

November 8
County Ballot
– Vote NO
On Measure M

■ By **GEORGE ECONOMIDES**
Publisher's Perspective

Transparency, it seems, has taken a vacation.

More than a month ago we received a press release announcing that Mayor Robert Garcia, Congressman Alan Lowenthal and Assemblyman Patrick O'Donnell support Measure M – the Los Angeles County Traffic Improvement Plan – on the November 8 ballot.

Nowhere in the lengthy press release – including in the direct quotes from each of the above elected officials – did it mention that Measure M is a tax increase. A sales tax increase, to be specific. Sound familiar? Oh, and they forgot to mention that the tax goes on forever.

The September 7 release did include a list of “South Bay and Long Beach improvements Measure M would deliver,” but failed to mention when these projects would become reality. We later found out from other sources that most projects in the greater Long Beach area tied to Measure M money are one to three decades away from being started. Some of the proposed projects include:

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MORE PERSPECTIVES:

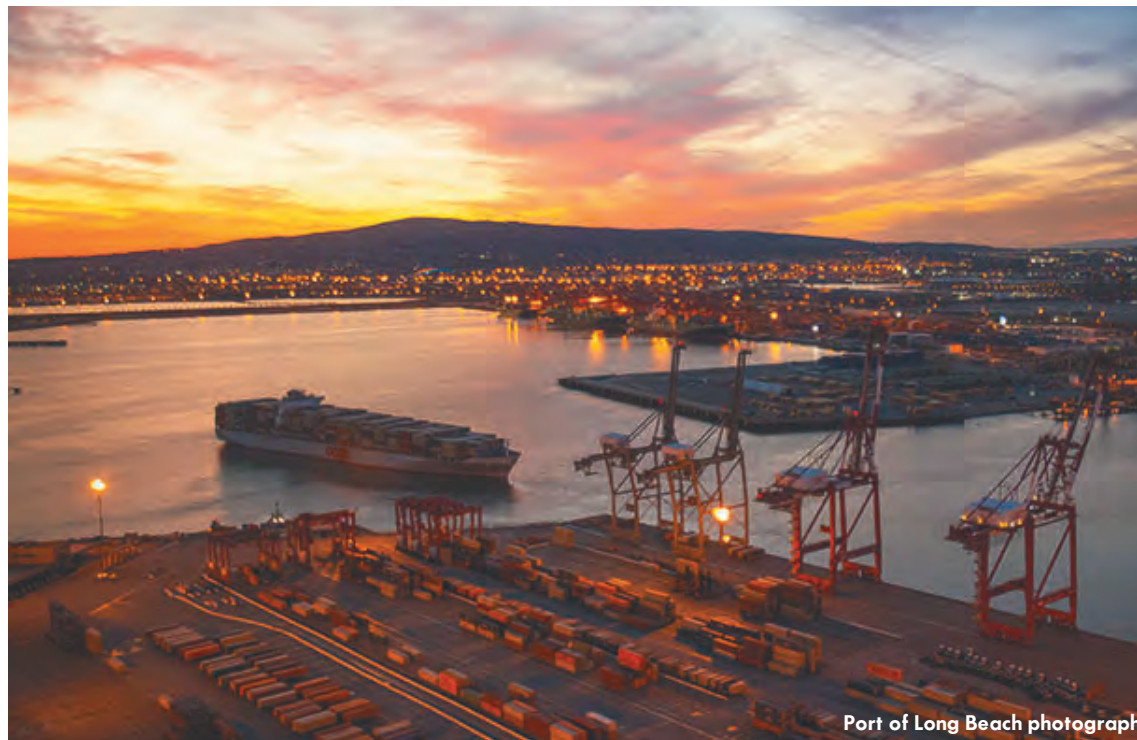
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FOCUS ON THE GOODS MOVEMENT INDUSTRY

Choppy Waters: Shipping Industry Navigating Tough Economic Variables



Port of Long Beach photograph

■ By **SAMANTHA MEHLINGER**
Senior Writer

The recent bankruptcy of the world's seventh largest ocean carrier line, Hanjin Shipping, provided a global visual cue signaling what trade professionals and experts have known for some time now – the shipping industry is hurting. Around the world, Hanjin vessels float in harbors and at sea with nowhere to go. Hanjin containers are stacked up on port docks, with rail lines refusing to move them without payment.

“To give you an example of the extent of the problem, in a period of less than two years, there have been two major consolidations, one major acquisition and more recently the seventh largest shipping line in the world filed for bankruptcy,” Noel Hacegaba, chief commercial officer for the Port of Long Beach, said. “That illustrates the magnitude of the problem facing the shipping line industry,” he explained.

“A lot of this is the result of shipping lines investing in bigger and bigger ships. In effect, what

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Combating The ‘Affordable Housing Crisis’

Mayor Meeting With Housing Developers On October 14, 1-2:30, Michelle Obama Library

■ By **BRANDON RICHARDSON**
Staff Writer

Renting in Long Beach continues to dig deeper into tenants' pockets with a rent increase of 0.3% from September 1 to October 1, according to apartmentlist.com.

The website states median rent for a one-bedroom apartment in Long Beach is currently \$1,400, while median rent for a two-bedroom is \$2,000. According to the site, this is a 5.1% increase from October 2015.

With concerns about increasing rents, displacement, habitability issues and pushback on city programs by advocacy groups in Long Beach, city officials have begun taking steps to address livable and affordable housing. Recently, Mayor Robert Garcia created the Affordable and Workforce Housing Study Group to aid

Another Community Group Enters The City's Housing Arena
See Story On Page 10

the city in these discussions.

“I think the important thing is to listen to the community,” Garcia said in an interview with the Business Journal. “We’re going to have these roundtables, then we’re going to have a discussion with the council.”

The study group – which includes representatives from hous-

ing advocacy groups, the affordable housing development community and city staff – and the mayor are hosting three community meetings to “collect input from residents, developers and interested parties on affordable housing in Long Beach.”

The first meeting was a roundtable with housing advocates on September 19, and the second was the Housing Resource Fair and Community Forum on September 24. The final meeting is a

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Effects Of New Legislation, Propositions And Presidential Race On The Financial Services Industry

■ By **BRANDON RICHARDSON**
Staff Writer

Every year, the state and federal governments roll out numerous pieces of legislation, propositions, regulations and taxes – some that are voted on by citizens and some that are voted on by elected officials. Sometimes these items have positive impacts on businesses and sometimes neg-

ative. Then, every four years, the presidential elections add a whole new level of uncertainty for businesses and private residents.

The financial services industry is often greatly impacted when it comes to legislation, mostly because the industry is so broad and deals with every other industry, as well as private individuals. Financial services include credit unions,

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U.S. Customs Feasibility Study For Long Beach Airport Completed

Two October Meetings Scheduled For Public Input; City Council To Take Up Issue On November 15

■ By **BRANDON RICHARDSON**
Staff Writer

After 10 months and several delays, the Jacobs Engineering Group's 697-page study to determine if a federal inspections facility (FIS) would be beneficial and appropriate for Long Beach Airport (LGB) was released by the city on October 4.

A key area of focus for Jacobs was LGB's Noise Compatibility Ordinance and flight slot restrictions. At current levels, LGB has

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Local And State Votes To Legalize It: Facts And Arguments For And Against Marijuana

■ By **BRANDON RICHARDSON**
Staff Writer

This November, Long Beach residents will not only have the chance to vote to legalize recreational marijuana statewide but also to allow and regulate marijuana providers within the city.

California Proposition 64 will appear on the November 8 ballot and, if passed, would make the recreational use of marijuana legal statewide. Similar initiatives are on four other state's ballots, including Arizona, Maine, Massachusetts and Nevada.

The long-form ballot summary for Prop. 64 is as follows:

- Legalizes marijuana under state law, for use by adults 21 or older.
- Designates state agencies to license and regulate marijuana industry.
- Imposes state excise tax of 15% on retail sales of marijuana, and state cultivation taxes on marijuana of \$9.25 per ounce of flowers and \$2.75 per ounce of leaves.
- Exempts medical marijuana from some taxation.

(Please Continue To Next Page)

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Marijuana On The Ballot

(Continued From Page 3)

- Establishes packaging, labeling, advertising and marketing standards and restrictions for marijuana products.
- Prohibits marketing and advertising marijuana directly to minors.
- Allows local regulation and taxation of marijuana.
- Authorizes resentencing and destruction of records for prior marijuana conviction records.

According to ballotpedia.com, some of the arguments against the proposition are that it would double highway fatalities by adding more impaired drivers to the road, allow marijuana growing near schools and parks and erode local control, increase black market and drug cartel activity, allow marijuana smoking advertisements to be aired, hurt underprivileged neighborhoods, and put small marijuana farmers in northern California out of business.

A recent study by the University of California, San Francisco’s Center for Tobacco Control Research and Education concluded that there would be some social and economic benefits to legalization but that negative effects on public health outweigh the positive.

Arguments in favor of the proposition are that it has safeguards to protect children while allowing responsible use by adults; it would incorporate the best practices from states that have already legalized it and would adhere to marijuana policy recommendations by California’s Blue Ribbon Commission; it would gener-

ate tax revenue to be spent on police, education, addiction treatment and other programs; it would prevent legislators from using revenue for their “pet projects”; and it would create an environment where marijuana is safe, controlled and taxed.

Five independent polls conducted in August and September show that voters are in favor of Prop 64 by margins ranging from 12% to 45%. The polls were conducted by the Public Policy Institute of California, SurveyUSA, California Counts, Probolsky Research and the USC Dana and David Dornsife College of Letters, Arts and Sciences in association with the Los Angeles Times.

For Long Beach residents, also appearing on the November 8 ballot are the special municipal election ballot measures MA and MM. These measures aim to set tax rates on marijuana and repeal the city’s previous ban on marijuana businesses, respectively.

Long Beach Marijuana Taxation Measure. Ballot Measure MA. – To fund public safety, 9-1-1 emergency response, police officers, homelessness and general city services, shall Long Beach update gross receipts tax rates between 6%-8% for medical marijuana dispensaries, 8%-12% for nonmedical marijuana dispensaries, 6%-8% for processing, distributing, transporting or testing marijuana/related products and a square foot tax between \$12-\$15 for marijuana cultivation, raising approximately \$13 million annually, requiring annual expenditure reports, until ended by voters?

According to city documents, opponents of Measure MA claim that once coupled with sales tax and state tax, the proposed



medical marijuana tax is too high. Opponents claim they agree that medical, as well as recreational, marijuana should be taxed by the city but that rates should be fair, otherwise patients might end up having to choose between food and medicine. They also claim that high tax rates would enable a competitive black market.

Proponents of Measure MA claim the tax on recreational and medical marijuana is a way of making sure the marijuana industry is paying its fair share. Up to \$13 million in estimated annual tax revenue would be invested into police officers, solutions to homelessness, fire resources and public health, with “annual expenditure reports on how the funds are used.”

Regulation of Medical Marijuana Businesses. Ballot Measure MM. – Shall an ordinance be adopted repealing the city’s ban on marijuana businesses, reducing the city’s tax on recreational and medical marijuana, and adopting regulations permitting approximately 32 retail medical marijuana businesses located in areas not zoned exclusively for residential use with minimum distance restrictions from sensitive uses, and providing for the establishment of an unspecified number of marijuana cultivation, distribution, manufacturing and testing businesses?

Arguments against Measure MM include claims that the measure will cause a \$5 to \$7 million net loss to the city, which will then have to be made up in tax dollars; lead to an increase in crime and illegal dispensaries; and allow deliveries to 18-year-old residents. Opponents believe that voting yes on Measure MM is a “vote for higher taxes, lower property values and more crime.”

Those in favor of the measure claim it would improve public safety, protect children and clean up neighborhoods. Proponents claim the measure would accomplish this through marijuana lab testing standards; requiring state identification to verify age for purchases; prohibiting dispensaries from areas zoned exclusively for residential use; requiring a buffer zone between dispensaries and schools, parks, beaches and libraries; and limiting the number of dispensaries based on population size.

According to Michael Mais, assistant city attorney for Long Beach, neither Measure MA nor Measure MM is contingent on Prop 64. He explained that if Prop 64 were to fail and both Long Beach measures were to pass, medical marijuana businesses would then be legal within the city and the taxes would be applied. The recreational marijuana taxes would go in the books as city law but would not go into effect until recreational marijuana use was made legal in the state.

