNAFEST – \$1,000
- KHMER PARENT ASSOCIATION
- Mother Daughter Conference – \$1,000
- KONTRAPUNKTUS/A NEO BAROQUE ORCHESTRA Kontrapunktus Our Inaugural Season – \$500
- LATINOS IN ACTION
- Christmas In My Neighborhood Celebration – \$1,000

- LATINOS IN ACTION Latina Woman Conference – \$1,000
- LEADERSHIP LONG BEACH LONG BEACH MLK Citywide Service Day – \$5,000
- LONG BEACH AREA CHAMBER OF COMMERCE 4th Annual State of Trade & Transportation Luncheon – \$5,000
- LONG BEACH AREA COUNCIL/BOY SCOUTS OF AMERICA Distinguished Citizen Dinner 2017 – \$5,000
- LONG BEACH BAR FOUNDATION Casino Night 2017 – \$2,500
- LONG BEACH BLAST (BETTER LEARNING FOR ALL STUDENTS Today) Mardi Gras BLAST & Breakfast BLAST – \$3,000
- LONG BEACH BRANCH NAACP 37th Founders Celebration Dinner & Award Presentation – \$20,000
- LONG BEACH CARES 2017 Annual Public Health Week Conference – \$5,000
- LONG BEACH CARES/NEIGHBORHOOD SERVICES BUREAU Neighborhood Leadership Program Class of 2017 – \$4,000
- LONG BEACH CITY COLLEGE FOUNDATION President’s Circle – \$2,500
- LONG BEACH CITY COLLEGE FOUNDATION 34th Annual Golf Tournament – \$1,500
- LONG BEACH COMMUNITY ACTION PARTNERSHIP Long Beach Night Cap – \$5,000
- LONG BEACH COUNCIL DISTRICT 3
- 3rd Annual Long Beach Touch A Truck – \$2,000
- LONG BEACH COUNCIL DISTRICT 3 3rd Annual Spring Into Summer Community Concert – \$2,500
- LONG BEACH COUNCIL DISTRICT 4 Winter Concert Series – \$1,000
- LONG BEACH COUNCIL DISTRICT 6
- What’s Next Now.org 29th Long Beach Martin Luther King, Jr. Peace & Unity Parade Celebration \$ 10,000
- LONG BEACH COUNCIL DISTRICT 83rd Annual Stepping in the Right Direction Black College Fair – \$5,000
- LONG BEACH DAY NURSERY Long Beach Early Childhood Education Symposium – \$500
- LONG BEACH GRAY PANTHERS Senior Fest – \$500
- Long Beach Heritage
- 2017 Annual Preservation Awards \$ 2,500
- LONG BEACH HERITAGE Bembridge House Holiday Celebration at the Bembridge House – \$1,000
- LONG BEACH JUNIOR CREW
- 27th Annual Long Beach Junior Invitational Regatta – \$500
- LONG BEACH MUSEUM OF ART
- Abundant, Bountiful and Beautiful Exhibition – \$3,000
- LONG BEACH NEIGHBORHOOD FOUNDATION One Day Christmas Store, Shopping With Dignity – \$1,500
- LONG BEACH OPERA Opera@School Long Beach Secondary School Initiative – \$5,000

- LONG BEACH POLICE FOUNDATION Annual Police Awards – \$2,500
- LONG BEACH POLICE OFFICERS WIDOWS AND ORPHANS TRUST Fund Annual Charity Golf Tournament – \$5,000
- LONG BEACH PUBLIC LIBRARY FOUNDATION State of the City Presentation – \$25,000
- LONG BEACH QINGDAO SISTER CITY ASSOCIATION Chinese New Year’s Celebration – \$2,500
- LONG BEACH RESCUE MISSION Your Light Matters – \$1,500
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- LONG BEACH SWIM CLUB Aquatics Scholarships – \$500
- LONG BEACH YACHT CLUB Congressional Cup – \$5,000
- LOS ANGELES AREA CHAMBER OF COMMERCE 91st Annual World Trade Week – \$10,000
- LOS ANGELES COUNTY WOMEN’S LEADERSHIP COUNCIL – \$2,500
- LOVE IN THE MIRROR 4th Annual Toy Giveaway – \$1,000
- MATRIX VIRTUAL ARCADE Virtual Reality Education Program – \$500
- MEMORIAL MEDICAL CENTER FOUNDATION 2017 Dancing for Our Stars – \$3,000
- MEMORIAL MEDICAL CENTER FOUNDATION 2017 Tour of Long Beach – \$5,000
- Mothers Against Drunk Driving (MADD) MADD Gala Luncheon – \$5,000
- MUSEUM OF LATIN AMERICAN ART 2017 MOLAA Gala \$7,500
- MUSICA ANGELICA – \$10,000
- MUSICAL THEATRE WEST Production Mary Poppins – \$10,000
- NEW IMAGE EMERGENCY SHELTER for the HOMELESS 22nd Annual Children’s Christmas Store – \$1,500
- OFFICE OF ECONOMIC RESEARCH/CSULB Regional Economic Forum – \$2,500
- ONE IN LONG BEACH (OBA THE LGBTQ CENTER OF LONG BEACH) AIDS Walk Long Beach – \$2,500
- ONE IN LONG BEACH, INC. (OBA THE LGBTQ CENTER OF LONG BEACH) The Black and White Ball – \$5,000
- OPERATION JUMP START Annual Scholars Day Breakfast Celebration – \$2,500
- PARTNERS OF PARKS Municipal Band – \$50,000
- POOLS OF HOPE Annual Holiday Event – \$1,500
- POWER 4 YOUTH Annual Recognition Dinner \$ – 500
- RANCHO LOS ALAMITOS FOUNDATION Cottonwood Awards Luncheon – \$15,000
- RANCHO LOS AMIGOS FOUNDATION 2017 Amistad Gala – \$2,500
- REGIONAL HISPANIC CHAMBER OF COMMERCE Business Success Workshop Series – \$5,000
- REVELATION FILMS LTD. Act Out Theatre program – \$500

- RISING TIDE Uplifting & Empowering At Risk Youth in Downtown LB \$ – \$1,500
- SHARED SCIENCE LONG BEACH Robotech Fest 2017 – \$500
- SHORELINE VILLAGE The 8th Annual Long Beach Mardi Gras Parade 2017 – \$1,000
- SOCIETY OF WOMEN ENGINEERS Orange County 2017 SWE Sonora Region Conference – \$800
- SoCo NEIGHBORS (SOUTH OF CONANT COMMUNITY ORGANIZATION) SoCo Friday Sock Hop – \$500
- SOUTHEAST COMMUNITY DEVELOPMENT CORPORATION Senator Ricardo Lara’s Black History Month Brunch – \$10,000
- SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS Regional Conference & General Assembly – \$5,000
- SOUTHERN CALIFORNIA PUBLIC HEALTH ASSOCIATION Annual Conference – \$1,000
- SpCaLA Pet Adoption Day – \$1,000
- SPRING STREET BUSINESS ASSOCIATION Festival of Flight 2016 – \$2,500
- ST. ANTHONY COLLEGE PREPARATORY HIGH SCHOOL Saints Run – \$2,500
- SUCCESS IN CHALLENGES 7th Annual Gala – \$500
- THE ART EXCHANGE VISUAL ART CENTER ARTX Annual Holiday Salon – \$2,500
- THE CALIFORNIA CONFERENCE FOR EQUALITY AND JUSTICE Interfaith Intercultural “Under One Sky” Breakfast – \$2,500
- THE CALIFORNIA CONFERENCE FOR EQUALITY AND JUSTICE Humanitarian Awards Dinner – \$2,500
- THE CARPA INITIATIVE/ENGINEERING DESIGN & DEVELOPMENT The Hunt for Shere Khan – \$1,000
- THE NEW BLUES FESTIVAL – \$1,000
- THE NONPROFIT PARTNERSHIP 2017 Breakfast Series – \$3,500
- THE RICHARD BREUNIG FOUNDATION 8th Annual Popeye Toy Run – \$500
- THE ROCK CLUB MUSIC IS THE REMEDY – \$5,000
- UNCODED Tech Community Events – \$1,500
- UNITED STATES VETERANS INITIATIVE (U.S.VETS) 9th Annual Honoring Those Who Serve Luncheon – \$5,000
- UNIVERSITY ART MUSEUM CSULB Exhibition: Frank Bros. – \$3,000
- USC ALUMNI CLUB OF LA BEACH CITIES USC Alumni Scholarship Club – \$500
- VOLUNTEER CENTER SOUTH BAY HARBOR LONG BEACH Operation Teddy Bear – \$2,500
- WILLMORE CITY HERITAGE ASSOCIATION Winter In Willmore Snow Day – \$7,500
- WOMENSHelter OF LONG BEACH 40th Annual Gala – \$5,000

**(The Board of Harbor Commissioners awarded 136 community sponsorships totaling \$538,750.)**



mental stewardship,” Los Angeles Mayor Eric Garcetti said in a press release. “The draft Clean Air Action Plan is an important step in our work to reduce air pollution in our communities and take action on climate change. I look forward to working with Mayor Garcia to build on this progress and continue strengthening this plan in the coming months.”

During the joint meeting, Thomas Jelenic, vice president of the Pacific Merchant Shipping Association (PMSA), noted the “incredible” environmental accomplishments achieved by both ports as a result of the CAAP. However, he thinks it may also be having a negative impact on port growth. Jelenic said that between 1996 and 2006, volume through the San Pedro Bay Port Complex increased 176%, but from 2006 to 2015 there was a 2.6% decrease.

“Only through growth and re-capturing market share will there be the resources necessary to make the investments envisioned by the CAAP,” Jelenic said. “For this reason alone, the ports must increase their competitiveness.”

Jelenic requested that the commissions analyze the update’s impact on port competitiveness and develop an action plan that will boost the competitiveness of the ports, not hinder growth.

The discussion document can be viewed at polb.com, portoflosangeles.org and cleanairactionplan.org. According to a press release, each port will hold additional community meetings during the three-month period to gather public comments. Written comments may be submitted to caap@cleanairactionplan.org. ■

## Harbor Commission Approves Pedestrian/Bike Path, \$23 Million Crane Upgrade Project

Other Capital Improvement Projects Progressing As Planned

■ By **SAMANTHA MEHLINGER**  
Senior Writer

The Long Beach Board of Harbor Commissioners has approved a number of items in recent weeks pertaining to port projects, including the authorization of a \$9,548,750 budget for a new bike and pedestrian path along Queensway Bay. The path would run from the start of Queensway Drive at the end of the Queensway Bridge and continue past the Queen Mary site on Harbor Scenic Drive to Pier J, where it would run along the waterfront.

“This actually has been a long time in the making,” Doug Thiessen, the port’s managing director of engineering services, told the Business Journal. Port documents show that plans to improve pedestrian access along Pier J have been in the works since 2008.

“The port is going to build the northerly and the southerly part of the bike path, and for the part that is in the Queen Mary area parking lot, the city is working with Urban Commons, the new leaseholder [of the Queen Mary site],” Thiessen explained. “This was a design approval and project approval at this stage, but we still have to bid out and phase the work.”

At the board’s October 24 meeting, commissioners approved a \$23.4 million project to upgrade rail girders for cranes operated by Pacific Maritime Services at Pier J. “These big ship-to-shore cranes that gantry along the dock on these rails – the landside leg of that crane girder needs to be beefed up or strengthened,” Thiessen said. “The reason being, bigger ships are coming now to Pier J. And our customer out there, Pacific Container Terminal, wants to raise existing cranes and make them taller so they can be tall enough to pull the boxes off of the big ships.”

Raising cranes to accommodate increasingly larger vessels is a trend occurring worldwide, according to Thiessen. “It’s expensive, but it has to be done,” he said.

Two of the port’s major ongoing projects,

the Gerald Desmond Bridge Replacement Project and the new port headquarters within the new Long Beach Civic Center complex, both received cost reductions at the November 14 harbor commission meeting. The board approved a \$1.3 million credit for the bridge project due to a reduction in project scope, Thiessen said. Also approved was a \$1.9 million credit back for the civic center project, which was due to a reduction in project scope as well.

The port’s Middle Harbor Redevelopment Project, which involves combining two aging terminals for use by operator Long Beach Container Terminal, is progressing on schedule and on budget, Thiessen said. The first phase was completed last year, and phase two is well underway. ■



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For dates and details, visit [aquariumofpacific.org/latenights](http://aquariumofpacific.org/latenights)

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Brothers Kent (left) and Kevin Peterson formed their engineering firm, P2S Engineering, with partner John Sosoka at the age of 27. Since then, the firm has grown to encompass two floors of an office building at the Long Beach Airport Business Park, and has 151 employees and a satellite office in San Diego. The two said they plan to open offices in other areas, including Northern California. (Photograph by the Business Journal’s Larry Duncan)

■ By **SAMANTHA MEHLINGER**  
Senior Writer

In 1991, engineers Kent and Kevin Peterson struck out on their own in the midst of a recession – two 27-year-olds with young families, making career moves neither had planned on until their mid-30s or early 40s. But, armed with a business plan and mentor-partner John Sosoka, the twins felt it was the right time.