The deadline for voter registration in California is October 24, 15 days prior to the election on November 8. To register to vote, visit registertovote.ca.gov. For more information on all 18 California propositions, visit ballotpedia.org/California_2016_ballot_propositions. ■

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AMC In Long Beach Okayed To Pair The Big Screen With Alcoholic Beverages

By BRANDON RICHARDSON
Staff Writer

Long Beach residents who have dreamt of enjoying an ice-cold beer – legally – while catching a movie on the silver screen are in luck, as the Long Beach Planning Commission unanimously approved on October 6 a conditional use permit for American Multi-Cinema (AMC) to serve alcohol at its Long Beach location.

Located on Pacific Coast Highway in the Marina Pacifica Mall complex since 1984, the AMC complex boasts 12 screens split between two buildings (east and west), with the ticket booth between them in a subterranean central plaza. With the approval of the conditional use permit, the theater will soon serve beer, wine and distilled spirits for moviegoers' enjoyment.

"The thing I want to emphasize here with what we are proposing in Long Beach is not just adding the service of alcohol to the movie theater," Frank Lewis, director of operations for AMC, said during the meeting. "What we're proposing is a multimillion dollar complete remodel of the buildings to take them from the state and condition that they are in today, which I'm sure the city is

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Migration of Low Income Wage Earners
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AMC Long Beach To Serve Alcohol

(Continued From Page 5)

not any more proud of than we are as AMC Theatres. But we found a way to invest significant money and create a much more upscale, much more adult-friendly environment.”

The approval allows the theater to sell alcoholic drinks at service bars located in the lobbies of each building prior to and during the feature presentation. These bars will not have additional seating and will not serve food but will strictly be used for the sale of alcohol. Because there will be no additional seating, the movie

theater’s parking requirements are unaffected by the approval. Alcohol purchases will be limited to two drinks per transaction and will cease at 1 a.m.

Within the proposal, AMC has the right to update the Long Beach location to one of its dine-in facilities, which serves full meals, as well as has service buttons located at each seat in the auditoriums to order from. However, service buttons and dining will not be included in the initial remodel.

Lewis explained that with the introduction of technologies such as flat-screen TVs, Blu-Ray players, surround sound and streaming sites such as Netflix, theaters have suffered a decline in business from adults over the last several decades.

The recent shift to reclined and reserved seating, as well as serving alcohol, is the industry’s attempt to reach out to adults and get them off the couch and back into cinema establishments.

Lewis said the company currently has 156 venues in 26 states, including 20 in California, that serve alcohol and has seen an economic boom, not only for their business but also for surrounding businesses.

Being the first application processed by the city for the sale of alcohol at a movie theater, city staff worked closely with the Long Beach Police Department (LBPd) to assure appropriate steps are taken to maintain general public health and safety. The LBPd “has no objection” to the request because the theater is in a low-crime area, having only eight calls for police last year, according to the 2015 calls for service report.

Lewis explained that in the 16 years that AMC has had theaters that offered alcohol, never has the service increased calls for police. He explained that this is due to the company’s procedures and business model.

The company’s main focus is the movies guests come to watch, and alcohol is just an amenity to enhance the experience, not overtake it. According to Lewis, the average number of drinks consumed at AMC Theatres is 1.1 per adult. He said, “We do charge about 20% more on the drinks than the restaurants that are around us, and part of that is because we don’t want it to be a place where people are going to consume large quantities of alcohol.” ■

New E-Buses Have A High Price Tag But Also A Large Impact

■ By BRANDON RICHARDSON
Staff Writer

In the spirit of the citywide effort to reduce its carbon footprint, Long Beach Transit (LBT) unveiled its new zero-emissions buses at an event on Monday, September 26.

Located at The Promenade North at 1st Street, the event was open to the public and included a brief press conference. Then, members of the press and public escaped the sweltering heat during a short, air-conditioned bus ride around the downtown area.

“Long Beach Transit’s Downtown Passport route will be 100% battery powered. We will be sending additional battery-powered buses around our greater service area so that all of our customers can experience these new, state-of-the-art buses,” Kenneth McDonald, LBT chief executive officer, said. “In November, our first 10 battery buses will be deployed into service. LBT is dedicated to making everyday life better for our customers but also for the entire community that we serve.”

Kevin Lee, LBT’s public information officer, elaborated and said the Passport route

CITY OF LONG BEACH BID OPPORTUNITIES

TITLE	BID NUMBER	DUE DATE
Annual Contract for Plastic Pipeline Construction	ITB GO16-168	10/12/2016
Purchase of (13) Rear Loading Refuse Trucks	ITB FS16-141	10/18/2016
Seaside Park Artificial Turf Soccer Field	R-7022	10/19/2016
Admiral Kidd Park Artificial Turf Soccer Field	R-7024	10/19/2016
Multi-Year Vehicle Purchase	ITB FS16-126	10/20/2016
Hydraulic Hoses and Fittings	ITB FS17-013	10/27/2016
Facility Condition Assessment	RFP PW17-003	10/28/2016
Grand Prix of Long Beach	RFP CM17-011	10/28/2016
Board and Secure Services	ITB PW17-001	10/28/2016
West Coast Basin Well 1(0-0743)	WD-33-15	11/01/2016
Hansen Professional Services	RFQ TI17-015	11/01/2016

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

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

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On September 26 Long Beach Transit (LBT) unveiled the company's new battery-electric buses. The 10 buses, which cost around \$1 million each, were purchased from BYD Motors and will begin servicing Long Beach in November. Pictured from left are: Kevin Lee, public information officer for LBT, Dino Smith, manager of training and development for LBT, and Pat Hernandez, training manager for LBT. (Photograph by the Business Journal's Brandon Richardson)

only requires seven buses on peak days, so the remaining three buses will be sent throughout the service area at random. He added that he will post on social media which routes the buses will be driving so riders can be aware in advance.

During the press conference, LBT Board Chairperson Marciela de Rivera and Long Beach Area Convention & Visitors Bureau Chief Executive Officer Steve Goodling also spoke. Mayor Robert Garcia was scheduled to speak at the event but had a conflict.

After driving the bus' inaugural trips around downtown, Pat Hernandez, LBT's training supervisor, said, "It's much easier. It's a nice bus to drive. [There is] some different training since it's an electric bus. It feels a little bit different. Some gauges are different from the traditional bus."

The purchase of 10 buses from BYD Motors, the American branch of Chinese electric vehicle manufacturer BYD Co. Ltd, was approved in April 2015, 13 months after a previous deal between Long Beach and BYD was terminated. The original deal was made in March 2013, but the Federal Transit Administration (FTA) objected, claiming BYD was not eligible for a contract involving federal grant dollars.

According to Lee, the company is hoping to be completely alternatively fueled by 2020. He said LBT currently has approximately 250 buses that serve Long Beach and 12 other cities in its service area. Over the next few years, the company will retire all remaining diesel buses, as well as its earlier hybrid buses, which are not as efficient as more current models.

A standard diesel bus emits around 600 pounds of CO2 daily, depending on the length of its route, Lee said. Therefore, once the 10 buses begin to drive routes for LBT, the company will boast a 6,000-pound per day reduction in CO2 emissions. But this is not the only reduction Lee is excited about.

"When you think about the noise, we're doing a lot of outdoor dining and parklets around the city, and you're going to see more of that since we have sunshine most of the year," Lee said. "So when you look at this model of having a really quiet bus, it's great because you can still have a quiet bus running down the street, and you're not disturbing customers of outdoor dining or outdoor entertainment. I think it works for everyone."

Each of the new buses costs around \$1 million, compared to the \$500,000 price tag of a compressed natural gas (CNG) bus, according to Lee. He explained that this is simply a case of supply and demand. Currently, demand is low for these pricey buses, as many agencies still opt for low-emission CNG buses. However, Lee said that even though demand is low now, the whole public transportation industry is moving toward low- or zero-emission options, which will bring the \$1 million price tag down in the coming years.

To help pay for buses, the FTA awarded LBT a grant of about \$6.5 million from its Transit Investments for Greenhouse Gas and Energy Reduction (TIGGER) program, according to Lee. TIGGER was initiated in 2009 as part of the American Recovery & Reinvestment Act, with a total of \$49.9 million appropriated for grants to public transit agencies to reduce energy consumption or greenhouse gas emissions. The Port of Long Beach also awarded LBT a \$700,000 grant for the project.

After the unveiling event, the transit board awarded Chatsworth-based general contractor Eco Energy Solutions Inc. a \$1 million contract to build a parking lot and charging station for the new buses at LBT's depot near its headquarters at Cherry Avenue and Anaheim Street in Cambodia Town.

In July, the board also awarded a \$1.5 million contract to Culver City-based Fast-

Track Construction Corp. for the installation of a wireless charging system near the Long Beach Convention & Entertainment Center, according to an LBT document. The

Wireless Advanced Vehicle Electrification Inc. system will charge buses wirelessly at the bus pad near the convention center – similar to wireless phone-charging systems.

"Public transit, in general, is environmentally friendly. Because if you can get 30 to 40 people on a bus, as opposed to 30 to 40 cars, that's already great. You're already reducing carbon emissions," Lee said. "Now you have a bus that has no carbon emissions – or is very low – and that multiplies it greatly." ■

Carson Mayor Robles To Present State Of The City Address On October 26; CSU Dominguez Hills' Economic Forecast Conference October 27

City of Carson Mayor Albert Robles is presenting the annual State of the City address on October 26, 11:30 a.m. to 1:30 p.m., at the Congresswoman Juanita Millender-McDonald Community Center, 3 Civic Plaza Dr., Carson. The event is co-sponsored by the City of Carson and the Carson Chamber of Commerce. To RSVP, call 310/217-4590 or visit: www.info@carson.com. While admission to the event is free, the luncheon cost is \$75.

The following day in Carson, California State University, Dominguez Hills is presenting its annual South Bay Economic Forecast Conference. Doors open at 7:30 a.m. Individual tickets are \$95. For information, visit: www.csudh.edu/economic-forecast. ■

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Barbara Irvine-Parker, Realtor Associate Coldwell Banker Coastal Alliance

Barbara obtained her California Real Estate License in 1977. As a seasoned agent, she continues to receive ongoing training and has developed tried and true marketing strategies. Her accomplishments have hinged on two points: providing the highest degree of professionalism and expertise, and providing quality service and communication. Barbara has called Long Beach/Signal Hill her home for more than 25 years. "My professional networking through National Association of REALTORS®, California Association of REALTORS®, and the Women's Council of REALTORS® has proven to be invaluable in maintaining a powerful connection between my business and community."

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Combating The 'Affordable Housing Crisis'

(Continued From Page 1)

roundtable with housing developers scheduled for this Friday, October 14, from 1-2:30 p.m. at the new Michelle Obama Neighborhood Library located at 5870 Atlantic Ave.

"There have been a lot of good discussions, and we want to make sure that we have a strong policy that is going to continue to ensure that people have quality homes but also a vibrant city," Garcia said. "There's no specific timeline right now. We're just gathering information and just giving the community an opportunity to speak their minds."

Eventually, the study group and city staff will make recommendations to the city council on how the city can continue to improve affordable housing, according to the mayor. He said ultimately the decision will be made by the city council as to what measures will be taken, if any.

"This goes from a veteran trying to find housing that he or she can afford all the way to teachers graduating out of Cal State Long Beach that can't afford to buy their first home," Garcia said. "We just want to make sure that we have quality, affordable housing for seniors, for veterans, for students, for artists, for people that need housing."

The mayor pointed out that the city is required to build affordable housing and has built substantial amounts in the last few years. He said much of this has been in the form of senior and veteran housing, as they are oftentimes on a fixed income.

The mayor also acknowledged the work city staff has committed to the affordable housing issue over the years and continues to do today.

To aid city staff by providing regional and national knowledge of affordable housing practices, Long Beach Development Services Director Amy Bodek hired consultant Mercedes Marquez of Marquez Community Strategy, a Los Angeles-based consulting firm, who will be paid \$40,000 for her services. This appointment did not require a vetting process or approval by the city council due to the low payment amount, according to Bodek.

Marquez served as the general manager of the City of Los Angeles Housing Department (LAHD) from January 2004 to June 2009. She left the position when she was nominated by President Barack Obama to serve as assistant secretary for the United States Department of Housing and Urban Development (HUD), Community Planning and Development, a position she held until 2012.

This appointment was not the first time Marquez worked with HUD. During the Clinton administration, Marquez served as the senior counsel to Secretary Andrew Cuomo and the deputy general counsel for civil rights and fair housing for HUD.

Upon learning of Marquez's appointment, the Long Beach landlord and tenant advocacy group Better Housing for Long

(Please Continue To Top Of Next Page)

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Beach (BHFLB) voiced concerns regarding her past record, claims of money mismanagement while at her position in L.A. and other questionable practices. The group also questioned Marquez’s effectiveness when it comes to affordable housing.

“We do look forward to working with her,” Elaine Hutchison of BHFLB said. “And our main hope is that she does understand and respect the importance of rental property owners as a vital part of the Long Beach economic community and that she does seek out the input from rental property owners as she looks at affordable housing in Long Beach.”

According to Americans for Limited Government, a nonprofit organization that pushes for a reduction in governmental controls over citizens, in L.A., “On average, from 2003 to 2006, there were only 330 affordable units built each year. There were over 7,000 affordable units lost between 2003 and 2006, and there were over 13,000 rent controlled apartments and houses lost from 2001 to 2007.”

The site also states that Marquez spent three years and \$2 million studying hundreds of L.A.-owned buildings that could be used for affordable rental housing but only selected two sites. One of the more bizarre stories states that Marquez used taxpayer money, upwards of \$19,000, to train her employees in Zen Buddhism techniques.

“We didn’t put much stock into that. And since she’s really not running a program for us, that sort of information is ir-



Long Beach residents receive information at resource tables set up at the September 24 Housing Resource Fair and Community Forum at the Jenny Oropeza Community Center. The event is part of a three-event series hosted by Mayor Robert Garcia and the Affordable and Workforce Housing Study Group to gather community input on affordable housing in the city. The final event is a roundtable with housing developers scheduled for October 14 from 1-2:30 p.m. at the Michelle Obama Library located at 5870 Atlantic Ave. (Photograph courtesy of the City of Long Beach)

relevant,” Bodek said when asked about these concerns. “What was more important to us was her ability to understand state and, particularly, national policies. She brings with her national knowledge that we can’t find in our own backyard in Long Beach.”

Tenant advocacy group Housing Long Beach agrees with Bodek’s decision to bring Marquez into these housing discussions. Josh Butler, the group’s executive

director, said, “Ms. Marquez’s broad range of experience will be a tremendous asset to Long Beach as we grapple with this affordable housing crisis.”

Regardless of opinions on who should or should not be involved in the affordable housing discussions, Garcia and Bodek agree that the endgame of these community meetings, as well as the recommendations to and discussion by the city council, is to come up with legitimate

and implementable solutions.

“I think it’s been an interesting process in terms of hearing the perspectives of all of the interested parties,” Bodek said. “What’s refreshing to me about this is that, although there are clearly divergent views, everybody is talking about this issue, which is critically important. If we can find programs that will allow us to expand our opportunities to more people, I think that’s a good thing.” ■



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Another Community Group Enters The City's Housing Arena

■ By **BRANDON RICHARDSON**
Staff Writer

Since February, a new community group has been in strategic planning mode, and as of late August, it has revealed itself to the public in the form of Long Beach Residents Empowered (LiBRE).

The new group is diving head first into discussions surrounding housing in the city, joining other groups such as Housing Long Beach (HLB), a tenants advocacy group, and Better Housing for Long Beach (BHFLB), a nonprofit comprised of property owners, realtors and tenants.

“We haven’t solidified what the direction of the organization is going to be or what the campaign is going to focus on,” Jorge Rivera, an organizer for LiBRE, said. “Since we just finished our strategic plan, we are just beginning those discussions as to what exactly we want to go after, what we want to talk about, what we want to target. I think all of that will unfold in the coming months.”

Before LiBRE, Rivera was part of the HLB camp, so it is no surprise that the new organization’s ideals more closely align with Housing Long Beach rather than BHFLB. A key difference between the groups is LiBRE’s proclamation of support for rent control in the city, an issue that Housing Long Beach continues to keep at arm’s length and BHFLB believes would destroy the rental property market for owners and tenants alike.



Jorge Rivera, far left, of the new tenant advocacy group Long Beach Residents Empowered (LiBRE) sits with tenants who were recently served eviction notices for their building located at 446 Linden Ave. On September 9, tenants of the 20-unit property were notified of the building’s change in ownership after it was sold for \$1.85 million. On September 12, according to Rivera, residents were issued a 60-day notice to vacate the premises. (Photograph by the Business Journal’s Larry Duncan)

Josh Butler, the executive director of Housing Long Beach, said that his organization “is in full support of LiBRE, their mission and their leadership” but that HLB has still not discussed supporting rent control. Instead, Butler said his group has its full concentration on combatting displacement

through its Responsible Renters Ordinance.

Because of Rivera’s past affiliations, Nancy Ahlswede of BHFLB thinks the group might be a splinter group of Housing Long Beach, stating that in the past she has experienced similar situations where non-profits will branch out and apply for the

same grants or act as the “radical arm” of a group trying to keep its own hands clean. However, Ahlswede said it is too early to tell much of anything regarding LiBRE.

“I think people need to watch and see what they do and what their affiliations are because it will make a huge difference to

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the political landscape and what Housing Long Beach does as well,” Ahlswede said.

Rivera cited other key issues similar to HLB, including the need for tenant protections against landlord retaliation, addressing landlords whose buildings suffer habitability issues, displacement and a severe lack of affordable housing in the city.

“In the short term, the city needs to declare that there’s a crisis going on when it comes to displacement and habitability issues,” Rivera said. “We’ve been talking about habitability issues and code enforcement, which is where PRHIP [the Proactive Rental Housing Inspection Program] comes in.”

Rivera recalled his days with HLB and the group’s push for a Rent Escrow Account Program (REAP) in Long Beach. This push ultimately led to the codification of regulations into the current PRHIP program, which HLB saw as a slight victory and BHFLB now actively opposes.

“I know that Better Housing for Long Beach talks about how it’s a destructive program and that it adds cost that will be passed onto the renters, but, I mean, it’s been around for about 14 years, so it’s nothing new,” Rivera said. “Our position when we were advocating for REAP still maintains with the PRHIP program: If the landlords are taking care of their property and they are acting in good faith, as they purport they are, then the PRHIP program should pose no threat.”

However, Rivera does acknowledge that the program should first focus on neglectful and negligent landlords. He said inspections should begin in areas that are impacted most, namely Central, West and North Long

Beach. He also said it is difficult to discuss the efficacy of the code enforcement program because there hasn’t been an extensive update report from the city.

Regarding the city council’s decision to not include an inspection fee increase for landlords in the recently approved budget, Rivera said he is “not thrilled,” as the increase in funds could have lead to more code enforcement improvements. He said he also thinks the PRHIP program needs more data collection measures and needs to make code inspection reports more readily available to the public, as opposed to having to file a public records request.

“Technically, they are all businesses. That’s kind of how we feel about it,” Rivera said. “Any other business that had a health or safety code violation would get shut down. If it’s a restaurant that had infestations, it’d get shut down. So if these are business owners and they want to be treated like business owners, why not treat them the same way?”

Though in its infancy, LiBRE has already sponsored a bus tour, which took the press and residents around the city to discuss prevalent housing issues. The tour took place on September 22, coinciding with the National Renters’ Day of Action, and escorted about 30 riders to various parts of the city, mainly through downtown and midtown. Members of LiBRE also spoke at Mayor Robert Garcia’s recent Housing Resource Fair and Community Forum at the Jenny Oropeza Community Center on September 24.

LiBRE is hoping to begin hosting two monthly meetings this month – one in North Long Beach and one in Central Long

Beach. In November, the group would also like to commence renters’ rights training workshops to help educate renters on their rights as well as their responsibilities. Rivera said that not all living issues are the fault of landlords and that tenants must take proper care of their living spaces and communicate with landlords. He said that knowing the lines between landlord and tenant responsibilities is key to a safe and healthy living environment.

“We believe that whatever solutions are actually drawn up need to come from the residents themselves. They’re the ones that are being impacted directly,” Rivera said. “We truly believe in the bottom-up approach. So we’re going to listen to what it is they are looking for, what they need, and

we’re going to develop and design our campaigns around those things.”

Currently, LiBRE consists of about 17 residents and 13 organizational allies, who hope that number will grow as they begin to take stands on issues and promote themselves more. The group is all volunteer based and is currently researching grants to procure a location and a “training site.”

For more information about the three groups, please visit the following sites:

- LiBRE (Long Beach Residents Empowered) – facebook.com/weareLBRE or follow them on Twitter and Instagram @weareLBRE.
- HLB – www.housinglb.org
- BHFLB – www.betterhousingforlongbeach.com. ■



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Douglas Park Retail Project Approved By Planning Commission

The proposal to build the Long Beach Exchange on the southwest corner of Lakewood Boulevard and Carson Street within Douglas Park, was unanimously approved during the October 6 meeting of the Long Beach Planning Commission, with Commissioner Richard Lewis recusing himself. The 266,049-square-foot site plan by Newport Beach real estate developer Burnham USA Equities Inc. calls for six anchor tenants that will have spaces ranging from 18,000 to 40,000 square feet, as well as two junior anchor tenants and five other buildings for smaller retail establishments. Also included are three commercial pads with designated drive-thrus for fast food occupancy and a fourth pad with no drive-thru to be used for a restaurant or other retailer. The project includes 1,345 parking stalls within the complex in parking fields and along several streets on the perimeter of the complex and that run through the complex. Visitors will also enjoy bike share locations as part of the Long Beach bike share program, as well as more than 2 acres of open space, including 1.24-acre central plaza. On the map, Carson Street is at top and Lakewood Boulevard to the right. (Site map courtesy of the City of Long Beach)

Long Beach Airport Customs Facility

(Continued From Page 1)

50 daily air carrier slots and 25 daily commuter slots. According to the study, in 2015, LGB air carriers only utilized 74% of available slots and were well within the levels of compliance with the airport's noise ordinance.

The study also noted that the ordinance does not "provide limits for origination or destination airport for aircraft operating to or from LGB," nor does it specify whether these flights are to be domestic or international.

The study examined seven key areas:

Market Demand – "The Study concludes it is not predicted that having a FIS Facility will reduce domestic flight activity. The Market Analysis forecasted that demand for international flights, under the Airport's existing slot regime, would result in approximately 379,281 annual FIS arriving passengers in Year Four following a three year ramp up period. International service would account for 12% or 6 of 50 flights in the first year and increasing to 16% or 8 of 50 flights by Year Four. These passengers would be new activity for LGB."

Environmental Compliance Assessment – "The assessment concluded that the FIS Facility could be accommodated within the impact envelope contemplated in the 2006 Terminal Area Improvement Project Final Environmental Impact Report No. 37-03 (State Clearinghouse No. 2003091112)."

Economic Impact of Long Beach Airport – "The potential annual economic contribution of an FIS Facility is approximately 350 jobs and \$36.4 million of additional output. The potential additional economic expenditures from international travelers is estimated to range between \$57 million to \$104 million during the five year establishment period following initiation of international service. The international business and tourist travel impacts are estimated to generate approximately 1,400 jobs and \$185.6 million annually following the establishment period. Construction of the FIS Facility would generate financial output valued between \$31 million and \$38 million . . . generating between 203 and 253 jobs."

Facility Concepts – "An FIS Facility is a single processing complex that evolved from the consolidation and integration of U.S. customs, immigration, and agriculture operations, offices, and support functions.

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An FIS Facility includes a CBP security area to accommodate international air commerce designated for processing passengers, crew, baggage and effects arriving from, or departing to, foreign countries, as well as aircraft deplaning, ramp areas, and other restricted areas.”

Airport Scope and Capability – “Critical components of airside and landside infrastructure at LGB have been identified to support potential international flights. The runway and taxiway systems can support the probable fleet mix to fly to international destinations determined in the Market Analysis.”

Financial Feasibility – “By reviewing LGB’s funding capacity and the projected demand for the potential FIS Facility, a financing plan was developed that included \$3 million of Airport Passenger Facility Charge funding with the balance of the capital costs funded directly by JetBlue Airways as the primary user of the facility. The resulting FIS Facility charge required to cover the amortization of the net capital investment would be approximately \$13 per FIS arriving passenger in 2020 (reflecting start-up costs) and then approximately \$6 per FIS arriving passenger for the next ten years. The potential FIS Facility would be financially feasible as this fee level is in the range of FIS charges at comparable California airports.”

Security Risk Assessment – “The addition of international flights and construction of an FIS Facility does not negatively impact the risks to LGB and the Long Beach community compared with current

risks from other Ports of Entry in the area.”

Texas-based Jacobs hosted two community meetings to receive comments from the public. The first meeting was attended by 108 residents, and the second was attended by 152. An e-mail account was also set up for the company to collect community comments electronically throughout the duration of the study.

Jacobs was awarded the nearly \$350,000 contract by the city in January to conduct the study. Initially, the study was expected to be completed in July but was delayed. It was then estimated to be completed in mid-September but was delayed once again.