In March of '91, they opened PSI Engineers – now called P2S Engineering – in a Bixby Knolls office at San Antonio Drive and Orange Avenue with three other employees. Within a year, they had 24 employees.

Kent has been in the engineering field since age 18, when he went to work for Sosoka on his birthday in 1981. Kevin worked as an engineer through college (both brothers attended California State University, Long Beach), but for another firm. In 1990, the company Kevin was working for bought the firm Kent was working for, and the two ended up in the same company as chief mechanical engineer and chief electrical engineer, respectively.

“We did that for nine months; then we said, ‘We can do this on our own.’ ” Kent, now vice president and chief engineer for the firm, recalled.

“We kind of anticipated we would get together and start an engineering firm. And we

thought it would probably be when we were in our mid-30s or early 40s,” Kevin, who is president and CEO, said. “We were 27 when we started P2S. California was in a deep recession in 1990 to '91. McDonnell Douglas over here was laying off half of their 80,000 employees. And the firm we were working for just wasn’t making some of the tough decisions necessary to survive, in our opinion,” he recalled. “We thought, well, OK, we thought it would be later in life that we’d do this, but now might be the best time.”

There was no option to fail. “We both had families we had just started. We had both just gotten into mortgages,” Kent said. “You’re starting your life with your families, and it is one of those things when you decide you’re going to do it, you jump in with both feet and both hands. There’s no stepping back.”

The Petersons were unsure about starting a new firm during a recession, Kevin said. “When we wrote our business plan, our number one concern when we sat down was would we be able to get enough work in the recession,” he recalled. “It was not our problem at all. We had way more work than we could do.”

In 12 months, the firm quadrupled in size. Due to the recession, plenty of talented engineers were looking for work, Kevin explained. “There was a lot of talent available. So we grew substantially in the first year,” he said.

The brothers attribute the fast growth and success – which neither had expected – to the approach they took to running their business. “In the original business plan, one of the tenets . . . was that we wanted to provide real engineering solutions to clients’ issues,” Kevin said. “But there were a lot of larger firms out there that were applying 20- or 30-year-old solutions to engineering.”

As Kent put it, many other firms would “pull the same plans out of the drawers, then change them a little,” rather than developing a project-specific or new approach.

“We started out as a mechanical, electrical, plumbing engineering firm, which is pretty standard in Southern California,” Kent said. Six months after P2S moved into its current location in the Long Beach Airport Business Park in 1996, the firm made its first acquisition, purchasing a firm specializing in telecommunications infrastructure.

From the start, the goal was to find ways to be “more energy efficient and more sustainable” in developing solutions for clients, Kevin said. P2S was also focused on developing more cost-effective solutions designed for client comfort. This forward-thinking approach appealed to their client base and helped them gain new business, the brothers explained.

Over the years, the firm has expanded its engineering services by absorbing compa-

nies and hiring new talent skilled in certain fields. “We usually will either hire a subject matter expert in an area, or we will get a group of people and bring it in to expand the service areas,” Kevin said.

“We broadened our markets,” Kent said. “Three years ago we brought in a 50-year-old health care engineering company. We ended up absorbing them, and we brought all that experience in and more people.”

While the brothers never expected their company to grow so quickly – they now have 151 employees, with eight at a satellite office in San Diego – they always thought big when it came to their scope of work. “One of the visions when we did our business plan was we wanted to work on larger projects. . . . To work on larger projects, you have to be a bigger company.”

P2S’s services are now mostly divided between engineering related to infrastructure and engineering for new buildings. The company – marking its 25th anniversary this year – specializes in many services, including utility and telecommunications infrastructure, green building design, central cooling and heating plants, feasibility studies, third-party commissioning of developments, lighting design and more. The work is frequently in the education and health care industries, as well as maritime.

Over the years, P2S has done more than 400 projects for the Petersons’ alma mater, CSULB. “We built their central heating and



# P2S Engineering: ‘A Culture Of Innovation’



P2S Engineering encourages its employees to develop innovative ideas to improve the company and its business strategies. Pictured from left are: Taraneh Shoorideh and Shadi Abouseif, mechanical design engineers; and Steven Peterson and Mandar Manjarekar, electrical design engineers. (Photograph by the Business Journal’s Larry Duncan)

cooling plant back in the mid-to-late '90s," Kent recalled. More recently, the firm worked on CSULB's new student recreation center and its new science building.

"We also do a lot of projects at Long Beach City College," Kent continued. "They have been spending a lot of money modernizing and expanding their facilities. . . . And we're involved in the vast majority of all those projects."

Higher education is the biggest client base for P2S. "Higher education is our number one market sector throughout the state," Kent said. "We've worked with and gotten close to 60 college and university campuses in the State of California."

P2S is also well known for its work with the Port of Long Beach. "We do electrically support the port quite a bit – shore power projects and electrical infrastructure," Kevin said. "Probably one of the largest projects is the Middle Harbor Redevelopment Project at the Port of Long Beach, which we have done all the electrical engineering on for the last 10 years. It will still go on for another four to five years." That project is hailed as one of the greenest terminals in the world, if not the greenest, due to its nearly all-electric equipment, most of which generates zero emissions.

The firm also does some work for Boeing in Southern California and has been heavily involved in the design of the Aquarium of the Pacific's planned expansion, according

to Kevin. A major project P2S is currently working on is the new Long Beach Civic Center, for which it is providing commissioning (quality assurance) services.

P2S is defined by its "culture of innovation," Kent said. Kevin noted that entrepreneurialism is also important to the company's culture. He and his brother don't consider themselves the "kingpins" of the business but rather are focused on helping all their employees succeed. Employees at P2S often come up with business plans for a new market line or a process improvement within the firm, and they know that the Petersons will be open to hearing the pitch, they said.

"We have an incubator group within the company that we started almost five years ago," Kent said. This team, which includes 25% of the staff, develops new business ideas and mentors new employees. "It's a great opportunity for us to sit down with them on a monthly basis and listen to what their ideas are and then give them feedback," he added.

"I think professional development sets us aside from some of our competitors," Kevin reflected. "We spend a lot of money on making sure our engineers are leaders in certain subject areas."

The Petersons encourage and support their employees' involvement in industry-related efforts beyond the workplace. "We actually have our people on committees that

are writing the standards and writing the codes that are being used in our industry," Kent said. "They're the ones actually giving the presentations and teaching people."

Local to the Long Beach area since moving here at the age of five when their father accepted a job with McDonnell Douglas, the Petersons have become quite entrenched in the community. While Kent lives in Huntington Beach, Kevin has lived here for most of his life and even "married a Long Beach girl," he said. But both place strong emphasis on giving back to and being involved in Long Beach.

When asked about the extent of their involvement in the community, Kevin replied, "How long do we have for this?" He listed: "I have served as chair of the Community Hospital board [and am] the current chair of the YMCA Greater Long Beach. I'm still on the Long Beach Memorial Medical Foundation board. Kent is the incoming chair for the [Long Beach Area] Chamber of Commerce."

Kent started the chamber's Green Business Council, now known as Sustainable Business Long Beach. "I have been on the leadership council for the last three years, but I have been on the board for about the last five years," he said of the group. "I have been active since 2008 on the Cal State Long Beach College of Engineering Dean's Advisory Council, and I have chaired that council."

P2S has supported many local nonprofits, including the Ronald McDonald House, the Aquarium of the Pacific and others.

The two have also made sure that P2S has had international reach. "Eleven years ago, I was the president of the IEEE [Institute of Electrical and Electronics Engineers Industry Applications Society], with 12,000 members worldwide," Kevin said. "And then Kent was president of ASHRAE [American Society of Heating, Refrigeration and Air Conditioning Engineers], which is much larger," he added. Kent estimated that organization has more than 60,000 members.

"Then we kind of came back and said, OK, we have done all that. We have made a reputation for ourselves internationally. Why don't we be more involved in the community and get our employees more involved in the community as much as we can, too," Kevin said.

In the past year, P2S has grown by about 25%, the brothers estimated. After taking an additional floor in the building this year, the firm now occupies two full floors, with room in them to grow. But the firm is likely to expand even beyond that.

"Well, we just got out of strategic planning earlier this year, and we're looking at doubling in size in less than five years," Kent said. They plan to open more offices, particularly in Northern California, where they already service many clients. ■



# Legislators Struggle To Reign In Rising Drug Costs, But Is Government The Solution Or The Problem?

■ By **SAMANTHA MEHLINGER**  
Senior Writer

Federal research has concluded that drug prices are increasing. And perhaps unsurprisingly, liberals and conservatives are at odds over what to do.

Congressional documentation shows that the cost of Mylan’s EpiPens, a life-saving injectable form of epinephrine that stymies allergic reactions, has increased by more than 500% in the past decade. The cost of insulin, a generic drug crucial for treating diabetes, more than tripled between 2002 and 2013.

After the drugs Isuprel and Nitropress, which are used to treat heart conditions, were purchased by Valeant Pharmaceuticals International Inc. in 2015, their costs increased by 525% and 212%, respectively, overnight. In 2015, Turing Pharmaceuticals LLC purchased a drug used to treat parasitic infections, which are deadly for AIDS patients and pregnant women, and raised the price from \$13.50 per pill to \$750.

Legislators are asking why.

Primarily led by Sen. Bernie Sanders and Rep. Elijah Cummings, Congress has for the past several years been leading the charge to investigate price increases of medicines crucial to the health of the American people.

In a statement to the Business Journal



Rep. Elijah Cummings is the ranking member of the U.S. House of Representatives Committee on Oversight and Government Reform. He is an advocate for transparency in pharmaceutical costs, and believes drug companies are “bilking the American people.” (Official photograph courtesy of U.S. House of Representatives)

provided by the press department of the U.S. House of Representatives, Cummings said: “Congress cannot continue to sit on the sidelines while drug companies take advantage of American families. Time and time again, we have seen companies hauled before us, but they ignore our out-



State Assemblymember David Chiu authored legislation, which he yanked from consideration earlier this year, that would have created transparency for the highest priced prescription drugs in California. The bill did not get enough support from his colleagues in the state legislature. Pharmaceutical companies have the ears of many legislators, he believes. (Official photograph courtesy of Assemblymember Chiu’s office)

rage and never lower their prices. Now is the time to take decisive legislative action to curb the rising costs of prescription drugs and stop drug companies from bilking the American people.”

Cummings, who is the ranking member of the House Committee on Oversight and Government Reform, has called to task executives from companies like Mylan, Turing and Valeant, who each subsequently announced price reductions, generic drug versions or rebates for their drugs.

In the case of Valeant, a memorandum from the committee dated February 2, 2016, indicated that CEO Michael Pearson “purchased Isuprel and Nitropress in order to dramatically increase their prices and drive up his company’s revenues and profits.”

The memo continued, “The documents obtained by the Committee demonstrate that Valeant identified goals for revenues first, then set drug prices to reach those goals. Valeant employed this strategy for both Isuprel and Nitropress, generating gross revenue of more than \$547 million and profits of \$351 million in 2015 alone. In contrast, Valeant’s research and development expenses for Isuprel and Nitropress were ‘nominal.’”

Key takeaways from the September 21, 2016, hearing on the rising price of EpiPens by the Committee on Oversight and Government Reform were, according to the committee’s website, that “the ACA [Affordable Care Act] has exacerbated the costs of prescription drugs as consumers shift to high-deductible plans,” but also that

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“a lack of transparency exists in the drug-pricing market and Mylan’s finances and figures did not add up under scrutiny.”

Another takeaway was there is a lack of competition for epinephrine injectors, which is necessary to lower costs. “FDA could not reveal how many applications for new entrants into the epinephrine auto-injector market are pending or how long those applications have been in process,” the committee’s webpage states.

In 2015, at the request of Cummings and Sanders, the U.S. Department of Health and Human Services (DHHS) inspector general investigated sudden price hikes by generic drug manufacturers. The resulting report, released in December 2015, was titled “Average Manufacturer Prices Increased Faster Than Inflation For Many Generic Drugs.”

From 2005 to 2014, “For the top 200 generic drugs, 22 percent of the quarterly AMPs [average manufacturer prices] exceeded their inflation-adjusted baseline AMPs,” the report found. However, a previous report analyzing the cost of generic drugs between 1991 and 2004 found that a higher number – 35% of reviewed quarterly average manufacturer prices for generic drugs – exceeded the inflation-adjusted baseline for price increases. So there has been a 13 percentage point improvement in this area since the last report.

Sharon Jhawar, Pharm.D., corporate vice president of pharmacy for Long Beach-based SCAN Health Plan, wrote in an e-mail to the Business Journal, “Drug prices have risen an average of nearly 10% over the 12-month period in May 2016 – a time when the overall inflation rate was just 1% in the U.S.” She continued, “The irony here is that these ballooning drug prices have come at a time when Big Pharma is under more scrutiny than ever from consumer watchdog groups and American lawmakers.”