A second analysis by the city attorney examined possible effects of an FIS facility on the noise ordinance and found that it would not jeopardize the current regulations.

The feasibility study, city attorney analysis and time for public comment will be included in the Thursday, October 20, Airport Advisory Commission (AAC) and the Tuesday, October 25, Economic Development Commission (EDC) agendas. The AAC meeting is scheduled at the Long Beach Gas & Oil Auditorium at 2400 E. Spring St. at 6:30 p.m., and the EDC meeting is scheduled in the City Council Chambers at 333 W. Ocean Blvd. at 4 p.m. with the study session to be addressed at 6 p.m.

The city council is tentatively scheduled to receive the presentation and public input on November 15. For more information and to view the feasibility study in its entirety, visit lgb.org/information/fis_feasibility_study/default.asp. ■

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Impact Of New Legislation, Props

(Continued From Page 1)

banks, insurance companies, accountancy companies, investment funds and more.

According to Blake Christian, a tax partner at Hothouse Carlin & Van Trigt LLC (HCVT), a certified public accountant (CPA) firm, some corporations will be facing a compressed tax filing season when filing their 2016 tax return, which requires earlier planning on the part of the company. This is the effect of legislation passed last year.

“We’re advising most of our clients we do year-end tax planning in November and December,” Christian said. “That will be all the more important because, if Hillary [Clinton] gets in, taxpayers will want to accelerate income into 2016 in order to get a lower tax rate and then push out expenses into 2017 when the tax rates may very well go up.”

As far as taxes are concerned, Christian said a lot depends on the presidential outcome and the makeup of Congress after the elections. As of August 10, each presidential candidate had a very different proposal concerning resident income tax brackets and percentages.

Hillary Clinton’s proposal for single filers maintains the same tax brackets that are in effect now but adds an additional bracket for those making more than \$5 million. Her plan breaks down as follows:

- \$0 to \$9,275 pays 10% income tax with 0% on capital gains and dividends
- \$9,276 to \$37,650 pays 15% income tax with 0% on capital gains and dividends
- \$37,651 to \$91,150 pays 25% income tax with 15% on capital gains and dividends
- \$91,151 to \$190,150 pays 28% income tax with 15% on capital gains and dividends
- \$190,151 to \$413,350 pays 33% income tax with 15% on capital gains and dividends
- \$413,351 to \$415,050 pays 35% income tax with 15% on capital gains and dividends
- \$415,051 to \$5 million pays 39.6% income tax with 20% on capital gains and dividends
- \$5 million plus pays 43.6% income tax with 24% on capital gains and dividends

In extreme contrast, Donald Trump’s plan completely refigures tax brackets. His plan breaks down as follows:

- \$0 to \$25,000 pays 0% income tax with 0% on long-term capital gains and dividends
- \$25,000 to \$50,000 pays 12% income tax with 0% on long-term capital gains and dividends
- \$50,001 to \$150,000 pays 25% income tax with 15% on long-term capital gains and dividends
- \$150,001 and more pays 33% income tax with 20% on long-term capital gains and dividends

Aside from individuals’ tax brackets, Christian noted Trump’s push to lower taxes on businesses, including limited liability companies and S corporations, which make up 80% of HCVT’s clients. Christian said, “Instead of paying 36% at the federal level, they’ll see that rate drop to 15%. I think that’ll have a pretty stimulative effect on the economy because you’re going to have business owners having a much better after-tax profit margin.”

According to AmericanThinker.com, IRS migration data states that over 250,000



The U.S. Department of Labor’s conflict of interest rule and related exemptions could be good news for JC Abusaid, president and chief operating officer of Long Beach-based Halbert-Hargrove Global Advisors, which offers fiduciary investment management and wealth advisory services. The rule would shine a light on the company’s fiduciary excellence, setting them apart from other firms. (Photograph by the Business Journal’s Larry Duncan)

California residents moved out of state between 2013 and 2014. Christian said that many businesses are also exiting the state, or if the business stays, sometimes the owner will move. This is because of excessive taxes and regulations on businesses and the wealthy and items like the upcoming Proposition 55 on the November 8 ballot. If passed by voters, Prop 55 will extend the 2012 voter-approved tax hike on residents making more than \$250,000 a year. The temporary tax increase, which is supposed to end in 2018, was a means to fund state schools without cuts.

“Even though that was supposed to be temporary, they want to extend it, as usual,” Christian said. “So since the masses are going to be voting on that and it affects only the top 3%, that will probably pass again.”

Christian acknowledged that the state has some incentive plans for businesses to stay or relocate here but that with the fallout from the Affordable Care Act and the plans for increased minimum wage, California businesses were hit with a “double-whammy,” making conducting business here more difficult.

Not all legislation has a negative impact on businesses, however. JC Abusaid, president and chief operating officer of Halbert-Hargrove Global Advisors, which offers fiduciary investment management and wealth advisory services, said the primary legislation his company is following is the U.S. Department of Labor’s conflict of interest rule and related exemptions.

“Anytime we are dealing with someone who is moving their monies from one IRA to another one, it’s going to force us to conduct additional due diligence and additional analysis to document and make sure that we understand and can justify the transfer from wherever they are to us and that somehow we’ve taken into account the fees that they were paying and the expense ratios,” Abusaid said. “We’ll need documents in our files that show that transaction was justified and from a fiduciary perspective we can stand behind it.”

Though it means more work for his company, Abusaid explained that this regulation will bring attention to the word fiduciary, a label that Halbert-Hargrove has boasted since its inception in 1989. In 2010, the company even pursued a fiduciary certification by the Centre for Fiduciary Excellence, in

which they submitted themselves to an audit by a third party to prove the firm operates at the highest fiduciary standards possible.

Abusaid hopes a light shining on the idea of fiduciary excellence will give his firm a meaningful differentiation from other companies in the public eye. If his company’s status is finally recognized by the general public, Abusaid said the firm will be more than happy to add to its workflow, deal with a little more red tape and “cross a couple more T’s and dot a couple more I’s.”

When talking about rules and regulations, banking is always a hot topic, especially after the bailout of mega-banks in recent years. Beth Mills, vice president of communications for the California Bankers Association (CBA), talked about four bills that are upcoming or were recently acted upon by Gov. Jerry Brown.

Assembly Bill (AB) 2693 deals with disclosures being made to consumers when applying for property assessed clean energy (PACE) loans. A PACE loan is typically used by consumers who are installing solar panels or other energy-efficient retrofits to their homes. Consumers were not being made aware that in order to sell or refinance their homes they had to first pay off the PACE loan, which is often tens of thousands of dollars. AB 2693, which the CBA sponsored, requires this type of information to be disclosed to consumers before they enter into these obligations.

“And then another bill, Assembly Bill 1784, a lot of times banks will go into high schools and middle schools and assist students, kind of setting up a school-based bank,” Mills said. “It’s good financial education for kids. But in order for state-chartered banks to be able to do this, they were essentially having to apply for a bank branch license with the state regulator.”

Mills explained that the CBA also sponsored AB 1784, which was signed and waives the requirement for banks to apply for the license.

Senate Bill (SB) 907 was supported by the CBA but was vetoed by Governor Brown. The bill would have given tax relief to homeowners who were granted a loan modification or short sale during the 2014 through 2016 tax years. Mills said that currently homeowners have to pay a tax on the debt that was forgiven, but SB 907 would have waived that charge.

Another bill the CBA did not get its way with was SB 1150. The bill gives widowers who are not on a mortgage loan the same rights to receive a loan modification as their deceased spouse and was approved by Governor Brown on September 29.

“We have some technical issues with the bill. A lot of those we got remedied, but it does have a private right of action clause that we are very much opposed to,” Mills said. “It’s primarily giving the right to sue at any point for damages, and it’s very heavily weighted toward the plaintiff. And our worry is related to a lot of frivolous lawsuits that we may see come forward because of this.”

When talking about laws and regulations at the federal level, Mills said that there have been a number of bills that would “seek to tailor the amount of regulatory burden a financial institution would have based on its business model.” Basically, regulations would be based on the size of the bank, and a billion-dollar community bank would not be regulated the same as a trillion-dollar bank. However, Mills said not much has been happening in Congress, in part because it is an election year and everyone is waiting on the outcome.

“We, as an association, have not taken any particular position or endorsement of either candidate,” Mills said. “I think what is important for us is to get through the election cycle and then see.” ■

Presidential Tax Platforms – More Clinton/Trump Contrasts

■ By **BLAKE E. CHRISTIAN**
Guest Writer

Regardless of who you like or dislike, either Hillary Clinton or Donald Trump will be the 45th president of the United States effective January 20, 2017.

Both candidates released their tax policy platforms earlier this year, so we have a relatively clear picture of what they will pitch to Congress in 2017.

In summary, Hillary Clinton is proposing at least a \$1 trillion tax increase over 10 years, namely by increasing taxes on the wealthy and certain businesses: including the imposition of a 4% surtax on individual taxpayers with more than \$5 million of Adjusted Gross Income (AGI), and a new six-stage holding period for long-term capital gains – resulting in an increase in maximum long-term capital gains from a current maximum of 23.8% to 47.4% for assets held two years or less. Clinton would also increase the Alternative Minimum Tax (AMT) rate from a current maximum rate of 28% to 30%. She, along with Trump, would also tax the “carried interest” element of private equity firms at ordinary rates vs. current capital gain rates. Clinton has also proposed to roll back the current \$5.45 million estate tax exclusion to the \$3.5 million 2009 levels, increase the estate tax from 40% to 45% and also limit cumulative lifetime gifts to \$1 million dollars per taxpayer.

(Please Continue To Page 16)

Meet Major League Soccer star Gyasi Zardes*



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We invite fans to meet MLS star Gyasi Zardes two days before the MLS match on Sunday. In addition, join us during this free pre-celebration and receive some fun gifts**!



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Together we'll go far



Presidential Candidates Tax Plans

(Continued From Page 14)

On the business side, she would provide various tax credits and incentives for domestic job creation and domestic investment. However, Clinton has threatened to eliminate most tax breaks for the petroleum industry. She would also impose an “exit tax” on companies moving operations offshore. Finally, she would limit certain qualified retirement plan deductions.

In stark contrast, Donald Trump is proposing a massive tax reduction package that is estimated to reduce federal revenue by \$7 trillion to \$10 trillion in the first decade, followed by an additional 15 trillion in years 11 to 20. Robust economic growth projections and cost-cutting are baked into Trump’s plan.

The majority of the tax reductions would flow to individual taxpayers, but approximately a third would benefit businesses.

Trump would reduce the current seven individual rate brackets – ranging from 10% to 39.6% down to three brackets of 12%, 25%, and 33%. He would increase the standard deduction to \$25,000 for single filers and \$50,000 for joint filers, and would scale back the itemized deductions for wealthy taxpayers. He would repeal the individual and business AMT and the 3.8% Obamacare Net Investment Income Tax, as well as the federal estate and gift taxes. He also plans on phasing out certain itemized deductions, other than home mortgage interest and charitable contributions for higher income taxpayers. A broad child/elder-care program has also been proposed.

Trump’s child and elder-care proposal would provide a tax deduction for families making less than \$250,000. The deduction would be available on up to 4 children or parents and capped at the average cost of care in the taxpayer’s respective state of residence. Low-income taxpayers would receive a child-care rebate up to \$1,200 per family through the current Earned-Income Tax Credit Program.

Dependent Care Savings Accounts are also part of the Trump proposal, which would allow taxpayers to make tax-deductible contributions to fund future child-care, school enrichment and/or elder-care services. Earnings on the account would accrue tax-free.

Trump’s plan would also include up to six weeks of paid leave and employer incentives for providing on-site care.

On the business side, he plans on eliminating a number of business “loopholes” (to be specified at a later date), reducing

the corporate tax rate to 15%, and also will limit individual taxes on flow-thru income from S corps., LLC’s/partnerships to 15% – thereby benefiting small business owners. He would offer an attractive 10% tax for international companies that bring foreign profits back onshore to the U.S. and penalize “offshoring” businesses.

Hillary Clinton’s tax increases would fall primarily on the Top 1 percent of earners (those making \$428,000 or more).

Donald Trump’s proposal, with the much lower rates, larger standard deduction, and personal exemption amounts would reduce taxes (and filing requirements) on lower income taxpayers.

This link will take you to a full article and a matrix comparing the rates for various types of income: <http://www.hcvt.com/insights-articles-44.html>.