Jhawar noted the increase is in part due to the introduction of specialty drugs to the market. As reported by the Business Journal last year, Gilead Sciences Inc.’s hepatitis C drugs Sovaldi and Harvoni, which cure hepatitis C in most patients, cost more than \$1,000 per pill. Treatment plans total \$84,000 to \$175,000, depending on the individual.

According to Jhawar, specialty drugs account for 33% of all drug spending in America but are used by just 1% to 2% of all patients. “According to a study published in the ‘Journal of the American Medical Association’ in August, for each person in the United States, \$858 was spent on prescription drugs, compared with an average of \$400 per person across 19 other industrialized nations,” Jhawar wrote.

In recent years, elected officials at the state and federal levels have put forth legislation designed to give the government oversight or negotiating power in the price of pharmaceuticals. Many of those efforts have failed.

According to a spokesperson from the U.S. House of Representatives, Cummings has introduced various bills aimed at improving the cost of drugs for Medicare Part D beneficiaries, requiring drug companies to report price increases exceeding 10% to DHHS, shortening the exclusivity period for biologics from 12 to seven years, and others. None were passed by the House.

Introduced in 2015, Cummings’ Prescription Drug Affordability Act would, ac-

ording to a spokesperson, “improve Medicaid and Medicare, enhance transparency, encourage competition, and make prescription drugs more affordable for everyone.” The bill still has not come up for a vote.

In California, the recent ballot initiative Proposition 61, which was backed by Sanders, would have restricted the price state agencies could pay for drugs, tying the amount to what the U.S. Department of Veterans Affairs pays. The proposition failed.

In August, California Sen. Ed Hernandez removed his drug price transparency bill from consideration after it was amended in the state assembly. “I introduced SB 1010 with the intention of shedding light on the reasons precipitating skyrocketing drug prices,” he said in a press release at the time. “The goal was transparency, making

sure drug companies played by the same rules as everyone else in the healthcare industry. Unfortunately, recent amendments have made it more difficult for us to accomplish our fundamental goal.”

In January, California Assemblymember David Chiu, who represents the east side of San Francisco, yanked his proposed Pharmaceutical Cost Transparency Act from consideration by the state legislature when it became apparent he didn’t have enough votes to support it. The bill would have required pharmaceutical manufacturers to file a report with the state for drugs costing more than \$10,000 per course of treatment.

“I introduced a bill in the context of enormous price increases in many drugs across the spectrum, the most notable example being the drugs that treat hepatitis C,” Chiu told the Business Journal.

“When I first came into office two years ago, Gov. Jerry Brown had to propose a \$300 million increase for hepatitis C drugs that cost \$1,000 a pill – close to \$100,000 for treatment, retail. And the \$300 million increase to the budget for that one drug alone would have only helped about 3,500 patients in a state where we’re seeing three-quarters of a million Californians at some point in the future being afflicted with hepatitis [C].”

Chiu called his proposal modest. “My bill would have only applied to the most expensive drugs – drugs that cost more than \$10,000 a treatment – and asked pharmaceutical companies to help us understand the basic cost structure,” he said. “The industry tells us that their drugs are priced high because they need to recoup their re-

(Please Continue Next Page)

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# Rising Drug Costs

(Continued From Page 19)

search and development costs. Studies we know of show that the pharmaceutical industry spends 19 times as much on marketing and advertising as they do on research and development.”

Chiu continued, “And so we wanted to understand for those companies that produced the highest-priced drugs, . . . what were their aggregate research and development costs? What did they spend on manufacturing? What did they spend on marketing and advertising? And what were their profit margins?”

The pharmaceutical industry has opposed and defeated every solution to the rising cost of prescriptions that have been proposed, Chiu said. When asked if the industry has the ear of many of his col-

leagues in the state legislature, he said, “Absolutely.” He also pointed out that the pharmaceutical industry spent \$130 million to defeat Prop 61.

Other governments, including some with regulated health care systems that negotiate prices with the pharmaceutical industry, have far lower costs for prescriptions, Chiu pointed out. In Great Britain, for example, the cost of curative hepatitis C drugs is about a third of the cost in the U.S., he said.

“I am open to a wide range of options,” Chiu said. “I think that drug manufacturers need to work with all of the other stakeholders in health care to figure out how we clamp down on costs.”

Chiu reflected, “I think, short of government controlling the price of pharmaceutical drugs, transparency would go a long way at shedding light on what’s re-

ally happening and allow policymakers and the public to make informed decisions in the next round of policymaking to address drugs.”

Some in the medical community believe that government is not the solution to rising pharmaceutical costs, but that it is the problem. Dr. Thomas LaGrelus, a Torrance-based concierge physician, is a self-described “free marketeer” who takes this position. He is president and chair of the National Concierge Physicians Professional Association and has served as president of the local Los Angeles County Medical Association chapter and as a delegate for the California Medical Association. He visits Washington, D.C., twice a year to meet with leadership from the House of Representatives to advise them on health care policy.

“The federal government is involved in

all the pharmaceutical problems, and they have created millions of pages of regulations that you can’t even read,” LaGrelus said. “I mean, it takes an army of attorneys to get anything done in the United States anymore. We need to eliminate regulations that are creating difficulties for people to quickly start a competing company to make EpiPens at a quarter of the price they’re being sold for by the only one that makes them.”

Because epinephrine injectors like the EpiPen can be manufactured as generic drugs, someone will eventually step in and fill the consumer need for a cheaper, generic version of the drug, LaGrelus said. “I assure you, someone is going to be making EpiPens much cheaper very soon if government lets them,” he said. Strict government regulations are the main roadblock to this happening, he argued.

“If we had a free market that worked like we used to, none of this would exist. Prices would be low,” LaGrelus said.

Specialty drugs like Harvoni and Sovaldi are priced high because they cost an immense amount to research and develop, according to LaGrelus. But their high cost is also due to the relatively short patent time for drugs allowed by the federal government, he argued. “What I would do as a free marketeer is I would extend those patent times way out so that the pharmaceutical industry could recover their investment over a period of 50 years, rather than 10,” he said. That, he contended, would lower costs for consumers.

“Very few people understand how a market economy works. And it’s the only kind of economy that works,” LaGrelus said. In contrast, regulated economies like the Soviet Union never work, he added. “We were headed that direction very rapidly. Now we have a chance – a chance, a slim chance, in my opinion – of turning that around if Trump actually sticks to his guns and the Republicans actually have some cajones. We’ll see.”

Within President-elect Donald Trump’s proposed health care reform, outlined on DonaldJTrump.com, is the following plan: “Remove barriers to entry into free markets for drug providers that offer safe, reliable and cheaper products. Congress will need the courage to step away from the special interests and do what is right for America. Though the pharmaceutical industry is in the private sector, drug companies provide a public service. Allowing consumers access to imported, safe and dependable drugs from overseas will bring more options to consumers.”

The indicated desire to remove barriers could signal a reduction in government regulations like LaGrelus is advocating for – a more traditionally Republican approach. On the other hand, Democrats like Cummings and Chiu show no signs of ceasing their efforts to create government oversight to get a handle on drug costs.

“At some point, I think the American public will get fed up with the sticker shock and the fact that citizens, small businesses, the largest companies and everyone in between are struggling to pay for health care and we need solutions,” Chiu said. “And I don’t think this issue will die off until we have some relief from skyrocketing drug prices.”

Which way will the pendulum swing? As both Chiu and LaGrelus said: we will see. ■



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# Technology And The Future Of Reconstructive Surgery

■ By **SAMANTHA MEHLINGER**  
Senior Writer

Just as technology has changed many aspects of our lives – from how we communicate to how we access information and even how we travel – it is also shaping the future of our health care. One area in which new and emerging technologies are making an impact is in the field of reconstructive surgery, a type of plastic surgery that involves restoring or reconstructing parts of the human anatomy that are damaged due to injury or congenital defect.

According to local surgeons, 3-D modeling and 3-D printing are greatly influencing the process of reconstructive surgeries and may even hold the key to medical advancements in the future.

“3-D printing is a big area that’s emerging for plastic surgery,” Dr. Josh Waltzman, an independent plastic and reconstructive surgeon with a practice in Douglas Park, told the Business Journal. The technology



3-D printing played a key role in the separation of conjoined twins Jadon and Anias McDonald, whose brains were fused together. The Children’s Hospital at Montefiore, New York, used 3-D printed models of the boys’ skulls and brains to plan the surgery, which was a success. (Photograph provided by The Children’s Hospital at Montefiore)

is particularly useful for facial reconstruction, he said.

“What that involves is, say someone has a very traumatic accident, or it’s a child who has a congenital defect deformity that we’re going to reconstruct,” Waltzman said. “We can take a CT scan of that patient and upload that into software.” Through 3-D computer modeling

using that imaging, doctors are able to create mock-ups of how to reconstruct bones based on the existing framework of a patient’s skull. This computer model can then be transferred to a 3-D printer, which is able to create anatomically accurate replicas for surgeons to practice on.

A recent, widely publicized application of this technology occurred in October,

when surgeons at The Children’s Hospital at Montefiore in the Bronx separated two twins conjoined at the head. According to the hospital, twins Jadon and Anias McDonald had a complex case because their brains were fused.

Virtual planning technology was used to create 3-D computer models and 3-D  
(Please Continue Next Page)

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# Technology And The Future Of Reconstructive Surgery

(Continued From Page 21)

printed replicas of the boys’ brains and skulls, which surgeons used to plan the separation surgery and the following reconstructive procedures on each boy. Although the two may require follow-up procedures, the separation surgery was a success. “This intricate procedure was greatly enhanced by cutting-edge 3-D technology that enabled the surgeons to see inside the boys’ brains,” Dr. Steven M. Safyer, president and CEO of the hospital, said in a press statement.

One type of technology Waltzman is researching for potential use at his own practice is 3-D goggles. Existing technology allows doctors to take 3-D scans of patients from a tablet device, then augment them to show how a patient would look after a reconstructive or plastic surgery. Patients can then put on 3-D virtual reality goggles that project a 360-degree image of what they would look like from every angle, he explained.

3-D modeling has become crucial in reconstructive surgeries related to the body’s aorta, the largest blood vessel in the body, according to Kaiser Permanente’s Dr. Somjot Brar, who specializes in interventional cardiology.

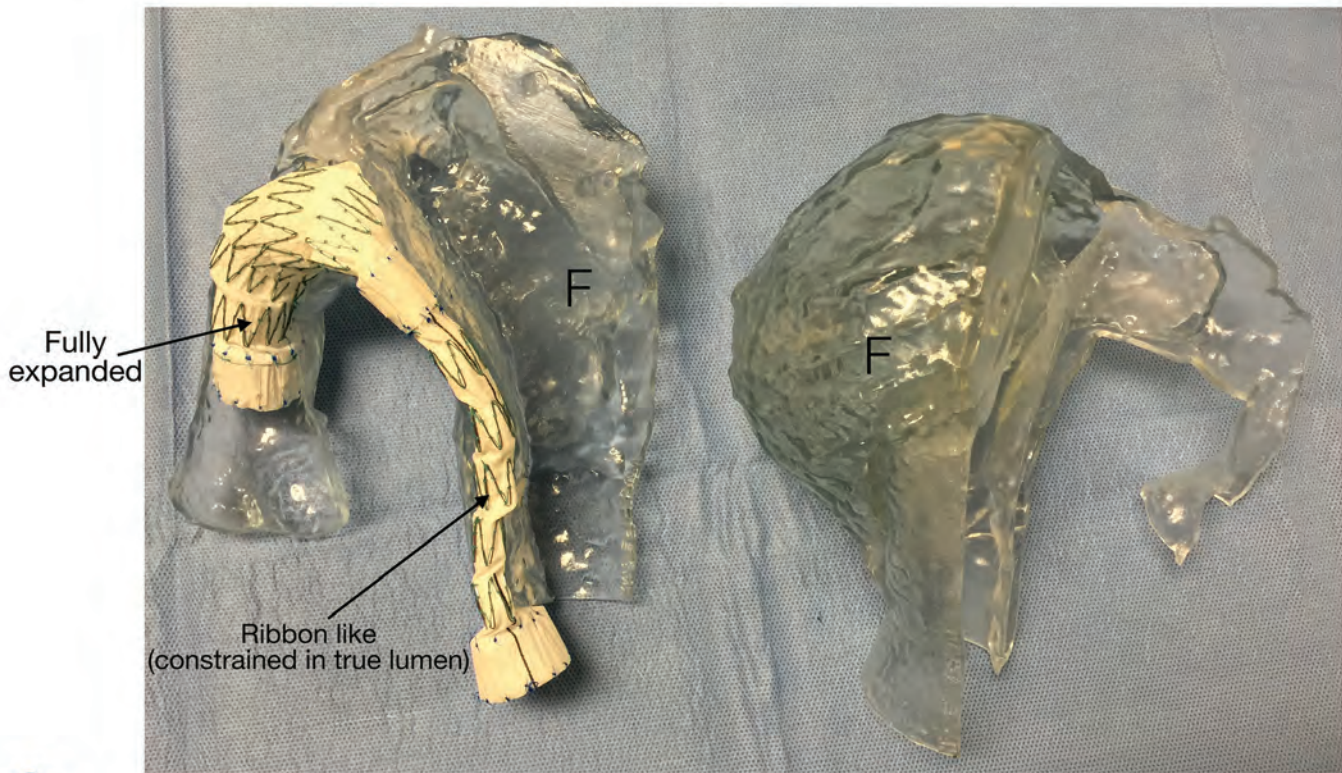
“The aorta is the largest blood vessel in the body, and unlike the arteries in the heart that become narrowed and cause heart attacks, . . . sometimes it can balloon and become bigger than it should be,” Brar said. “We call that an aneurism. And when that happens, if it’s not repaired, the aorta can rupture. And the most common outcome if that happens is death.”

In this context, reconstructive surgery is employed using special tools to reinforce and repair the aorta. “That’s a really complicated area to work in, and the surgical options are very limited for some patients,” Brar said. The aorta is shaped like a question mark, with one end located next to the spine and the other right behind the breastbone.

In addition to this being a difficult location to operate, the shape of the aorta itself also varies from person to person, Brar said. Blood vessels connecting to the aorta

## Aneurysm

Stent graft in the true lumen; model opened



A 3-D printed model enables surgeons to practice inserting specially fitted stents into the aorta, the largest blood vessel in the body. According to Kaiser Permanente’s Dr. Somjot Brar, surgeons only get one chance to insert the stent so that it correctly aligns with a patient’s aorta and connected blood vessels. (Image courtesy of Kaiser Permanente)

are also a factor in surgery, which typically involves inserting a specially shaped stent with holes that must align with the blood vessels, he explained.

3-D modeling has helped tackle these complicating factors. “All of our patients will undergo a CT. And then that CT data is used to create the three-dimensional models of the patient’s anatomy on the computer,” Brar said. “So one can do kind of a virtual procedure of sorts using the patient’s exact anatomy.”

For patients with particularly complex anatomies or other health care issues, these 3-D models are used to create printed replicas of their aortas for surgeons to practice on. “They allow us to be able to implant the devices to be able to see how the device is going to perform

with that patient’s specific complicated and unique characteristics of their aortic anatomy,” Brar said.

While surgeons have been using computer-generated 3-D modeling for about four years, the use of 3-D printed anatomical replicas to plan surgical procedures has only been in practice for about a year and a half, Brar estimated. “I feel pretty strongly that some of these cases that we’ve done, I think, in large part they were successful because of the 3-D technology, including the printing,” he noted.

Beyond helping surgeons plan complex procedures, 3-D printing may hold the key to helping people regenerate their own tissues. A recently published study in the academic journal, Science Translational Magazine, detailed the findings

of a group of researchers at Northwestern University who have developed a material called hyper-elastic bone using 3-D printing.

The newly created material is made from mineral components of bone and can be quickly produced with a 3-D printer, according to the study. The material is highly elastic and absorbent, and when implanted in a mouse, a rat and a primate, the bone “quickly integrated with surrounding tissues, and rapidly ossified and supported new bone growth without the need for added biological factors.” The research team that developed the material is hoping for human trials in the future.

“Eventually it would be great to say, if someone has lost an ear or a nose, can we just grow that off a scaffolding,” Waltzman said. “That’s kind of the next frontier.”

Other technologies beyond 3-D modeling and printing are influencing the future of reconstructive surgery. One area of advancement in technological testing and research is related to reconstructive surgery for breast cancer survivors, according to Waltzman.

“Emerging technologies in breast reconstruction have to do with the tissue expansion portion,” Waltzman said. “Oftentimes after a mastectomy, you don’t have enough skin to actually reconstruct [the breasts]. So you have to expand the skin with a tissue expander before you can actually put an implant in if you are doing that type of reconstruction,” he explained.

“Right now, patients have to come into our office every week, and they get filled up either with air or with saline injected



Dr. Josh Waltzman, who operates Waltzman Plastic & Reconstructive Surgery at Douglas Park in Long Beach, believes 3-D imaging and printing technologies will play an increasingly important role in medical advancements in his field. (Photograph by the Business Journal’s Larry Duncan)





Palo Alto-based firm AirXpanders has developed a remote controlled medical device called AeroForm which allows women who have undergone mastectomies to expand their chest skin in preparation for breast reconstructive surgery without any injections. It is currently undergoing clinical trials. (Image courtesy of AirXpanders)

into the expander to increase the size of it,” Waltzman continued. “But in the future, I think there will be expanders doing what is called auto-expansion, where the patient doesn’t have to come as frequently to the office for expansions, and it’s just a gradual process.”

A Palo Alto-based firm called AirXpanders Inc. has already developed such a product, which is currently undergoing clinical trials. AirXpanders has created a wireless tissue expander called AeroForm

that is implanted within a patient’s chest. A remote control allows the patient to inflate the implant with small doses of carbon dioxide released from a device within the expander.

Dr. Kamakshi Zeidler, a San Jose-based plastic surgeon specializing in reconstructive and cosmetic breast surgeries, has patients participating in the national clinical trial for AeroForm and is looking forward to its FDA approval, which she said is likely imminent. The medical device,

she noted, is already approved in Australia.

“It’s completely transformed their experience,” Zeidler said of her patients. “What the average patient goes through with the traditional expander with saline, they have to make appointments at the office for a procedure. . . . This appointment includes making the skin really clean and poking with a needle and injecting sterile saline,” she explained.

Zeidler reflected, “You know, it’s a little poke, just like getting your blood drawn. But you can imagine if you get your blood drawn every week for several weeks to a month, it all adds up in this whole process of everything else women go through. And as someone who watches women’s faces

and sees them wince with a little pinch – I think one day we’ll look back and say this is pretty barbaric.”

Now, however, the new AeroForm device allows women to keep their clothes on and self-dose at home without an injection procedure. “It’s incredible, and the patients have said that,” Zeidler said. “They’ve loved how easy it is and how much they are a little bit in control of the process.”

In addition to making patients more comfortable, the device has also proven to speed up the skin expansion process, reducing the time between the expander insertion procedure and the final implant procedure by about half, Zeidler said. ■



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# Medicare Experts Advise Signing Up For Coverage Early

■ By **BRANDON RICHARDSON**  
Staff Writer

In July 2015, the Medicare program celebrated its 50th anniversary of providing health insurance for individuals 65 years of age and older and for people with disabilities. According to the Centers for Medicare and Medicaid Services (CMS), 55 million people were covered by Medicare in 2015. The Congressional Budget Office projects 80 million Americans will be eligible for Medicare by 2035.

Currently, 13% of Americans are age 65 or older, a number that Pew Research Center estimates will increase to 18% by 2030 when the entire Baby Boomer population will be at least that age. Every day, 10,000 Baby Boomers become eligible and enroll in Medicare, a trend that Pew said began on January 1, 2011, has occurred every day since and will continue every day for another 14 years.

“There are four parts: Medicare A, B, C and D,” Jack Cheevers, public information officer for CMS, said. “Part A covers hospitalization, B covers doctor fees and medical equipment, C is what’s called Medicare Advantage, which is a type of managed care, and D is the prescription drug program.”

Cheevers explained that around three-quarters of those insured through the program are covered by what is known as Original Medicare, which consists of



Lisa Rubino, senior vice president of Medicare operations for Molina Healthcare, advises individuals to sign up for Medicare coverage during their initial enrollment period, which begins three months prior to their 65th birthday month, to avoid paying penalties for signing up late. (Photograph by the Business Journal’s Larry Duncan)

Part A and B. Individuals who have worked at least 10 years typically qualify for free Part A coverage, as payroll taxes go into the Hospital Insurance Trust Fund, which covers the cost. Part B requires recipients to pay monthly premiums based on their incomes, with prices ranging anywhere from \$120 to \$400 per month, according to Lisa Rubino, senior vice president of Medicare operations for Molina Healthcare.

“You get to pick any doctor in the

country that accepts Medicare, which is most of them. You get to go to any hospital you want in America that accepts Medicare, which is most of them,” Cheevers said. “So you have very, very extensive access to health care, and the government pays the provider directly. In other words, you can go into the doctor’s office for a checkup, the doctor bills Medicare and the federal government sends them a check.”

Medicare Part C, also known as Medicare Advantage, is similar to signing up for insurance through the Covered California marketplace – private companies have different plans that provide different coverage, and individuals can shop around for the coverage and premiums that best suit them. Cheevers explained that the benefit of Part C is that it often covers certain costs that Original Medicare does not. For example, some Advantage plans cover medications.

“That brings us to Part D, which is the drug program and is [also] sold by private insurance companies to people,” Cheevers explained. “You pay a monthly premium for it, and you can only sign up for D if you have Original Medicare.”

According to Rubino, most people begin receiving information on Medicare and enrollment materials six months be-

fore their 65th birthday. The initial enrollment period begins three months before the individual’s birth month and continues for three months after the birth month, for a total initial enrollment period of seven months.

Both Rubino and Cheevers recommend signing up for coverage during this initial enrollment period to avoid possible penalties for signing up late. If an individual turns 65 and is not covered by an employer’s or spouse’s medical plan but fails to enroll in Medicare, a fine will be incurred for failing to procure health insurance.

However, Cheevers noted that more people are working past the age of 65 and are covered by employer-provided group health insurance. He recommends that, prior to their 65th birthday, employees ask employers if they will be required to sign up for Medicare Part B. If employers do not require Part B, individuals can delay their Medicare enrollment. Once the job ends or the company insurance ends, whichever comes first, an individual has eight months to sign up for Part B without penalties.

When first eligible, people can enroll in any part of Medicare they choose and are eligible for during the initial enrollment period. For those who initially opted only for Original Medicare, open enrollment for parts C and D occurs annually should they wish to change coverage.

“So this open enrollment period from October 15 to December 7, that’s the time when you can sign up for the private plans, the C and D plans – Medicare Advantage and prescription drug plans,” Cheevers said. “If you have Original Medicare and you’re happy with it, you don’t even need to think about open enrollment. It’s only for people who want that drug coverage or the network health plan.”

Cheevers said, however, that he advises everyone who signs up for Original Medicare to also enroll in Part D because – even though they might be 65, healthy and not taking medications – health status can change very rapidly, and being caught without drug coverage can become expensive.

It’s also important to sign up for Part D

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# Medicare Experts Recommend Signing Up Early

(Continued From Page 24)

during initial enrollment because those who sign up later will have to pay a penalty unless they have other creditable drug coverage, such as through their employer or spouse, Rubino added. She explained that this penalty is applied every month not enrolled since initial enrollment and continues as long as the individual has Medicare Part D coverage, so she said a good rule of thumb is for individuals to sign up for every program they are eligible for.

Once a person is enrolled in Medicare, they are enrolled for life and there is no need to reapply year after year. However, program coverage can change annually – particularly for parts C and D – including changes to covered prescriptions, participating doctors and copay prices. Rubino recommends that individuals check their benefits annually to ensure necessary medications and doctors are still covered, as well as to see any other changes to their coverage.

“It’s the same advice I’d give my 92-year-old mother: If you’re in a plan and you like that plan, why change?” Rubino said. “If your doctor is the same, if you’re paying the premium and it’s the same, if your copays and whatnot have very little changes, it’s probably easiest to stay put. If your plan

designs and provisions have changed with a particular carrier, it’s always good to check what your options are.”

Cheevers said there are many resources to help people enroll in and keep up with their Medicare services. A “Medicare & You” handbook is available online and is sent in the fall to every person with Medicare coverage. People can call a 24-hour assistance line at 1-800-MEDICARE (633-4227) from anywhere in California and be redirected to a local office.

“The state Health Insurance and Coun-

seling Advocacy Program, which is partially funded by the federal government, is a place where you can go and get free counseling that’s personalized for you from volunteers who are usually Medicare beneficiaries themselves,” Cheevers said. “So they really know the ins and outs of the program. You can go to their office and do it face-to-face, or you can do it over the phone.”

For more assistance or to sign up, people can visit their local Social Security office, visit [ssa.gov](http://ssa.gov), call 800/772-1213 or visit [medicare.gov](http://medicare.gov). ■

## Election Jitters In Health Care!

■ By **TONY SINAY, PH.D.**  
Guest Editorial

**E**lection results are in and epic consequences are anticipated to change our lives in the near future. The entire GOP community and President-elect Donald Trump want to repeal controversial Obama Care with a more market friendly version of health care reform, but the challenge of fixing the health care system is not completely dependent upon fixing insurance markets (financing health care).