(Blake Christian, a tax partner with HCVT, has more than 35 years of public accounting experience. HCVT has offices in California, Utah, and Texas. He can be reached at: blakec@hcvt.com or 562/216-1800. For more information on HCVT, including career opportunities, please log on to www.hcvt.com.) ■

BUSINESS JOURNAL ANALYSIS Why Does The Tax Code Treat Singles And Married People Differently? Don't Ask The IRS



■ By **SAMANTHA MEHLINGER**
Senior Writer

Does the federal tax code penalize single people? The answer, as it turns out, is yes. But it is also no.

The same can be said for married individuals. In some cases, a person incurs a “marriage penalty,” depending on how much he or she makes and how much that person’s spouse makes, if anything. But, in other cases, a person gets what’s known as a “marriage bonus” for having a magic combination of incomes and, well, a marriage license.

The tax code gets very complicated very quickly when you start to compare the pros and cons of being single versus married. As we discovered, for anyone who is not a tax professional, it’s enough to make your head spin several times over like that scary kid in The Exorcist, but perhaps without the vomiting. Although, depending on how much gets taken out of your paycheck, some nausea may be involved.

So, we tried a straightforward, simplistic approach to the issue to avoid having to pen a 4,000-word, overly complicated article that no one would read.

We took a few examples straight from the IRS wage bracket method tables for income tax withholding, which are designed to help employers figure out how much in taxes to take from employees’ paychecks based upon their marital status and how many deductions they’re taking. We did not

(Please Continue To Top Of Next Page)



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take into account end-of-the-year filings, how many children a person has, whether they own property, or any additional factors outside of salary, marital status, and deductions taken.

In our scenarios, we compared the taxes for a single person making a certain salary to those of a married individual making the same amount of money. In each case, the single person lost out. Surely, someone would be able to tell us why a single individual consistently has to pay more income tax per paycheck than a married person. In California, this is also true for the state income tax.

The spokesperson who picked up the phone at the IRS's regional media office told us that the IRS simply follows the law when it comes to taxation, and if we were looking for the "why" – an explanation as to why the tax code seems to immediately penalize someone for being single when it comes to income tax withholdings – we might be better off asking a certified public accountant.

So we sent our charts to Blake Christian, certified public accountant and partner of accounting firm Holthouse, Carlin & Van Trigt, and asked why singles had to pay more income taxes up front. "As far as the logic for why they force withholdings so much higher on a single versus a married [person] it's probably anyone's guess," he told us.

The marriage-withholding bracket was established in 1955. That's a year after "Father Knows Best" premiered on TV, and two years before "Leave It To Beaver" made its debut. Some, like the boardmember we interviewed from the nonprofit Unmarried Equality, suggested that the tax code's differing treatment of single and married individuals is rooted in a moral bias from this era, one that promotes family values – i.e., that everyone is better off hitched.

Roberton Williams, Sol Price Fellow with the Urban Institute's Urban-Brookings Tax Policy Center in Washington, D.C., told us that married individuals pay less income tax up front per paycheck because the assumption is that they are the sole wage earners of their households. The premise has to do with ensuring more than enough withholdings are taken so that after year-end filings, most of us get tax refunds, he explained.

On April 22, the U.S. Bureau of Labor Statistics (BLS) reported that, "Among married-couple families, both the husband and wife were employed in 48% of families." Does it make sense then to assume that if someone is married that person is the sole wage earner?

Wells Fargo OpenS Branch In North Long Beach

A new Wells Fargo branch recently opened at Market Street and Cherry Avenue, bringing banking services to the North Long Beach community. Wells Fargo's new 1,191-square-foot location is a full service branch providing account services, cashier's checks, money orders, check cashing and more. The branch is staffed by 14 Wells Fargo employees, including tellers who are fluent in both English and Spanish. The location features enhanced ATMs, which are capable of enhanced transactions made in tandem with a tablet-equipped banker. Wells Fargo is holding a grand opening event for the branch on



October 21 from 2-6 p.m. and invites the community to visit and enjoy games, music, food trucks and a special appearance by Major League Soccer athlete Gyasi Zardes. The lobby hours of the new location at 5450 Cherry Ave. are Mon-Sat, 10 a.m. to 7 p.m. and Sun, 10 a.m. to 3 p.m. Pictured at the new branch, from left, are: Nancy Leon, personal banker; Jessica Almanza, store manager; Nadia Melzer, vice president and district manager for Wells Fargo's Southern Los Angeles Metro District; and Valerie Holguin, teller. (Photograph by the Business Journal's Larry Duncan)

According to 2014 statistics from BLS, at the time, 50.2% of Americans over the age of 18 were single. In 1978, according to Pew Research Center, that figure was just 28%. In 1950, that figure was even lower: about 22%.

The times are changing. Should the tax code?

While up front, paycheck to paycheck, the tax code penalizes single people, Williams and Christian each took us through several scenarios in which being married actually results in a tax penalty after filing at the end of the year. They also took us through several in which it results in a bonus.

We would try to explain these scenarios but we aren't tax professionals. But should it be so confusing? The tax code, Christian pointed out, is lengthier than the Bible. He pursued a career in taxes because he found the industry to be dynamic. Now, he thinks the tax code needs some serious cleaning up.

On the face of things – excluding complicating factors like mortgages and children and so on – should single people and married individuals be treated differently

by our nation's tax code? And would it be simpler if they weren't?

Consider that women still earn less than their male counterparts. Should women be treated differently than men for performing the exact same work? Is that a defensible status quo?

Should a single person be taxed differently than a married person who has the same lifestyle and makes the same income? Should people be treated differently at all – for better or for worse – based on their marital status?

Is that a defensible status quo? ■





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Taking A Closer Look At The Michelle Obama Branch Library In North Long Beach

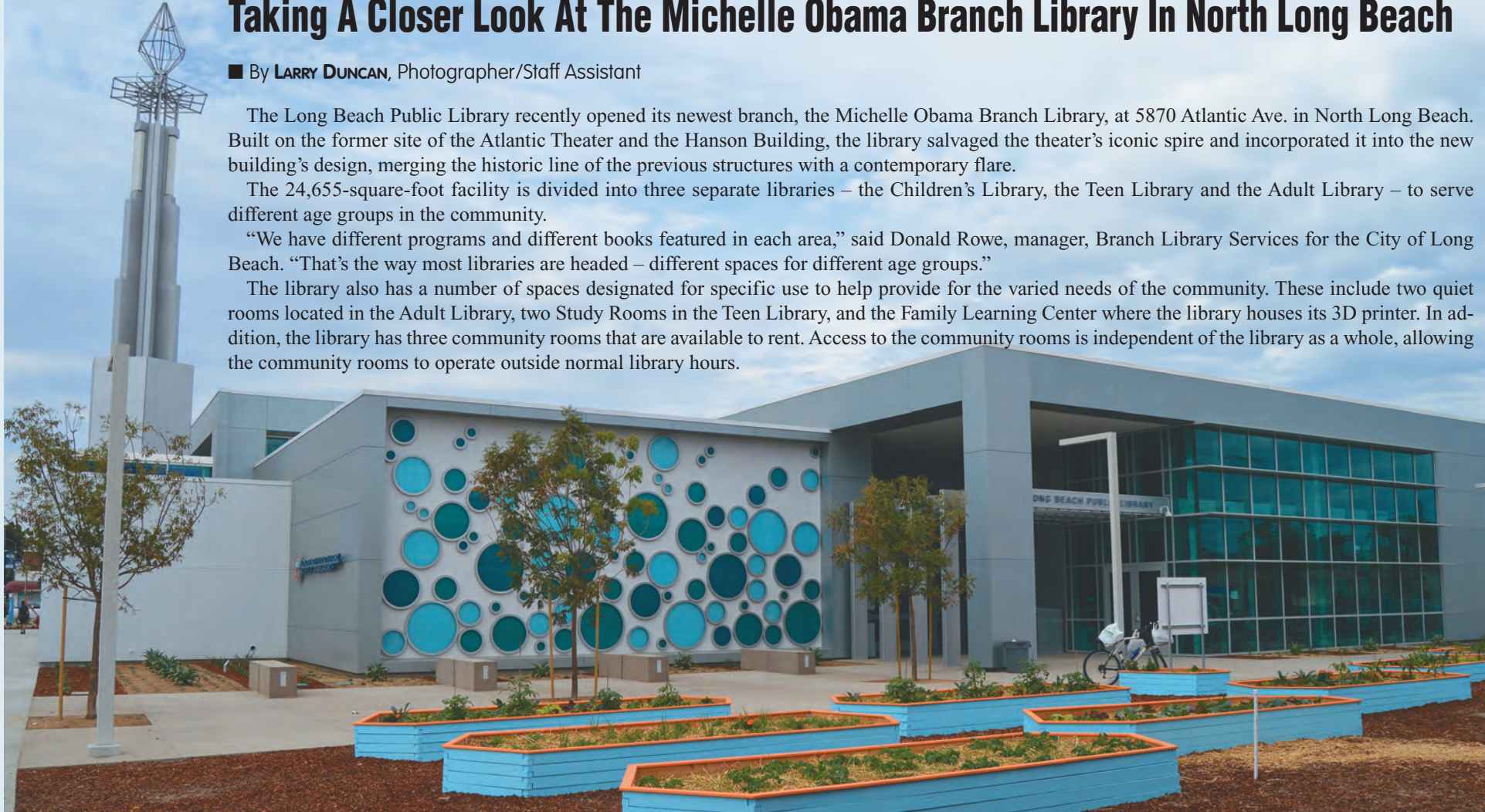
■ By **LARRY DUNCAN**, Photographer/Staff Assistant

The Long Beach Public Library recently opened its newest branch, the Michelle Obama Branch Library, at 5870 Atlantic Ave. in North Long Beach. Built on the former site of the Atlantic Theater and the Hanson Building, the library salvaged the theater's iconic spire and incorporated it into the new building's design, merging the historic line of the previous structures with a contemporary flare.

The 24,655-square-foot facility is divided into three separate libraries – the Children's Library, the Teen Library and the Adult Library – to serve different age groups in the community.

"We have different programs and different books featured in each area," said Donald Rowe, manager, Branch Library Services for the City of Long Beach. "That's the way most libraries are headed – different spaces for different age groups."

The library also has a number of spaces designated for specific use to help provide for the varied needs of the community. These include two quiet rooms located in the Adult Library, two Study Rooms in the Teen Library, and the Family Learning Center where the library houses its 3D printer. In addition, the library has three community rooms that are available to rent. Access to the community rooms is independent of the library as a whole, allowing the community rooms to operate outside normal library hours.



The Michelle Obama Branch Library, designed by LPA Inc., opened last month at 5870 Atlantic Ave. in North Long Beach. It replaces the old North Branch Library, which closed its doors on July 31.



In addition to housing the Long Beach Public Library System's second 3D printer (the first is located downtown at the Main Branch), the Family Learning Center at the Michelle Obama branch offers supervised homework assistance, access to computers to support educational and creative pursuits, as well as library support staff to help students and their families interface with the array of services and materials the library has to offer.



Above, Donald Rowe, manager, Branch Library Services, and Kristie Bailey, a learning guide at the library's Family Learning Center, look on as the library's 3D printer works its magic. Patrons have multiple ways to interface with the printer. They can create their own 3D image utilizing multiple design programs for all levels of experience, pull pre-existing images from the Internet, or they can use one of the library's 3D scanners, featured in the foreground of the above picture, to render a three-dimensional copy of a physical object.



The Teen Library focuses on the needs and interests of older children and young adults. It offers quiet study nooks, computer access and age-specific books and periodicals.



At the front desk, librarians help the community access the approximately 40,000 books available at the branch. They also register patrons to use computers and access other library services.



Above, the express checkout and return station adds convenience to library patron's visits and cuts down on lines at the front desk. At left, the return system presorts books and moves them along a conveyor belt to bins that correspond to specific locations within the library. This process increases the speed and efficiency in which books are returned into circulation. Pictured is the auto-sorting station for lobby returns. A second station accessed from the parking lot presorts after-hour returns.



LIBRARY HOURS

Monday: Closed
 Tuesday: Noon-7 p.m.
 Wednesday: Noon-6 p.m.
 Thursday: Noon-7 p.m.
 Friday-Saturday: Noon-5 p.m.
 Sunday: Noon-4 p.m.



The library offers free Internet access on public computers – which are equipped with Microsoft Office and connected to printers – for Long Beach Public Library cardholders. Access to the public computers is managed on a first-come, first-served basis and is limited to 60 minutes a day.