There remains a monumental task of improving the efficiency of health care facilities. As we all know, two important aspects of health care are (1) financing and (2) the delivery of health care, and the Affordable Care Act (ACA) that passed in 2010 affects both areas substantially.

The financing part has something to do with who pays for health care and how many resources need to be allocated to health care services, either at the individual level or a national level. This involves how we purchase health insurance and how we split the cost of premium amongst the government, employer and employees; what is the best structure for the insurance system; and ultimately who governs or manages the structure of “financing health care.”

People think the ACA – also known as Obama Care – has more to do with financing health care than delivering health care, but I believe otherwise. The ACA has some provisions that have aimed to directly and indirectly improve the delivery of health care. For instance, improving the delivery through incentives in payments is not new to the health care system. But bundled payment models and pay for performance (P4P) payment models are part of the ACA, which is designed to lead to a structural change in the health care system. Several private insurers in California collaborated on P4P model for physician group practices following the passage of ACA, and so did the CMS [Centers for Medicare and Medicaid Services] that started a demonstration P4P model for hospitals. The health care system needs to get integrated, abandoning the fragmented system we have complained about for many years.

The law introduced the concept of Accountable Care Organization (ACO) which is simply another name for coordinated or integrated care, which was found in many research studies to be significantly more efficient and less costly than fragmented and smaller health care delivery systems. This means the U.S. health care system needs to move away from very small facilities; 1-2 physician practices, up to 100-bed hospitals, and small labs and imaging centers, etc.

It is our hope that the GOP takes these potential improvements in the health system into consideration when repealing Obama Care.

President-elect Trump said on a recent TV interview that some good sections of Obama Care will be retained, such as no pre-existing conditions for obtaining a health plan and allowing children to stay insured under their parent’s health plan until the age of 26. But this “horrible” law is not working and needs to go, he said.

Once again health care delivery provisions of the law may be overlooked by the GOP that require a second look to preserve the systems’ movement towards a more integrated health care system. Past research showed that there are significant economies of scale in the operations of hospitals up to 200 beds (some studies suggested these exist up to 300 beds). In other words, significantly smaller hospitals could lower their costs by increasing their size and volume because large fixed costs can be spread over a larger patient volume. Smaller physician groups, private clinics and rural facilities also achieve significant efficiencies as they become larger and more integrated. In addition larger managed care companies are found to be more efficient because the insurance business requires providing coverage for large populations for more effective results. There are other research studies recommending collaborations, affiliations and forming close ties amongst local health care facilities to obtain similar efficiencies if there is not enough patient volume to support the larger size of health care facilities.

So what is the bottom line? The bottom line is that provisions of Obama Care that affect the delivery of health care must be retained to continue to push U.S. health care towards coordinated and integrated health care delivery. Obama Care started this transition and there is no reason to interrupt it regardless of how health care is financed. Although it may be painful for the U.S. health care system and individual facilities to go through this transition, eventually it is good for organizations, good for the system, and most importantly good for the country!

(Tony Sinay, Ph.D., is a professor and chair of the Department of Health Care Administration at California State University, Long Beach.) ■

## HealthWise

### E-Cigarettes, A Healthier Alternative To Cigarettes? Not Quite



By **ROBERT LIU, M.D.**

**D**ecades of research have shown that smoking negatively affects the body, but, with little to no data, it’s not yet clear if e-cigarettes are harmful to the lungs and body.

Electronic cigarettes (e-cigarettes) are battery-operated products designed to deliver flavor and chemicals to the smoker. These chemicals, including nicotine, are turned into a vapor that is inhaled.

With e-cigarettes – sold in fruit flavors and shiny packaging – many people, including teens, see no harm in using these products. E-cigarette use among middle and high school students tripled from 2013 to 2014, according to data published by the Centers for Disease Control and Prevention and the U.S. Food and Drug Administration (FDA).

A 2014 study performed at University of Southern California on e-cigarettes found that the level of exposure to cancer-causing organic compounds was reduced to almost zero in second-hand e-cigarette smoke. However, chromium and nickel were detected in the smoke exhaled from e-cigarettes at levels higher than traditional cigarettes.

Another study conducted by the Center for Environmental Health found levels of formaldehyde and acetaldehyde, which are cancer-causing chemicals, inside e-cigarettes at 470 times higher than the California Safety Standard under Proposition 65.

The popularity of e-cigarettes remains high, yet all of the long-term effects on the body are still unknown. A step in the right direction was made earlier this year when the FDA finalized a rule extending its regulatory authority to cover all tobacco products, including e-cigarettes. The FDA now regulates every aspect of production and manufacturing, including the sale and promotion of e-cigarettes.

Many e-cigarette companies market their product as a tool to help smokers quit. However, the FDA’s Center for Drug Evaluation and Research has not approved any e-cigarette as a safe or effective method to help smokers quit.

While many people may choose e-cigarettes as an alternative to traditional cigarettes, continuous nicotine consumption in any form is unsafe. In addition to being an addictive substance, studies have shown that it has a negative impact on brain development for children and young adults.

While avoiding traditional cigarettes all together remains the best way to lower your chance of dying or suffering from lung cancer, emphysema, heart attacks and more, there are safer smoking cessation alternatives to e-cigarettes.

Nicotine replacement therapies are designed to wean the body off cigarettes, by supplying it with controlled nicotine amounts and reducing exposure to other chemicals found in tobacco products.

There are several nicotine replacement therapies approved by the FDA.

- Nicotine patch – With the patch, nicotine is gradually and steadily released into the bloodstream to reduce withdrawal symptoms.
- Nicotine gum – The gum works by releasing small amounts of nicotine into the mouth lining to decrease withdrawal symptoms.
- Nicotine lozenges – Lozenges deliver nicotine quickly through the mouth tissues.
- Nicotine nasal spray – The nasal spray instantly delivers nicotine with one spray into each nostril. The spray is helpful for sudden cravings.
- Nicotine inhaler – The inhaler delivers nicotine as quickly as nicotine gum.

There are other non-nicotine based medication therapies available to help individuals quit at the end of the nicotine replacement therapies.

If you’re thinking of quitting and aren’t sure what the best alternative is for you, consult your primary care physician. Make 2016 your year. Commit to quitting this month – November is Lung Cancer Awareness Month.

(Robert Liou, M.D., is a pulmonologist at MemorialCare Todd Cancer Institute on the Long Beach Memorial Campus)



# New Businesses And Involved Residents Spur Rapid Growth In Bixby Knolls

■ By **BRANDON RICHARDSON**  
Staff Writer

Once a sleepy neighborhood of Long Beach, Bixby Knolls has seen rapid economic growth in recent years. In 2016 alone, more than 70 new business licenses have been issued for the Bixby area, according to Blair Cohn, executive director of the Bixby Knolls Business Improvement Association (BIA).

“It’s my favorite part of the city,” 8th District Councilmember Al Austin said. “It’s where I live. It’s home. So I’m a little biased in that regard. I like to say that the [BIA] is the gift that keeps on giving. They do great work. Blair leads a strong team, and in many ways I see them as an extension of the council office. We work pretty closely together for the greater good of the Bixby Knolls community.”

Austin said there is a lot of creativity going on in Bixby Knolls and considers the area’s improvements as the starting point of

(Please Continue Next Page)



## EJ Malloy’s – Bixby Knolls

Corrie Matthews is manager of EJ Malloy’s Restaurant & Pub at 4306 Atlantic Ave. – one of three EJ Malloy’s locations in Long Beach. The neighborhood sports bar offers familiar American dishes, draft microbrews and patio seating. It’s open daily for lunch and dinner, and breakfast is served Saturdays and Sundays from 9 a.m. to 1 p.m. For more information, call 562/424-5000 or visit [www.ejmalloypub.com](http://www.ejmalloypub.com). (Photograph by the Business Journal’s Larry Duncan)

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(Continued From Page 27)

the renaissance he says is occurring in all of North Long Beach. In the four years he has been in office, Austin said he has seen tremendous change and thinks the area is performing beyond expectations.

Including the 2016 additions, Cohn said the Bixby area is approaching 800 total businesses, including shops, restaurants and professional services. Cohn explained that vacancy rates have dropped to near 1% in some sections of the neighborhood and noted the Bixby Business Center is now at zero vacancy.

“We also see expansion. Lola’s – when they moved up here, that was their third location in the city. Twig & Willow – that’s their second location in the city,” Cohn said. “We have some other folks looking, trying to find any spot to fit in because they like what they hear about Bixby Knolls. So this has been a good year. I call it the year of fruition.”

The Long Beach Boulevard corridor of Bixby Knolls will soon welcome SteelCraft, an outdoor, urban eatery center. Located on the southeast corner of Bixby Road and Long Beach Boulevard, Cohn said SteelCraft will be a game changer for the corridor. According to the SteelCraft



### Pixie Toys And Pixie Baby

Heather Rasmussen opened Pixie Toys at 3930 Atlantic Ave. about seven years ago, and recently opened a second store nearby, Pixie Baby at 3920 Atlantic Ave. Pixie Toys is open from 10 a.m. to 5 p.m. Tuesday through Saturday. For more information on either store, call Rasmussen at 562/490-0702. (Photograph by the Business Journal’s Larry Duncan)

website, vendors will include Smog City Brewing Co., Working Class Kitchen, Tajima, Steelhead Coffee, Waffle Love, Long Beach Farms and Blooms by Brooke.

Low vacancy and SteelCraft are not the only indicators of the Bixby area’s continued improvement. Cohn noted the sale of the Bixby Knolls Shopping Center, where

Trader Joe’s is now located, by Red Mountain Retail Group for an “ungodly amount of money.” The company first purchased

(Please Continue To Page 30)

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**Dr. Deanna G. Cheung is the Medical Director & Director of Research at LBCCR. She is a board-certified internist with a Hypertension Specialist designation from the American Society of Hypertension and a special interest in cardiovascular disease prevention. She has over 20 years of experience in conducting clinical research. In addition to her research activities, she teaches and practices both inpatient and outpatient medicine.**



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### Orozco's Auto Service

Servando Orozco, CEO and founder of Orozco's Auto Service in Bixby Knolls and Bellflower, shows off his 100-page-plus book, "Orozco's Nuts and Bolts Guide to Understanding Your Car." Orozco opened his first repair shop in 1990 on Long Beach Boulevard and soon expanded with a second location at 3619 Atlantic Ave. His first Bellflower shop opened in 2013. In addition to complete auto repair and maintenance services, he sells a variety of tires. The shops are open Monday through Saturday. For more information, visit [www.orozcautoservice.com](http://www.orozcautoservice.com). Orozco also serves as president of the Bixby Knolls Business Improvement Association. (Photograph by the Business Journal's Larry Duncan)

(Continued From Page 28)

the rundown property for \$8.6 million in January 2015. Last month, Red Mountain announced its sale of the property to an undisclosed buyer for \$29.2 million.

With small business booming in the area, Cohn said he would still like to see a men's clothing store, a hardware store, a sporting goods store and an art supply store move into Bixby Knolls. He thinks these busi-

nesses would not only be good for Bixby residents but would also pull shoppers from surrounding areas in Long Beach, as well as the City of Lakewood and the South Bay.

Along with the many small businesses seeking space in Bixby Knolls, Cohn noted that new, larger tenants will soon enter the area. Most notably, Cohn said Smart & Final will be opening near Marshall's at the former Orchard Supply Hardware location



### Long Beach Computer Repair

Long Beach Computer Repair opened in Bixby Knolls three years ago at 4378 Atlantic Ave. Owner Escar Hernandez, standing, is pictured with Ivan Arias, lead technician. The company, open Monday through Saturday, provides onsite service, PC and Apple repair, data recovery and much more. For more information, visit [www.longbeachpcfix.com](http://www.longbeachpcfix.com) or call 562/449-7558. (Photograph by the Business Journal's Larry Duncan)

at 4480 Atlantic Ave., and there are still talks of Chick-fil-A moving into an empty lot on the southeast corner of Atlantic Avenue and 33rd Street.

"We're thrilled to death every time we hear that someone wants to come. We have another cool restaurant that I'd love to have come, kind of a fun concept, they're just trying to look for that space," Cohn said. "It's a good problem to have. Instead of us begging and pleading and

seeing everybody leave, we're seeing people open their doors."

### Building A Sense Of Community

Cohn said the area's success did not happen overnight and did not happen without hard work. He explained that the BIA staff is extremely small – himself, two other full-timers and one part-time employee – and have stretched themselves



### Piano Crosswalks On Long Beach Boulevard

On September 27, Bixby Knolls residents were surprised with piano keys crosswalks at the intersection of Bixby Road and Long Beach Boulevard courtesy of Long Beach Public Works Department. Construction on SteelCraft, a shipping container vendor concept, which will include Smog City Brewing Co., can be seen in the background. (Photograph by the Business Journal's Larry Duncan)



very thin by taking on as much work as they have. However, Cohn said that in order to accomplish what has been done and to continue growing the area, the BIA has to continue to take on as much as it can.

“Blair’s impact on the entire area cannot be overstated. He has been one of the key figures at getting that whole Bixby area activated,” 7th District Councilmember Roberto Uranga said. “He’s always been looked to and consulted to share his ideas on other parts of the city. I went to him when I first got elected to see if there was an opportunity for him to help me with the business corridors in my district.”

The BIA is not alone in building a better Bixby Knolls. Cohn said the community as a whole, from businesses to residents, has really come together to care for the area and take pride in what has been accomplished. One of the best examples of the sense of community is First Fridays, an event held on the first Friday of every month (get it?) where businesses along the Atlantic corridor between San Antonio Avenue and Bixby Road remain open later and often offer discounts. The event includes musical performances, DJs and art installations.

Heather Rasmussen, owner of Pixie Toys, which has been located in Bixby Knolls for about seven years, enjoys the atmosphere and sense of community so much that she recently leased another space to open a second store called Pixie Baby. Rasmussen said the First Fridays event has been a big driver for her business.

“I can totally tell that First Fridays has been the leader as to why businesses have been doing so well,” Rasmussen said. “It’s not necessarily about the customers coming here and purchasing, even though obviously it’s a nice thing, but it’s good for them to come and see what businesses are here and to know that when they do need whatever it is, [it’s here].”

First Fridays was started 10 years ago when a couple of businesses decided to stay open later once a month and offer promotions to increase foot traffic, Cohn explained. Over time, the number of businesses grew. And eventually, the BIA took over the event to help facilitate entertainment and artists. Now, Cohn said between 25 and 30 businesses participate in the monthly event.

“We’re just continuing our outreach to

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(Continued From Page 31)

our neighbors,” Cohn said. “Not just the neighborhood, but we have all of our monthly programs – book club, walking club, supper club, good spirits club, our monthly kids’ bike ride – so there’s something going on all the time. There’s two other running clubs that we didn’t create that are out there getting people involved. That’s just what’s happening. We try to build a real sense of community here.”

Monthly BIA events all have social components because the association wants to continue to reconnect residents to the businesses, a relationship that Cohn said had been weak in the past. He explained the walking club gets people out into the neighborhood noticing the businesses. The Good Spirits Club and Supper Club are hosted by different businesses each meeting to bring sales and hopefully build a customer base. The book club, now on its 106th book, is meant for residents to create friendships amongst themselves. All of this, Cohn said, is to build a better sense of community among residents and businesses.

To keep businesses engaged, Cohn said the BIA created a members-only Facebook page to bring them all together and simplify

communication. Along with the Facebook page, Cohn explained that he still mails letters to businesses regularly regarding programs and events. Cohn noted that it is important to him to include businesses along the Long Beach Boulevard corridor to make sure the entire business community feels welcome and supported.

“We have an 11-member board that are all small-business owners, and then we have four community liaisons,” Cohn said. “The good thing for me is that the board is so supportive. In the beginning, there [were] a couple boardmembers that were kind of old school who didn’t understand the new direction we were going. But the board is great because we’re always in communication on what’s happening.”

Servando Orozco, who is in his 4th year as board president and is the owner of Orozco’s Auto Repair with two locations in Bixby Knolls, said he is proud of the community for coming together and making the area what it is today. Orozco explained that much of the board’s success in improving business in the area is its relationship with residents.

“I feel it’s our responsibility to take care of and give back to the community,” Orozco said, adding that the community is



First Bank Bixby Knolls Branch

Kris Allen, left, vice president and senior bank manager for First Bank in Bixby Knolls, is joined by Robert Renteria, vice president and regional manager for the bank’s Los Angeles and Riverside region. Located at 4040 Atlantic Ave., the bank’s normal business hours are 9 a.m. to 5 p.m., Monday to Friday. To reach the Bixby Knolls Branch, call 562/595-8775. (Photograph by the Business Journal’s Larry Duncan)

the reason the business corridor is where it is today. “It’s a way to pay back.”

As a business owner, Orozco said he feels fortunate to be a part of Bixby Knolls. He said it is unique and supportive of businesses, with residents doing a lot of local shopping and spending their money in the area. Orozco said he hopes the success of Bixby Knolls will raise the bar for other areas of the city and inspire them to make improvements citywide.

“I think Bixby Knolls has really carved out a niche for great food, quality beer and wine, but also boutique shopping that is unique to Bixby Knolls,” Councilmember Austin said. “More importantly, the community is behind them – the community

has wholly bought into what is happening here, and I think that is really the secret to success for Bixby Knolls.”

Derek Twells, an insurance agent at Farmers Insurance who’s been part of the community for 15 years, said his office really enjoys Bixby’s Brooklyn Deli. “I had a friend in from New York, and I took him there. And he was just, like, wow, this is good. The quality of the food there is just spectacular,” Twells said.

The community vibe is different than other parts of the city, explained Luis Navarro, owner of Lola’s Mexican Cuisine. Navarro’s Bixby location opened in March and is his third in the city, the first two being on Retro Row on 4th Street. He ex-

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plained that on 4th Street the crowd is very eclectic, whereas the Bixby Knolls crowd is more “put together.” He also noted that people are on different schedules.

“On 4th at 8 p.m., we’re barely starting to get our rush, and we power through it until about 10 p.m.,” Navarro said. “Then down here, the dinner rush starts at around 4:30 or 5 p.m., and it’s pretty much done by 8 or 8:30 p.m. And the neighborhood’s quiet. You can tell people are on a different schedule down here – the school schedule, [and] they’re on their work schedules.”

One of the keys to remaining competitive in an area with ever-expanding community is to keep your business relevant by introducing something new or by offering services most others do not, according to Corrie Matthews, manager of E.J. Malloy’s in Bixby Knolls. One of three locations in the city, E.J.’s has been in Bixby for 15 years and has managed to keep business up by providing the only sports bar atmosphere in the area.

“Being a Long Beach institution and having three locations, we are always excited to see businesses expanding,” Matthews said. “We are always happy to work with the neighborhood to make sure

they’re happy. We’re just proud of the business association for being so supportive to the businesses.”

Kris Allen, branch manager at First Bank in Bixby Knolls, who started at the branch in May, said he appreciates the sense of community because, as a bank manager who has worked from Northern California all the way down to San Diego, he has never felt more welcomed into a neighborhood from day one as he did when he came to the Bixby area. He said this is the most diverse, friendly and helpful neighborhood he has ever worked in, and that he is impressed by everything happening in the community.

“It’s probably one of the better decisions I’ve made, coming here, because it’s a breath of fresh air coming into a community where people still know you by first name and are very welcoming. I never felt like an outsider from the first day I stepped here. It’s very appreciated, and I don’t know if that’s something that’s talked about. I try to be as close to the community and involved with the community as possible.”

During the holiday season, Allen’s branch is working closely with the Kiwanis Club to gather Adopt-A-Family donations

(Please Continue Next Page)

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(Continued From Page 33)

from the community. Residents can make cash or gift donations from specified lists at the branch located at 4040 Atlantic Ave.

### Area Improvements

Prior to the dissolution of the Long Beach Redevelopment Agency, Bixby Knolls area improvements began with the agency investing in the street medians. Improvements continue to this day, with the BIA and businesses focusing heavily on façades, which Cohn said are nearly completed. One recent achievement for the BIA was the addition of piano-key crosswalks at the intersection of Bixby Road and Long Beach Boulevard, courtesy of Craig Beck at the Long Beach Public Works Department.

“I said, ‘Wouldn’t it be great if, in this intersection, we did something cool and funky?’ So I sent him some pictures of the ideas we had,” Cohn said. “He said, ‘I may have something for you.’ And he said, ‘I think I can get you some piano keys. They’ll look phenomenal, and they’d go right next to SteelCraft.’ So they surprised us. A guy showed up, and someone called us and said, ‘They’re putting piano keys down!’ And we loved it, and we want to do more of that.”

Additionally, Cohn said the BIA has commissioned murals in the area, painted utility boxes, and turned an alley located at Atlantic Avenue and Burlinghall Drive (across the street from the Expo Arts Center) into The Allery, an art space where four frames have been mounted on the wall and every three months a different artist will paint the panels. Cohn said he also hopes to eliminate irrelevant green and yellow zones to maximize parking along Long Beach Boulevard.

Crime and safety are another major focus area of the BIA and the community in general. To increase security, the association is offering its members a deal on security lighting where the business only needs to pay 20% of the installation cost, while the BIA will cover the other 80%. Security cameras are also being installed throughout the area, as well as an increased presence of security through the BIA’s contract with C.S.I. Patrol Service Inc.

Dennis Cook, owner of C.S.I., said that even though his company has had a contract with the BIA since 2012 to patrol five days per week, his officers actually patrol seven days per week, because he understands funds are limited. Every day, C.S.I. has three officers in the Bixby area, accord-



### Keeping A Watchful Eye On Bixby Knolls

Dennis Cook, president and CEO of C.S.I. Patrol Services, has a contract with the Bixby Knolls Business Improvement Association to patrol the neighborhood five days a week, for 12 hours per day. However, as a way of giving back to the community, the company patrols seven days a week and hopes to increase to 16 hours per day in December, according to Cook. (Photograph by the Business Journal’s Larry Duncan)

ing to Cook – one patrol car, one mountain bike and one three-wheeled Segway. The company patrols the area 12 hours per day but hopes to increase to 16 hours per day by December 1, Cook explained.

“A lot of my staff lives local, so they know we want to do what’s in the best interest for our community,” Cook said. “So they’re willing to help out and do their part. I’d love for 24 [hours-per-day patrols] one day. Just as soon as my budget would allow it, I’ll make it happen.”

The company recently celebrated its 25th year in business and has been located in Bixby Knolls all those years. Aside from patrolling Bixby Knolls, the company and its fleet of 22 marked cars, two unmarked cars, five mountain bikes and one Segway are contracted by property management companies to patrol sites such as warehouses, retail centers and even several residential properties. For these residents, C.S.I. patrols will even pick up the mail and bring their trash cans out so it looks like homes are occupied when residents are on vacation.

“A lot of times, security officers, law enforcement, anybody who wears a uniform automatically is hated for some reason,” Cook said. “But we are so welcomed within this community. It’s nice to actually interact with people, and they thank you for being here. That’s why we do it – it’s worth it, it’s home.”

Cook said that since they began patrolling the Bixby area, crime has fallen. He said that when police get a low-priority

call, his patrols are able to get to the scene and de-escalate the situation, often without needing Long Beach police assistance.

“We have a good relationship with the police. And we’re also not unrealistic,” Cohn said. “We’re realistic in that they’re short of resources themselves, so we do as much as we can to protect ourselves.”

### The Future Of Bixby Knolls

Councilmember Uranga commends Austin and Cohn for the work they continue to do to improve the neighborhood. However, Uranga would like to see the outreach spread to his district, which begins at Bixby Road. Uranga pointed out that First Fridays festivities are only north of Bixby Road, which means several businesses in his district are excluded.

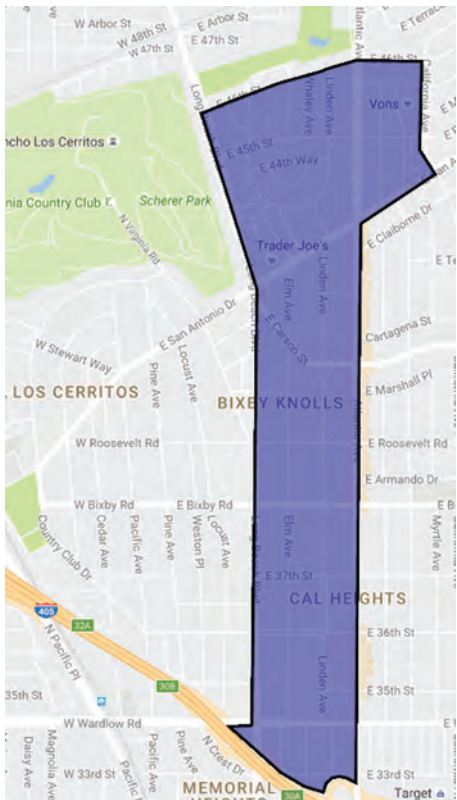
“Being more inclusive – it has an opportunity for growth. And perhaps including some of those businesses south of Bixby would be one way of being more inclusive and getting the 7th District much more involved and engaged in those activities as well,” Uranga said. Nonetheless, he is proud of the Bixby Knolls community’s accomplishments.

Cohn noted that more and more families and young professionals are moving into the area, and he expects to see that trend continue. He said his staff jokes about people thinking Bixby Knolls is so far away, while being willing to drive downtown or to Belmont Shore and deal with the hassle of parking.

If he had more money at his disposal, Cohn said the first thing he would do is

build up the BIA staff in order to have an even greater impact on the city. Additionally, he would use funds to complete the façade work, particularly on the 3400 block of Long Beach Boulevard, and initiate incentive programs to bring more businesses.