Above is one of the library's Quiet Rooms, which offer private, peaceful seclusion for study and research away from the bustle of the general library. Not pictured are the library's three community rooms that are available for rent. Each has technology and audio/video access for presentations and other collaborative work. The largest is 1,784 square feet with a maximum capacity of 117 seated and 256 standing. A pop-down screen and a projector is available for videos, movies and large scale presentations. The large community room also has kitchenette access for catered events.



The Children's Library focuses on content for the library's youngest visitors. Families can gather together and share in the joy of reading.

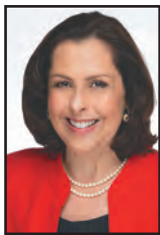


Covent Lane Picks Bixby Knolls For Its Fourth Store

Sheva Hosseinzadeh, left, an associate at Long Beach-based Coldwell Banker Commercial BLAIR WESMAC, is pictured with Bunna Hoy, buyer and co-owner of Covent Lane, a women's clothing store located at 3734 Long Beach Blvd. The contemporary clothing store also sells custom jewelry, gifts and accessories. According to Hoy, co-owner Linne Theam travels the world to find unique, wearable, luxury clothing. The new store is their fourth location and also offers personal stylists to custom fit shoppers in the latest trends and to give style advice. Covent Lane is scheduled to open on November 5. Hosseinzadeh handled the lease transaction. (Photographs by the Business Journal's Larry Duncan)

Wendy Sorel YMCA Of Greater Long Beach

The YMCA of Greater Long Beach appointed Wendy Sorel as its chief financial officer. Sorel is an independent consultant specializing in management and leadership support for the nonprofit sector. She served as the CFO of the Harbor Regional Center, a nonprofit agency in Torrance, for seven years and has also served as vice president of Harbor Bank and vice president/relationship manager of



City National Bank. Sorel is a licensed certified public accountant. She holds a bachelor's degree in accounting and information services from Queens College and an MBA from Pepperdine University.

Toliver Morris WM Commercial



The Downtown Long Beach Alliance (formerly the Downtown Long Beach Associates) recently installed its 2016-2017 board of directors and executive committee. Executive Committee

members are Toliver Morris (pictured) of WM Commercial, chair; Ryan Altoon of Anderson Pacific, chair-elect; Michelle Molina of Millworks, past chair; Justin Hectus of Keesal, Young & Logan, secretary; Derek Burnham of Burnham Planning & Development, treasurer; Linda Tatum, representative for the City of Long Beach; and Tony Shooshani of City Place, committee member. "When it comes to Downtown Long Beach, I am proud and optimistic of its future and look forward to the role this organization will play to help lead development and growth," Morris said in a statement.

Darick Simpson Long Beach Community Action Partnership

The California Community Action Partnership Association (CalCAPA)



named Darick Simpson as its National Community Action Partnership (NCAP) Region IX Representative on NCAP's board. Simpson is the executive director of the Long Beach Community

Action Partnership, which he has grown from a 24-person staff with a \$13 million budget to a 126-person staff with an \$18 million budget, according to a statement from CalCAPA. The Long Beach organization assists community action agencies on local and national levels and operates the Public Access Digital Network (PAD-NET.TV) in the City of Long Beach. In his new role, he is representing California, Nevada, Arizona, Hawaii and island territories.



City Of Long Beach Launches BizPort To Help Entrepreneurs

On October 5, the City of Long Beach launched BizPort, an online portal designed to assist entrepreneurs through the steps of starting, managing and growing a business in the city. BizPort's aim is to better prepare entrepreneurs to move through the business licensing process quickly. The technology was developed by Code for America, a civic technology nonprofit, with guidance from the Long Beach Innovation Team. BizPort was launched at a new Downtown Long Beach business, The Pie Bar (450 Pine Ave.), during Innovation Week. Although dubbed a "week," Innovation Week takes place throughout October and features public events aimed at highlighting Long Beach's "creativity, diversity and entrepreneurial spirit," according to a city statement. To access BizPort, visit bizport.longbeach.gov. For more information about Innovation Week, visit innovatlb.com/innovation-week. Pictured: Innovation Team Director John Keisler discusses BizPort at the launch event. (Photograph by the Business Journal's Larry Duncan)



Josh Lowenthal Named President Of FreeConferenceCall.com

Josh Lowenthal, longtime COO of FreeConferenceCall.com, was recently named president of the company. In his new role, Lowenthal is responsible for leading the firm's business strategy, vision, product development, marketing, sales and profitability. He also continues overseeing global retail and wholesale operations. FreeConferenceCall.com, which is headquartered in Long Beach, is one of the top five conferencing providers in the world and one of the top three in the United States. It has operations in 60 countries and connects more than 40 million callers per month. "Elevating Josh into this position ensures that we will continue down a path of expansion and innovation, finding new ways to grow our world-class services, bolster our high-quality network and add additional value to our customers and the global communications ecosystem," company founder and CEO David Erickson said in a prepared statement. (Photograph by the Business Journal's Larry Duncan)

Vote NO On Measure M Sales Tax Increase

(Continued From Page 1)

- Freeway and interchange improvements along the 710 from Long Beach to Commerce;
- New auxiliary lanes and other improvements to fix bottlenecks through the 405 South Bay Curve;
- Blue Line safety and infrastructure improvements, including the reconstruction of the Wardlow Station;
- Replacing the Shoemaker Bridge, which connects the Westside of Long Beach with downtown across the Los Angeles River.

We immediately shot off an e-mail asking campaign spokesperson Yusef Robb to provide us the construction start date for each of the above projects. He responded right away that he would get back to us with timelines. A week later we sent him a reminder e-mail. It's now October 7 and nary a word.

Excuse us for being suspicious, but we believe that when elected officials want voters to reach into their pockets for more of

their hard-earned money, that all the facts should be presented so voters can make an intelligent decision.

Long Beach voters have been more than generous with their pocketbooks, especially property owners, supporting a tax increase and school bond measure in June, and most likely approving another school bond measure in November. Let's face it; it's easier to say yes when the money stays local. Additionally, Long Beach residents pay a 5% utility users tax (phone, electric, gas and water usage) when the average in the county is just 3.3%.

In June, Long Beach voters approved a 1 percentage point increase to the sales tax, taking it from the current 9% rate to 10% effective January 1. In six years, the increase is cut in half (with the tax rate going to 9.5%), then ceases four years later.

Here's a quick look at recent L.A. County tax increases related to "traffic improvement." Voters approved permanent sales tax increases in 1980 (0.5%) and 1990 (0.5%). In November 2008, voters approved Measure R, another 0.5% increase, but this one ends June 30, 2039. In 2012, Measure J, which would have extended Measure R by 30 years, failed to receive the two-thirds votes necessary.

Measure M proposes a 0.5% increase to the sales tax that never ends. When Prop R expires in 2039, the Measure M increase goes to 1.0%, with no end date.

For Long Beach residents, that means if Measure M passes they will be paying a 10.5% sales tax through the end of 2022. From 2023 through 2026, locals will be paying 10%. Thereafter, the sales tax in Long Beach remains at 9.5% with no end date.

Voters need to remember that they have already approved sales tax increases for transportation improvements of 1.5% (Props A + C + R – see chart at right).

The Long Beach Business Journal is joining the Gateway Cities Council of Governments and the South Bay Cities Council of Governments in opposing Measure M. The Gateway group voted 21-1 to oppose the measure, with Long Beach abstaining. The second group voted 9-0, with five cities abstaining. Nearly half of the 88 cities in L.A. County oppose Measure M.

Transparency is an easy word for elected officials to toss about, but apparently too difficult to implement. Maybe we can support Measure M with the caveat that our taxes increase only when the projects break ground? ■

The Long Beach Sales Tax	
Current	
State Collects 6.5%	
• 4.1875% for the state	
• 2.3125% for schools and local governments	
SUB TOTAL	6.50%
State Collects 0.25%	
• for county transportation services	
SUB TOTAL	6.75%
State Collects 0.75%	
• City and County Operations	
SUB TOTAL	7.50%
County Adds 0.5%	
• Proposition A 1980	
SUB TOTAL	8.00%
County Adds Another 0.5%	
• Proposition C 1990	
SUB TOTAL	8.50%
County Adds Another 0.5%	
• Proposition R 2008 (effective July 1, 2009-June 30, 2039)	
SUB TOTAL	9.00%
Effective January 1, 2017	
Long Beach Adds 1.0%	
• Measure A 2016	
SUB TOTAL	10.00%
Effective January 1, 2023	
• Measure A Cuts Tax In Half	
SUB TOTAL	9.50%
Effective January 1, 2027	
• Measure A Sunsets	
SUB TOTAL	9.00%

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By ANDREW
WASSEF, M.D.

Whether it's spending more time with the grandchildren or road tripping across the

Each year, more than 1 million people undergo total joint replacement surgery in the United States. The most common reason for having a hip or knee replaced is osteoarthritis, a degenerative joint disease. Excess weight, joint fracture, ligament tears, or other injury can damage cartilage and cause osteoarthritis. Rheumatoid arthritis is another condition that may be alleviated by hip or knee joint replacement.

Joint replacement surgery may be an option for those suffering from arthritic knee or hip pain that severely limits the activities of daily living. Rather than wait until the entire joint is completely arthritic, a trained MAKOpasty® orthopedic surgeon can use a new technique to help people sooner, by doing partial replacements, rather than waiting a few years for a total replacement.

These are the even more advanced procedures offered with MAKOpasty®:

- MAKOpasty® Partial Knee Resurfacing

Performed using the proven robotic arm technology of the RIO® Robotic Arm Interactive Orthopedic System. MAKOpasty® provides surgeons precision to resurface only the diseased portion of the knee, retaining as much of the natural knee as possible – including healthy bone and ligaments.

- MAKOpasty® Total Hip Replacement

Implants are attached to both the lower end of the femur (thighbone) and upper end of the tibia (shinbone). This creates a new, smooth cushion and functioning joint that can reduce or eliminate pain.

MAKOpasty® exceeds previous joint replacement methods by guiding surgeons with real-time images, magnified to give surgeons a closer look. Joint replacement surgeons have precise control for more accurate implant placement. MAKOpasty® technology also provides three benefits:

- CAT scan imagery creates a 3-D plan custom to the patient;
- Time views and precise tools during surgery; and
- Clear view and understanding during surgery allows for exacting changes.

Primary candidates for joint replacement are individuals with chronic joint pain that interferes with daily activities, such as walking, exercise, leisure, recreation and work. If a person's symptoms aren't responding to non-surgical solutions, or pain can no longer be managed with medication, they may be a candidate for surgery.

The benefits of joint replacement surgery include relief from pain, restored independence and the opportunity to return to work and other daily activities. Like any surgical procedure, there also are associated risks. Speak with a physician to determine if MAKOpasty® is right for you.

(Dr. Andrew Wassef is the medical director for MemorialCare's Joint Replacement Center located at Long Beach Memorial.)



By FOROUZAN
GOLSHANI

Technology And Innovation

Resolving Renewable Energy Storage Challenges

Renewable energy is a growing contributor to the state's – and the nation's – power supply. Yet there's one technical impediment preventing renewables from making an even larger contribution – the lack of large-scale electrical energy storage.

The amount of electrical energy derived from photovoltaic and wind sources fluctuates with time, day of the week, season, and weather. These fluctuations don't always line up with electrical demand.

Basically, the generated electrical energy must be stored during times when production exceeds consumption, and returned to the grid when production falls below consumption. The storage issue is exacerbated especially by intermittent power plants, such as wind or solar, that can peak or shut down as climate conditions change. To put things in perspective, the surge of solar power is the cause for generation to exceed consumption for up 10 hours.

During this fall's CSULB Engineering Distinguished Lecture, entitled "Renewable Energy Solutions...Batteries Not Included," energy storage experts will discuss solutions for overcoming this challenge. The lecture will be held on Thursday, October 20, from 5-7 p.m. at the Pointe in CSULB's Walter Pyramid. The event is free and open to the community. To reserve your spot, e-mail coe-dev@csulb.edu.

The event is intended to shed light on a technological impediment that, once solved, will make renewable sources a much bigger player in the energy industry. The challenge is that the current technologies used for small batteries do not scale up for storage of energy at grid scale. Technologically, this problem requires solutions that most likely are not derivatives of the technologies that are used for smaller scale storage. We have seen in the recent past the recalls and disruptions that batteries have caused to the airline, smartphone, automobile and other industries. Well, even if we addressed all of the safety issues, these technologies do not scale up because of the high cost and limitations on the number of cells that can be packed together. With countries such as Germany investing heavily and U.S. states such as California mandating renewable sources, several new solutions have emerged. Of course cost-effectiveness and the ability to compete with traditional power sources are the driving force for the long-term solutions.