“We’re still climbing a mountain. We’re not there, but we’re getting there,” Cohn said. “I jokingly call it the Promised Land up here. There’s still so much potential, and there are great people. And I just think it’s really a force to be reckoned with.” ■



The highlighted area indicates the boundaries of the Bixby Knolls Business Improvement District. The approximately 800 businesses within the district pay an assessment that is used by the Bixby Knolls Business Improvement Association (BKBI) to market and promote the area, fund improvements within the district, provide cleaner streets, sidewalks and alleys, etc. For more information, contact the BKBI at 562/595-0081, or visit: [www.bixbyknollsinfo.com](http://www.bixbyknollsinfo.com).



## Stephanie Lewis To Lead Adult Education At LBCC



Long Beach City College (LBCC) announced that Stephanie Lewis, a former school principal and director at the Los Angeles Job Corps, has been named director of adult education. She will be leading the Long Beach

Adult Education consortium – which includes LBCC, the Long Beach Unified School District and the community at large – in implementing the regional plan created to improve local adult education. According to the college, “about 45,000 Long Beach residents do not have a high school diploma or lack basic skills needed to be successful in the workforce.” With a population approaching 500,000, that represents about 1 in every 11 residents. Lewis holds a master’s degree from the University of LaVerne and a bachelor’s from Cal State University, Northridge.

## Ann-Marie Gabel Named Acting Superintendent And President For LBCC



The Long Beach Community College Board of Trustees named Ann-Marie Gabel, the college’s vice president of administrative services, as the interim superintendent-president. A search is underway to replace Eloy Ortiz Oakley, who is the new chancellor of the California Community College System. Gabel, who has been with the college since 2007, assumes the role on December 19, the day after Oakley departs for his new position. The trustees have appointed a 22-member presidential search committee to oversee the selection process. Prior to her appointment, Gabel had received statewide recognition from the Association of Chief Business Officials for “exemplary community college service and leadership at the local and state levels,” according to a statement from the college. Gabel was presented the Walter Star-Robie award, given annually to business administration professionals in the California community college system for “outstanding achievements and service to their respective districts and the state.”



## Buono's Pizzeria Serves Lunch At Long Beach Rescue Mission

“Helping others and maintaining a strong sense of community is something I was taught as a child,” said Frank Buono, owner of Buono’s Pizzeria, citing one reason why he approached the Long Beach Rescue Mission to provide free lunch to its clients. The event took place November 14 at the Rescue Mission’s offices at 1335 Pacific Ave. “Long Beach has a growing homelessness concern, and there are many among us who don’t get the chance to dine out at ours or any restaurant, so we decided to bring Buono’s to them.” Buono’s staff served pizza, pasta, salad and dessert to 200 homeless men, women and children. The event was held in conjunction with National Hunger and Homelessness Awareness Week. For more information about Buono’s, visit [www.BuonosPizza.com](http://www.BuonosPizza.com), and for the Rescue Mission, visit [www.LBRM.org](http://www.LBRM.org). Pictured are Frank Buono, left, with Chaplain Robert Probst, executive director at Long Beach Rescue Mission. (Photographs by the Business Journal’s Larry Duncan)



## Long Beach City College Receives \$300,000 Grant From Union Bank Foundation

Long Beach City College is the recipient of a \$300,000 grant from the Mitsubishi UFJ Financial Group, Inc. (MUFG) Union Bank Foundation (Photographs by the Business Journal’s Larry Duncan). The grant supports the Small Business Development Center (SBDC) Technical Assistance and International Business Accelerator, and “The Portal,” a new LBCC initiative for student entrepreneurship. The Los Angeles Regional SBDC Network is based at LBCC. MUFG Union Bank Foundation, formed in 1953, is a nonprofit public corporation serving as an agent for charitable contributions made by the bank. Pictured during check presentation ceremony are, from left: Jeff Kellogg, vice president, Long Beach Community College District Board of Trustees; Vivian Malauulu, board trustee; Victor Parker, district director, Small Business Administration, Los Angeles District Office; Eloy Ortiz Oakley, LBCC superintendent-president; Sylvia Castillo, director of foundation and community outreach officer, Union Bank; Long Beach Mayor Dr. Robert Garcia; Leticia Aguilar, regional president-Los Angeles Central Coast Division, MUFG Union Bank, N.A.; Fred Méndez, director and national community outreach officer, corporate social responsibility, Americas (CSRA) Group, MUFG Union Bank, N.A.; and Lou Anne Bynum, LBCC executive vice president. (Photograph by the Business Journal’s Larry Duncan)



## Long Beach Has A Beer Belly

Six years after opening their first location in Koreatown, Los Angeles, Jimmy and Yume Han have brought their Beer Belly to Long Beach. Located at 255 Long Beach Blvd., the craft beer and restaurant hopes to exemplify Long Beach and its culture, according to Joshua Haskal (pictured at right), general manager of the new location. Haskal explained that Jimmy (pictured at left) had several offers from L.A. and surrounding cities for the second location, but ultimately believed in the culture and vibe of Long Beach. “We started our first day with a line outside of the door. There was a lot of very positive feedback,” Haskal said. “It’s definitely been well received and a lot of the neighbors have been waiting for us to open.” Just as the Koreatown location has specialty dishes, Executive Chef Wes Lieberher (pictured center) created a menu to capture the diversity of the area. Latin dishes specific to the Long Beach location, such as LBC Crab Corn, Lieberher’s spin on Mexican elote, and al pastor enchilada meatballs are listed along with Beer Belly classics, such as the grilled cheese and other specialty sandwiches and sides. With 24 taps behind the bar, Haskal said Long Beach currently has 21 beers on rotation. One tap is being used to dish out Recreational Coffee’s hop-infused iced coffee and the remaining two taps will be used for batch cocktails in the future. Haskal explained that Beer Belly doesn’t limit itself when it comes to which brewers to deal with, sometimes even picking up kegs from small-batch breweries that may not have expansive distribution capabilities. Because of this, Haskal said patrons will find more rare and unique craft beers at Beer Belly than other spots in the city. The Long Beach location, unlike Koreatown, also added a full bar and, according to Haskal, had a cocktail director put together an “amazing farmers market-driven cocktail program” that could rival any in L.A. Additionally, Haskal took it upon himself to put together a wine menu to appeal to Long Beach’s wine community. “I’m very excited that we’re establishing ourselves as part of the growing community downtown,” Haskal said. “We’re just looking to add and enhance and complement the diversity and culture.” The new location is open Mondays and Tuesdays from 5 p.m. to midnight; Wednesdays and Thursdays from 5 p.m. to 1 a.m.; Fridays and Saturdays from 11:30 a.m. to 2 a.m.; and Sundays from 11:30 a.m. to midnight. For more information, visit [beerbellyla.com](http://beerbellyla.com) or call 562/436-2337. (Photographs by the Business Journal’s Larry Duncan)



## Pelican Products’ Consumer Division Makes Downtown Its Home

Pelican Products Inc., a manufacturer of high-performance cases and lighting, recently opened its new consumer products division at 130 Pine Ave. in Downtown Long Beach. The company, which is based in Torrance, is celebrating its 40th anniversary this year. It was originally founded as a manufacturer of rugged flashlights and equipment cases for scuba diving, and now offers a wide range of product types. Its consumer division makes durable phone cases for iPhones and Samsung devices, coolers, mugs and other products that can be found at Best Buy, Dick’s Sporting Goods, Walmart, Verizon Wireless and many other stores. The firm’s Long Beach office houses 23 employees in an open, collaborative space and includes marketing, design, resources, management and operations departments. When the company started the consumer division, the aim was to create a lifestyle brand around it and among its employees. Downtown Long Beach seemed like a good fit for that, according to Robert Shortt (pictured), president of the consumer division. “We really saw a downtown urban environment that was diverse, that had really great energy,” he said. “We thought that really matched up well to what we were trying to do with the brand and culture of the team.” The firm held an open house on November 17. For more information about Pelican Products, visit [www.pelican.com](http://www.pelican.com). (Photographs by the Business Journal’s Larry Duncan)



### Alsatian Restaurant 4th And Olive Now Open – Half Of Staff Are Veterans

4th And Olive, an Alsatian restaurant in Long Beach’s East Village Arts District, is now open for business. The restaurant, which features fare from a region of France located on the border of Germany and Switzerland, makes nearly everything from scratch – the sauerkraut is fermented in house, all the condiments are made by the chef, and even the dough for the restaurant’s pretzels is made onsite. Tables feature mini-kegs for dispensing beer. Owner and General Manager Dan Tapia, who has a beverage background, originally planned to open a bar. But when his real estate agent showed him the building at 743 E. 4th St., his plans changed. “I looked at it and realized immediately I had to have this building. It was totally inappropriate for a cocktail bar,” he said. “We decided to open an Alpine restaurant, and then we settled on the Alsace region because I figured the food there is pretty much some of the best.” Tapia is a disabled veteran. He decided to start his own business a couple of years ago after being discriminated against for his disability at a prior place of employment. “I figured, let’s start a company that goes the opposite direction and encourages . . . other disabled vets to work for us.” About half of the employees at the restaurant are veterans. 4th And Olive is currently open only for dinner, but after an official grand opening some time in December, it will begin serving brunch. Weekdays, 4:30-10 p.m.; weekends, 4:30-11 p.m. For more information, call 562/269-0731. Pictured, from left, are: Tapia; Alex McGroarty, executive chef du cuisine; and Adam Grimm, co-owner and assistant general manager. (Photographs by the Business Journal’s Larry Duncan)



### Hazel Quimpo Named DLBA Communications Mgr.

Hazel Quimpo, a Long Beach resident and graduate of CSU Long Beach, has been named communications manager for the Downtown Long Beach Alliance. She joined the staff earlier this month. “Hazel’s background in both traditional and digital media is a welcome addition to the DLBA team,” said Kraig Kojian, president/CEO. “Her proven experience will help keep both existing and new developments in Downtown Long Beach on the nation’s radar.” Quimpo’s experience includes managing events and coordinating marketing for

the Long Beach Museum of Art and the Museum of Latin American Art, launching the Orange County and Long Beach communities for Yelp and running her own events and media consulting business.

### DENSO Long Beach Names Daniel Muramoto As Its New Marketing And Communications Manager

Long Beach-based DENSO Products and Services America, Inc., a subsidiary of global automotive supplier DENSO Corp., has named Daniel Muramoto marketing manager of the company’s after-

market automotive products and services, as well as its MovinCool, Robotics and ADC divisions. Muramoto is responsible for directing Denso’s team of marketing professionals handling advertising campaigns, product websites, social media, trade shows, product catalogs, technical publications, external affairs and corporate communications. He has more than 20 years of marketing experience in the automotive and heavy equipment. Muramoto is fluent in English and Japanese and holds a Master of Business Administration from California State University, Los Angeles, and a Bachelor of Science in Business Administration from the University of Southern California.

### Dean Mollie Smith Honored For Legislative Advocacy

Mollie Smith, dean of Career Technical Education (CTE) at Long Beach City College, has been presented the Leadership Advocate Award from the California Community College Association of Occupational Education. She was recognized for a decade of legislative advocacy on behalf of the association. Smith joined LBCC earlier this year and is responsible for oversight of all the college’s CTE programs, which help prepare students for a wide variety of vocational careers.

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# Inside City Hall

## Maybe We Should Just Break Up: Is It Time For An East Long Beach? Part I



By GERRIE  
SCHIPSKE

Several recent actions by the city council indicate the City of Long Beach may have become too big and too out of touch with the people who live here – especially those residing on the east side of the city.

These actions include:

- Focusing on the downtown area over and over again when other neighborhoods need help.
- Obligating taxpayers to pay \$513 million for the tear down and building of a downtown city hall and main library that were only constructed in the 1970s.
- Pushing a sales tax increase (with the help of \$750,000 in campaign contributions) that was rejected by voters in East Long Beach but which passed

and makes the city's sales taxes (10%) the highest in the area.

- Failing to utilize performance measures so that city staff and taxpayers can know whether or not tax revenues are spent appropriately and efficiently.
- Previously placing a great portion of the city in redevelopment, which removed the tax increment from the property tax increases in those areas that should have gone to the city General Fund, yet did not redevelop those areas.
- Continuously pouring money into the Queen Mary without a deep examination of how money is spent and why the city has had to bail out so many operators.

After leaving the council in 2014, I have spent considerable time writing about the history of the city where I was born. So I have learned that much of what needs to be fixed in Long Beach has its historical roots in the city's failure to have a strategy to deal with loss of federal dollars and major employers. As its population grew, the city has flopped from seaside resort to Navy town to airplane manufacturer to major port and still relies on the government sector for most of its jobs.

To compound the problem of not having a strategic plan to deal with population growth, in the 1950s and 1960s, the city annexed one new housing area after another on the eastside, and then in the 1970s allowed the construction of shoddy apartment buildings to ruin many other neighborhoods.