Some of emerging technologies that show promise include:

- Chemical process storage, which uses electrolysis to convert excess energy into hydrogen and methane;
- Compressed air energy storage, where underground tanks store excess energy in the form of compressed air for weeks or even months; and
- Pumped hydro storage, which uses two reservoirs, each at a different elevation, and connected by waterways, mimicking traditional hydroelectric power plants.

Generally, these solutions are flexible, scalable and economical. The big question is how they may become commercially viable. Yet another very important issue is the safety issue, which should be first and foremost on a project of this scale.

As we have seen in many other complex problem areas, the solution may rely on a collection of technologies that store electrical energy on a large scale within an electrical power grid. To hear more on this topic, you can attend the lecture. Details can be found at <http://web.csulb.edu/colleges/coe/views/dls/current/index.shtml>.

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

Inside City Hall

Why Long Beach Needs A Full-Time Council



By **GERRIE SCHIPSKE**

Consider these facts about the City of Long Beach: The city has close to 500,000 people living here, making it the 7th largest city in the state; Operates the second busiest port in the U.S., an airport that is coveted by major airlines and a world-class convention center; Owns a water and gas utility and one of the world’s most recognizable icons: the Queen Mary; Is one of only three cities in California with a public health department; Manages a refuse-to-energy plant – Southeast Resource Recovery Facility (SERRF); Directly provides police, fire, public works, library, planning, parks, recreation and marine services; Owns oil fields; Serves as a trustee for the State of California over Tidelands revenues; Passes an annual budget in the billions of dollars; Employs more than 5,000 employees; Utilizes a city council-manager form of government, with an elected mayor who does not have a vote; Divides the city into 9 council districts so that each councilmember represents about 55,000 residents; Compensates its councilmembers (per the City Charter) at 25% of the mayor’s salary. As of October 1, the mayor’s salary is \$140,499, so councilmembers are just above \$35,000.

The National League of Cities estimates that, for a city the size of Long Beach, a councilmember should spend approximately 40 hours a week on council-related matters. That is why cities of comparable (and even smaller) size than Long Beach, compensate their city councilmembers at much higher rates: Fresno – \$67,523; Sacramento – \$62,523; Oakland – \$77,540; San Jose – \$81,050. Interestingly enough, these cities do not oversee the number and types of public services and operations that Long Beach does.

Nowhere in the City Charter does it state that a councilmember's job is “part time” or that the mayor’s job is “fulltime.” But, because the council salary is set at only a portion of the mayor’s, the inference and practice has been that city councilmembers are “part-time.” Consequently, in a city the size of Long Beach we have full-time problems and issues and a \$3 billion plus budget that are handled by a part-time council that is dependent upon the decisions of full-time city management.

This becomes so apparent during budget sessions when the council struggles to make changes, only to be told by staff that the suggested changes are not recommended. The budget document itself is held hostage by the staff that develops it. Hundreds of pages in length, the budget document is difficult to navigate, and it is impossible to evaluate whether or not the city is spending taxpayers' money efficiently and effectively.

When a councilmember is compensated on a part-time basis, you get two types of people: 1) those who are self employed or retired and who can spend whatever time is necessary to serve on the council; or 2) those who work full-time jobs and who are able to attend council meetings three times a month and perhaps a once-a-week, one-hour briefing from the city manager. The majority of current councilmembers work full-time in other jobs.

It is no wonder that, when complex issues come before the council, there are few hard-hitting questions being asked. Long Beach deserves a full-time city council.

Next column: How to Get Special Interest Money Out of Long Beach Politics.
(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.)

Small Business Dollars & Sense

Millennials See Saving \$1 Million For Retirement As Impossible Goal



By **BEN ALVARADO**

At Wells Fargo we spend quite a lot of time studying Millennials and I’d like to pass on some of their retirement thoughts we have been learning so the small businesses in Long Beach can better understand their Millennial customers. Young adults are making an impact on culture and in the workplace; they are busy building a career, paying off student loans, and planning for their futures. For many, planning for their financial future seems daunting, according to results in our recent Millennial study about retirement.

Sixty-Four percent, said they will never accumulate \$1 million in savings in their lifetimes according to the 2016 Wells Fargo Millennial Study. However, it might not be as unattainable as they think given they have time on their side when it comes to savings compounding over decades. It’s a simple math problem, a \$1 million goal is attainable for an adult with a \$32,000 salary at age 25 if they start putting 5 percent of their salary in a retirement plan and increase the percentage saved by 2 percent each year until they reach 13 percent. This scenario works if the person has a 2 percent annual salary increase, is invested in the market and sees a 7 percent return on invested assets. This can be easier when one is taking advantage of an employer retirement plan.

Student loan debt remains a financial challenge for the Millennial generation. Thirty-four percent told us they currently had student loan debt, with a median debt load of \$19,978. For 75 percent of the Millennials with student loan debt, the word to describe their loan is “unmanageable.” To their credit, 70 percent of those with this unmanageable debt are still saving for retirement. We’re encouraged by their determination to save for their financial future despite their current financial challenges.

Some Potential Strategies
We’re hopeful that more Millennials will save for retirement and develop increased financial confidence for the future. It was encouraging to see that 85 percent of Millennials viewed saving for retirement an important part of becoming a “financial adult” and that 69 percent think that having a retirement plan like a 401(k) plan is extremely important. As retirement plan providers and employers, I hope we can continue to find ways to encourage these thoughts to boost the number of Millennials who begin saving for retirement at the start of their career. There are plenty of plan design features, such as automatic enrollment and an automatic increase program, that are great tools to get this younger generation started on the right path.

A little education on how to invest, with special emphasis on long-term investing and stock market exposure, is critical to help Millennials generate returns that will grow their nest egg at significant rates.

We recognize it’s challenging to balance today’s financial needs with the need to save for the future. These studies give us great insights into Millennials’ attitudes and behaviors. We plan to take what we’ve learned to try new approaches to reach this segment of the workforce, a group that has a great opportunity to prepare for a better retirement.

(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

Your Leadership Legacy: What If You Could Do Life Over Again?



By **MICK UKLEJA**

When the top five regrets of the dying were listed, the number one was, “I wish I’d had the courage to live a life true to myself; not the life others expected of me.”

Hindsight is 20/20. However, what if we could do it over again? We can, and here are six ways to make it right.

1. Begin with the end in mind. Let’s go out to a future place. It doesn’t have to be at the end of your life. Pick a future time: 1 year, 5 years, 10 years. Go there and spend some time – in solitude. Now, using your imagination, look back over your life with 20/20 vision. What do you wish you had done? What are the outcomes you would have wanted? What decisions would you have made? You’ll discover that this hindsight is a gift, because you CAN transport yourself back to the present and discover that it is

something you can do right now. Your “*should have’s*” are now your “*able to’s*.”

2. Value small changes. The majority of life consists of those small incremental changes that take place daily. Some are so small that it’s easy not to take note. There are 8 million earthquakes every year. But they are so small – around 2 on the Richter scale – that we don’t take notice. Over time they make a big difference in the topography. Our personal lives are like that. Life is not like a movie with high drama. It’s in between the scenes where daily habits are formed that add up to big changes. Those micro habits and skills become macro changes when stretched out in time.

3. Schedule appointments with yourself. Connecting with others is good. Stopping to connect with ourselves is a priority, and – in many cases – a lost art. It’s impossible to authentically connect with others beyond your connection with yourself. There are many voices that clamor for your attention. Take time to listen to your voice – in a centered focus.

4. Write down your thoughts and pay attention. This clears the mental clutter. Know what’s going on inside you. What are your fears and anxieties? As you identify them you discover they become less controlling and often fade. There is no shame in being fearful or anxious, but there is great power in knowing what they are. Have a face-off with your fears.

5. Identify those limiting beliefs holding you back. We

all have them. Physically, we see this when folks enter contests (Olympics, ironman, mud races, biking, etc.). We understand the idea of pushing past our physical limitations. We also have belief limitations? Much of it we inherited. We’ve confirmed these limitations ourselves, and we live within their perimeters. Our remarkable minds have a somewhat distorted lens, acting like a filter. This lens was shaped from past experiences, traditions and terminology we have accumulated. Information that does not fit those mental frameworks isn’t easily seen, heard, or readily accepted. The force is strong and works to keep us in the framework we “*know*.” Recognizing that our *framework* has its limitations will help us see beyond those self-imposed boundaries.

6. Take action. Encouragement can and will come from those around you. But the greatest form of encouragement will come when you put that stake in the ground and take some tangible action toward your desired ends. Where would you like to end up? By when? What will you do this week?

Your macro leadership legacy happens on a micro day-to-day time frame.

(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.)

Realty Views

Changes To Real Estate Lending Likely, Regardless Of Who Wins The Election



By TERRY ROSS

No matter who wins next month’s presidential election, most people in and around the mortgage industry believe that some significant changes will be made in real estate lending under a new administration.

Although the two major candidates – Donald Trump and Hillary Clinton – have stated different approaches to housing and lending, both appear to realize that some measure of change is in order.

Two very significant changes have happened in this area since the Great Recession. Homeownership rates are at historic lows. We now have fewer homeowners in this country than we had in 1976. And on the lending side, 90% of home mortgages are either guaranteed by the federal government or by government-sponsored enterprises like Fannie Mae or Freddie Mac.

Many are calling for reforms that will get private lenders back into the marketplace and reduce federally guaranteed mortgages to the more traditional historic rate of 60% of loans. Greater private securitization of real estate loans is one method being advocated – something that has continued since the 1970s but was seriously reduced during the recession.

“The housing market as I understand it is broken,” said Lewis Ranieri, who has been called the “father of the mortgage-backed security” and is the chairman of Ranieri Strategies, a group of investment and asset management companies in New York.

“Lending without regard to borrowers’ ability to repay in the previous decade was bad for housing,” he noted. “But so is hav-

ing the homeownership rate fall while the government is subsidizing the bulk of home lending.”

Ranieri has advocated merging Freddie and Fannie and having those agencies only guarantee catastrophic risk – and lowering their loan limits to foster more growth from the private securitization side.

“If there’s a will to, in effect, back the government out and have a bigger private sector, then securitization will work,” Ranieri added. “Although the private securitization structure has been abused, it was a necessary step for the market back in the days when savings and loans dominated the mortgage market because their balance-sheet lending wasn’t sufficient to meet the demand for housing finance at the time.”

The other side of this – the loss of homeowners – has a lot to do with incomes, rents and the cost of living. According to the Milken Institute, a household in Los Angeles would need to earn \$145,000 annually to keep their housing cost less than 30% of after-tax income, based on a \$2,000 per month average rent for a two-bedroom apartment in L.A. County.

Although many consumers spend a greater percentage than this on either rent or a mortgage, the 30% threshold is considered a safe, low-risk number when underwriting a loan. Mortgage costs higher than this creates greater risk for a lender that the mortgage could go bad – which was a contributing factor in the recession’s housing bubble. For a renter, spending more limits the ability to save for a down payment and become a homeowner.

According to Ross DeVol, a researcher for the Milken Institute, the median income in L.A. County is \$45,000, so many residents are using an abnormal amount of their income on housing in this area.

“It becomes a real challenge for companies recruiting people,” he said. “There’s a real sticker shock in getting them to come here. What we think of as [income levels] approaching the middle class barely gets you there [in L.A. County]. I really fear losing a big chunk of families and an economy that is vibrant enough to sustain it in the future.”

While not every market is like Los Angeles, it is a good example of the economic forces in play that are leading to the decline in homeownership.

Based on what the candidates are saying about real estate and domino effect. In some organizations, the CEO may ask for some advice from an ad hoc group that remains advisory.

For anyone in the organization to understand the complexities of managing a nonprofit organization, the executive’s job description should be a centerpiece of discussion at least once a year and a refreshed document contained in a board manual. The description should be accompanied by a set of approved performance goals that will form an annual executive performance evaluation.

Virtually every nonprofit executive has a few commonalities that are shared among his or her for-profit counterparts.

The first is the authority and accountability to carry out the policies of the organization as approved by the board. For most organizations, these policies form the framework for the day-to-day operations. It’s when an executive has to make decisions without any policy backing, that things can get messy for everyone involved.

The second is having the backing of the entire organization to mobilize a set of organizational goals towards a stated outcome. When the board hasn’t set a clear and measurable set of goals, disagreements about what the “end game” is all about and how the organization should get there is guaranteed.

The third is the authority to establish an accountable culture in the organization that includes how people are hired, managed and advanced. It’s hard for management to maintain accountability if the board has none of its own regarding the obligations of its members to fulfill their own boardmember job descriptions.