Because of growing pockets of less expensive rental apartments (owned mostly by people who do not live in Long Beach), there are several large areas in Downtown, Central and North Long Beach that consume a great deal of public safety resources because of crime.

Eastside residents believe that when their area is in need of infrastructure, parking mitigation, or response to property crime, that they have to battle a city council (the majority of whom do not live on the east side) so that their area gets resources.

Simply stated: many eastside residents are becoming more and more disconnected from the City of Long Beach. They are tired of seeing their property taxes and sales taxes spent in other areas of the city for things that do little to improve the quality of life where they live. They are tired of having their voices drowned out by special interests who can fund political campaigns and ballot measures.

What can be done to change this situation? Would a smaller-sized city be more responsive and effective? Should the eastside residents break away from the City of East Long Beach?

Let's discuss in the next column.

Next Column: Part II: Maybe We Should Just Break Up.

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

# Small Business Dollars & Sense

## Closing Out The Year Successfully For Your Small Business



By BEN  
ALVARADO

With the holiday season right around the corner, now is a good time to take stock of your small business finances and plan for 2017. Making time now to review your business's financial health and update your business plans will help you be better prepared for success in the coming New Year.

How profitable was your business in 2016? Are staffing needs being met? What goals are you hoping to achieve? These are important questions to ask while preparing for 2017. Following are some things to keep in mind.

**Assess hiring needs.** Are your business sales seasonal, or is your customer traffic steady throughout the year? Now is the time to anticipate seasonal and post-holiday staffing needs to make sure your business is fully covered. If you plan to hire new employees, be strategic in determining the type of position and candidate that will best suit your business. Develop a clear job description, post the job on appropriate job listing platforms, seek referrals from existing employees or fellow business owners, and hold effective phone and in-person interviews.

**Conduct a financial review.** Review expenses, analyze cash flow, and meet with your accountant and banker before you close out your 2016 books. Ensuring you have categorized expenses correctly and understanding how much cash your business earned and how much you spent is key to starting the New Year in good standing. A thorough financial review will keep your business organized, and put you in the best possible position to complete your bookkeeping and prepare your taxes.

**Update your business plan.** Review and update your business plan, providing yourself with your map to success for next year. Wells Fargo's Business Planning Center has an online tool available to all business owners, both customers and non-customers, which helps you create and update your written business plan. There is also a tool to assist you with up-to-date insights on competitors in the market. Now is a good time to revisit your business plan, make any necessary adjustments, establish new goals and make sure your business is on track for the year ahead.

**Prepare for year-end tax reporting.** Meet with your accountant to review your business revenues and expenses, discuss estimated tax payments and understand if there's anything you can do to minimize the taxes you'll owe before the end of the year.

**Meet with your banker.** Before 2017 begins, schedule an appointment with your banker and use this time to discuss your current business needs and review your accounts. Ahead of this meeting, review your business account revenues and expenses, your business credit balances, and determine whether your sales goals or hiring plans might require a new deposit account, loan or line of credit.

**Plan for capital expenses.** A company car, equipment or machinery may help you generate future revenue, yet may require tax deductions to be spread out over a period of years. Discuss any upcoming capital expenses with your accountant and banker so you can plan accordingly.

Taking time out to plan and assess will help you achieve greater success next year.

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

# Effective Leadership

## Discovering The Power Of Less



By MICK  
UKLEJA

Thanksgiving is my favorite holiday. I think the reason I appreciate it so much is because it helps simplify my life. It focuses on gratitude and a thankful disposition. When I begin to think and feel what I am thankful for, it usually excludes many of the things that complicate my life. I see them as urgent, but when I investigate their real value, they are at best *distractions*

to what is important and *detours* to contentment.

We immerse ourselves in a fast paced schedule and make life complicated. When we focus on what's important, we take complicated things and make them simple. When we simplify our lives we amplify what we truly value. Leonardo Da Vinci said, "*Simplicity is the ultimate sophistication.*"

Without a focus on simplicity we default to adding without subtracting. To keep adding more tasks, more gadgets, more appointments, more commitments, more apps, is not sustainable. Where's the subtraction? It doesn't take a genius to see that the math doesn't work.

Life can seem complex. Yet in reality we are the ones who are complex. In the film, "*It's Complicated*," starring Meryl Streep and Alex Baldwin, the only thing making their lives complicated were the characters in the movie. Life is simple. And the simple things end up being the right things.

Simple and true go together.

The truths about simplicity have been expounded for centuries. Here are four that I find beneficial.

**1. Simplicity is satisfaction.** It provides peace and happiness. There is no peace in complexity – only unnecessary burden and stress. In our hyperkinetic world we keep adding to our complexity pile. This makes us less productive, less secure, decreases control, increases stress, disorients our thinking and produces anxiety.

**2. Simplicity is the ally to "why."** Simon Sinek reminds us that it's easy to focus on *what we do*. It takes more focus to get to *how we do it*. However, only laser focus gets us to *why we do it*. Simplification is a revealer of causation. It helps us get to *why*. And what do we discover? The closer we get to "*why we do what we do*," the less complicated life becomes.

**3. Simplicity is not simplistic.** Simplistic people are naïve. Simple people have a deep understanding of what is valuable. Simplistic is shallow. Simple goes to the core. Simplistic leads to complexity. Simple leads to clarity. Simplicity helps us quarantine the clutter so we are able to see more clearly. Simplicity helps us solve one of the great

puzzles of life: *How we can accomplish more by doing less*. Far from being simplistic, simplicity is an antidote for all of us who feel overcommitted, overloaded or overworked.

**4. Simplicity leads to contentment.** This is counterintuitive. There is relentless pressure to sample all "*the good things*" in life. When we *clear out*, *scale down* and *sift through*, we are left with the essentials. And we discover that they are enough. Becoming a minimalist is not the goal. The goal is not *having less*. The goal is *having enough*. This is not a denouncement of things. It is an acknowledgment that a feeling of wholeness is not found in accumulation.

So take this holiday to bypass life's *fast food* lane. Let your life *simmer*. *Steam off* the craziness and complication that happens by default and neglect.

The opposite of *scarcity* is not abundance. The opposite of *scarcity* is enough.

The simple truth is that if we do not prioritize our lives, someone else will. Make it a priority to sort out the unnecessary. As you do you will discover beauty, purity and freedom. And they are enough.

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



# Realty Views

## Foreign Real Estate Investors Keep Coming



By TERRY ROSS

**C**estate continues to be popular as an investment vehicle for foreigners, despite the recent political turmoil we have seen domestically and an economy whose health has been debated in our recent elections. Volatility all over the world and a view by outsiders that real property investments in this nation compare much more favorably than in most countries has led to an increase in commercial real estate investments by foreign interests.

Because foreign capital is many times hidden and channeled through US-based entities, often the source of capital for investments and purchases in this country are not clear. But the large national commercial brokerage Marcus & Millichap has calculated from available sources that 17% of the total dollar investment in U.S. commercial properties in 2015 was from foreign sources, as compared with the historical average of 9%. The rising strength of our dollar has tempered this swing somewhat in the first half of 2016, according to the report, with the foreign investment moving down to 11%, but, with the U.S. hotel sector reporting record levels of occupancy and expected to set an all-time high of 65.8% this year, another upswing is expected – especially in this category. One of the largest purchases in this sector occurred last year with the \$1.95 billion purchase of the Waldorf Astoria in New York City, although foreign purchases – totaling \$90 billion last year – tend to be smaller than this.

Foreign investment in U.S. hotels priced up to \$10 million has come back strong in recent years, comprising 69% of total foreign investment over the past 12 months, with Canadians being the most active participants in this segment. Another factor that could help foreign real estate investment are changes to the Foreign Investment in Real Property Act (FIRPTA) that have taken effect this year. These mostly help with institutional-grade

investors that purchase interest in publicly traded Real Estate Investment Trusts (REITs) and U.S. pension funds. For example, the new FIRPTA rules stipulate that a foreigner may now own 10% instead of 5% of a REIT stock without incurring taxes upon a sale of that stock. Another change enables foreign pension funds to purchase American commercial real estate and receive the same treatment as U.S.-based funds, which should be a boost to these types of investors.

The Marcus & Millichap study also pointed out that Canadians are the biggest foreign investors in U.S. commercial properties both historically and this year, but China is coming on strong with the increasing purchasing power of high-net-worth individuals and households. This has led to more sophisticated and professional financial advisory and wealth management firms – that should bode well for even more investment on U.S. soil. Just six years ago Chinese U.S. real estate investment was negligible – but is now second only to Canada, with deals valued at nearly \$13 billion during the past 12 months ending in the second quarter.

Five major U.S. markets are getting 43% of the foreign investment, based on statistics from last year, showing that the larger metro areas are preferred by buyers outside of the country. The five included New York City, Los Angeles, Atlanta, Chicago and Dallas. For the first half of this year, San Francisco and Phoenix replaced Atlanta and Dallas in the top five.

For the first half of this year, hotel and office properties led the categories of investment properties and comprised 72% of the dollar volume. From the standpoint of numbers of transactions, apartments and industrial properties were the leaders, with 57% of direct purchases by foreign investors.

Outside of Canada and China, the top countries for U.S. real estate investment, in order, are Singapore, Qatar, Germany, South Korea, United Arab Emirates, Switzerland and the United Kingdom.

Because foreign investors many times have different investment objectives than their U.S. counterparts, they can and will outbid our home-grown buyers for properties, which should bolster the value of these assets being sold to foreign interests.

*(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](mailto:terryross1@cs.com) or call 949/457-4922.)*

are, for example, two key decisions among many that will impact a new federal budget. During the campaign, the Tax Policy Center warned nonprofits to brace for a reduction in individual giving, from \$6 to \$26 billion depending on the winner.

Two important facts that community leaders involved with nonprofit organizations should never forget are that charitable giving by wealthy progressives, of which there are more than ever before, increases during conservative administrations; and, when Americans are asked about the impact that a charitable tax deduction has in their giving decisions, the response historically has been low.

Unfortunately, both candidates decided to attack the philanthropic efforts of each other. The result is a potentially higher population of skeptics about how foundations manage their affairs in the name of doing good. The aftermath of the destructive rhetoric calls for foundations and other managers of charitable funds to become even more transparent and to strike a balanced portfolio of support to achieve a recognizable outcome of common good.

Changes in immigration and health care reform will require nonprofit organizations to be the voices of reason to policy makers while simultaneously being the voices of compassion to those affected. Prior to the election year, the nonprofit sector had been wrestling with its role in advocacy. Following the election, there is now a movement afoot to repeal the Johnson Amendment that precludes charitable organizations from advancing their advocacy efforts into lobbying so the voices of marginalized people and communities can be represented and heard.

Whatever the outcome, the nonprofit sector will be reshaped. Its skills in advocacy, conflict resolution and community mediation, fundraising, outsourcing and inclusiveness must be honed. Any bad habits developed during the progressive years, like acting in a bubble, self-aggrandizing, entitlement, and not working well with other organizations, aren't going to unite deeply divided communities. The candidates, their comments and the contest failed at that.

If the first days following the election are any indication, the nonprofit sector holds the highest potential to demonstrate how uniting a divided nation can be accomplished. Reasonable people owe the sector our increased time, talents and treasures, now more than ever, to get the job of tackling differences underway. Washington cannot reunite broken communities; only we can – and that's our trump card as a nation.

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

# Third Sector Report

## Nonprofits: Now That The Trump Card Has Been Played



By JEFFREY WILCOX

**T**he game started with a potential ace in the hole, but the bidding became aggressive, the conversation uncivilized and, as each played their cards, someone lost count. In the end, there was one last trump and, with that play, the bridge to the White House forever changed.

Within moments of the election's outcome, reactions and predictions about the future of the American landscape began to unfold in dramatic ways. The leaders of nonprofit organizations of all sizes, and representing the broadest range of value systems possible in a capitalist democracy, published open letters to their boards, staff, communities and elected representatives. The common themes of these heartfelt communications: Use this election as a wake-up call about the severity of our fractured society, give voice to reason, and step up efforts to be a galvanizing force among diverse opinions where the campaign had failed.

The nonprofit sector is a collection of industries comprised of organizations, associations and congregations that run the gamut from the most conservative to the most liberal. The sector, however, leans heavily on the side of the most progressive and liberal ideologies in society despite the shared tax status of their ideological counterparts.

After Clinton's defeat, these nonprofits re-embraced their missions and continued their roles stepping in to help curb violence, facilitate conversation and encourage hope. In their open letters, most organizations issued a plea to get into the game and not run away from the reality that our society is one of a dangerously divided people.

There are critical questions that the outcomes of the election raise for the nonprofit sector. Many rely on substantial amounts of public funds to do their work. The sector then leverages those appropriated tax dollars against the generosity of private citizens through their acts of philanthropy to do their work in education, health care, the arts, environmental protection and social service.

What will happen to both of those essential public and private sources of fuel is a toss-up. Taxation and the plight of the charitable deduction

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