The fourth is earned respect and representation of the mission statement in the broader community. A successful nonprofit executive must have appropriate delegation authority so the staff can accomplish the organization’s mission, and support from the board to achieve visibility of that mission in the community.

Whatever is in the job description, every nonprofit chief executive must be the master of facilitative leadership. Because no single person owns the business, consensus building among boardmembers as well as other stakeholders is a vital skill.

It’s no secret that the lower compensation that nonprofit chief executives earn indicates there must be something else driving his or leadership. It’s a commitment to community, a deep interest in social advancement, and a personal desire to help others. With the board’s support, a nonprofit executive’s job can become a fulfilling life career.

(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)

lending, they each are advocating change – but in different ways.

Clinton is advocating for new programs for first-time buyers, such as matching savings plans and affordable rental efforts. Trump wants to greatly reduce the onerous regulations – many enacted over the past eight years – such as the Consumer Financial Protection Act. The Republican-sponsored American Taxpayers and Homeowners Act would decrease the government’s role in housing and replace it with a private system.

According to David Stevens, the CEO of the Mortgage Bankers Association, changes in the mortgage industry are going to be made after a new administration is seated.

“There hasn’t been a lot of talk about housing – there has been a lot of talk about a variety of subjects,” he said. “[With] either candidate, and whichever party ultimately takes the White House in the next administration, we’re hoping we can expand the dialogue because [housing] is such an important part of the economy.”

(Terry Ross, the broker-owner of TR Properties, will answer any questions about today’s real estate market. E-mail questions to Realty Views at terryross1@cs.com or call 949/457-4922.)

Third Sector Report

The Nonprofit CEO: A Complex Leadership Equation



By JEFFREY WILCOX

Ask any nonprofit leader to identify one of the consistent struggles and causes of frequent misunderstandings within a nonprofit organization, and it is nearly guaranteed that a lack of clarity about the respective roles of management and the board will be cited.

It’s almost as though there is a constant shift, depending on the subject, whether the board is leading (guiding) or hands-on managing the organization. For many organizations, a double standard emerges that says, when it comes to such matters as asking for money, management is in the driver’s seat; but on issues relating to hiring senior staff positions, the board expects to weigh in.

Unfortunately, there’s not a hard and fast rule that forms a leadership mandate for all nonprofit organizations. The type of organization, its age, budget and staff size, and historical actions all contribute to how governance and management are handled. The answer lies in a negotiated relationship, with both sides agreeing to a framework that is jointly developed. As an organization evolves, so must that framework.

Nevertheless, there are complexities associated with a nonprofit chief executive that most business people would be hard pressed to find in their own job descriptions. Most obvious is the ability to work with a complicated human resources equation that includes both paid and unpaid people working together towards a common end. Managing volunteers while managing paid employees is an acquired skill and a leadership talent.

The effective nonprofit executive must have the support of and be empowered by its board to make tough decisions, negotiate feelings, craft compromises, and try a variety of processes to get the right human resources balance to achieve the goals of the organization. When governance sticks its toe in decisions affecting the human resources of the organization it is guaranteed to have a

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Choppy Waters: Shipping Industry

(Continued From Page 1)

they have done is they have flooded the market with additional capacity, and demand has not kept up with capacity,” Hacegaba continued. “That’s the reason why freight rates are at historic lows. And when freight rates are at historic lows, shipping lines are not making money.”

Visits to local ports by mega-ships like the CMA CGM Benjamin Franklin – which is one of the world’s largest ships at a capacity of 18,000 twenty-foot equivalent units of containers (TEU) – make headlines for the sheer size of the ships and what they mean for port operations and infrastructure. But these ships are also at the root of the shipping industry’s current overcapacity problem.

“In terms of overall economic impact, one consulting group projected that the industry was looking at losing, collectively, between \$6 billion and \$10 billion this year,” John McLaurin, president of the Pacific Merchant Shipping Association (PMSA), said. The PMSA is a nonprofit organization representing owners and operators of marine terminals and trade vessels.

Globally, freight rates – the fee charged to ship a container from one point to another – are at historically low levels. In recent months, they have been as low as \$700 to move a container from the Far East to the Port of Long Beach, according to McLaurin. “Those rates really need to be up around \$2,000 to be compensatory,” McLaurin said. “Your transpacific freight rates – the cost to move an export container across the Pacific – is less than what you’re paying to move the container by truck across the Southern California area. That has got to change.”

Jock O’Connell, international trade adviser for Beacon Economics, explained that a few years ago, shipping lines began ordering mega-ships in anticipation of strong growth in maritime trade. “That proved to be a false assumption,” he said. “In general, what we’re seeing now is that international trade is growing but much slower than had been anticipated.”

The World Trade Organization recently revised its forecast for global trade growth, downgrading it by about one-third. “Their new forecast for global trade growth is 1.7% year over year. That’s down from the previous forecast of 2.8%,” Hacegaba said. “To put this in perspective, this is the first time in 15 years that international commerce is expected to lag behind the growth of the world economy.”

Why is the forecast for global trade not meeting shipping lines’ previous expectations? O’Connell pointed to the slowing of the Chinese economy’s growth rate as the main culprit. “What happened was largely because China stumbled,” he said. “And it was the slowing of its growth rate that had a ripple effect that diminished a lot of the trade that China was engendering globally.”

Hacegaba, McLaurin and O’Connell agreed that the shipping industry is likely to continue contending with overcapacity for the foreseeable future. “There is nothing out there on the horizon that suggests things are going to turn around abruptly and robustly anytime soon,” O’Connell said.

Another factor has been that manufacturers, including the automotive industry, are investing in plants in North America to directly serve that market, thereby cutting out the need for shipping, O’Connell noted. “Pick your favorite industry, and there are probably ample incentives for locating the source of production closer to the end market,” he said.

While cutting down on transportation costs is one motive for sourcing manufacturing closer to consumer markets, another factor has to do with shifting consumer trends. “There’s more custom design going into products that reflect the tastes and inclination of the local markets,” O’Connell said. “There’s sort of less in the way of mass manufacturing. It’s not like the old days where Henry Ford said, ‘You can get a new Ford in any color you want, but it’s got to be black,’” he explained.

O’Connell continued, “The manufacturers are more inclined to want to address the proclivities of the local marketplace better in order to remain competitive. So that usually entails moving your entire supply chain closer to the end market so it can respond more directly and more quickly to changes.”

To cut back on costs as they navigate tough economic variables, shipping lines are restructuring their alliances. There were previously four major alliances, but these are reshuffling to form just three alliances with more partners in each, according to Hacegaba. “What you’re seeing is shipping lines seeking to position themselves into networks that put them in a better position to deploy their vessels and more adequately meet demand,” he said. “Each alliance will carry more container volume than they did in the prior alliance structure.”

Whether more shipping lines may go the way of Hanjin is the “question of the day,” McLaurin said. “Their bankruptcy was an example that we are not in a profitable business,” he said. “In a Darwinian way, their bankruptcy was inevitable given the current marketplace.”

So long as freight rates remain at historic lows, shipping lines will continue experiencing financial pressure, Hacegaba said. “If you look at the quarterly reports from the major shipping lines, you’ll notice a trend,” he noted. “And that trend is that, in general, shipping lines are not making any profits. They’re either just in the black or they’re in the red.” ■

Ports To Update Plan To Help Achieve State’s Emission Goals

■ By **BRANDON RICHARDSON**
Staff Writer

In an effort to aid the state in reaching new environmental goals, the ports of Long Beach and Los Angeles will once again update the Clean Air Action Plan (CAAP).

Originally published in November 2006, the CAAP was a joint effort between both ports to develop strategies to reduce greenhouse gas emissions from port operations. The ports worked with the United States Environmental Protection Agency, the California Air Resource Board (CARB) and South Coast Air Quality Management to create these strategies.

“We did an update to the plan in 2010. We built on the strategies that were in there and laid out longer term emission reduction goals that we were trying to achieve,” Heather Tomley, director of environmental planning for the Port of Long Beach, said. “Over the

pop-ups and brick-and-mortar bookstores as evidence of the company’s awareness of the need to more directly touch the consumer (and the consumer’s desire to have as an option a more traditional retail experience). And students of the supply chain would do well to observe Amazon’s move toward becoming a true third party logistics company, competing with the major small package carriers like UPS and FedEx to move products that are bought outside of the Amazon network altogether. The future belongs to companies that can do both order fulfillment and transportation.

And as Conwell pointed out, sometimes you need to look beyond our borders for the most cutting-edge solutions to last mile delivery challenges and opportunities. Count me among the newly initiated to “Direct-to-Trunk (DTT)” and “Direct-to-Fridge (DTF),” two new concepts out of Europe that allow you to provide controlled access via smart phone to your car trunk and your home refrigerator for people making deliveries. And in a world where consumers are increasingly concerned about the risk of theft for packages left outside, it makes sense that people would be willing to investigate alternatives. I’m betting my money on DTF, given the fact that still only 4% of total grocery sales are currently conducted via e-commerce and given the rise of ready-to-prepare meal services like Plated and Blueapron.com. As if it weren’t convenient enough, why not have the ingredients unpacked for you and put away when you get home?

Conwell is in the real estate business, so it’s also worth noting his belief in the future of cross-border retail e-commerce as well. He sees an explosion in this segment of the industry as markets develop across the globe, some of them more rapidly than here in the US. That is likely to translate into the demand for facilities in and around airports to facilitate fulfillment and sorting.

But as he pointed out, with much of the traffic emanating to and from Asia, it may also create more demand for our local maritime ports. Conwell argued that e-commerce does not only have to mean next day or same day delivery. A more sustainable supply chain (from both an environmental and an economic perspective) may require us to be content with less frequent, if still predictable and trackable, deliveries. The educator in me thinks that may be a lesson worth considering whether you’re in the classroom or clicking the “complete order” button out there in the real (or is it virtual?) world.

(Dr. Thomas O’Brien is the executive director of the Center for International Trade and Transportation at CSULB and an associate director for the METRANS Transportation Center, a partnership of USC and CSULB.)

Trade And Transportation I Want It Now



By **TOM
O'BRIEN**

One of our responsibilities at the university is to make sure that our students succeed in the classroom while preparing them for the realities of the “real world.” That’s why any opportunity we have to get leading experts in front of them matters. As part of an Industry Outlook series sponsored by the METRANS Transportation Center, which is a partnership of CSULB and USC, students from both campuses recently heard from such an expert, this time in the field of e-commerce. This is a topic of tremendous importance to not only students of supply chains but to all of us who are consumers of goods.

The speaker was Ben Conwell, the senior managing director-Americas practice leader in e-commerce and electronic fulfillment for Cushman and Wakefield, the commercial real estate company. Conwell’s experience on the front lines of e-commerce includes time spent at Amazon, so his experiences are telling and his expectations for the future worth noting.

His presentation, “I Want It Now: eCommerce, Supply Chains and Transportation,” provided a not so surprising underscoring of the importance of e-commerce to global trade. It’s now a \$2 trillion business with only more room for growth. Some 9% of total retail sales in this country can be described as B2C (business-to-consumer) activity but increasing at a rate of 16% percent annually.

What was more surprising was who some of the leading players are. Amazon, of course, sets the standard; but in terms of the leading retailers for whom online revenue approaches 50% of total revenue, Conwell says you need to look to companies like Staples and Williams Sonoma. They have found a way to truly integrate e-commerce into their business models. Others like Macys and Sears see it as a way to survive (and in some cases recover) in an increasingly perilous retail market.

And while the discussion did often return to Amazon, it more often than not went beyond the question of rapid fulfillment of orders. Conwell noted Amazon’s move toward



The ports of Long Beach and Los Angeles will once again update the joint Clean Air Action Plan. The original plan was published in 2006 to greatly reduce greenhouse gas emissions from port operations. It was updated in 2010 and the latest update is scheduled for completion in early 2017. A preliminary discussion document is scheduled to be released in next month, according to Heather Tomley, pictured, director of environmental planning for the Port of Long Beach. (Photograph by the Business Journal’s Larry Duncan)

last 10 years, we’ve made huge progress in reducing the emissions from the port operations. So diesel particulate matter has dropped by 84%, nitrogen oxides are down 48% and sulfur oxides have been cut by 97%.”

Original strategies for cargo ships included financial incentives for having the newest engines, which are 80% cleaner than older models; decreased speeds upon entering the harbor, which reduces emissions; and utilization of shore power by plugging into the port’s electrical grid while loading and unloading, rather than idling auxiliary engines. As of 2012, trucking companies were banned from operating trucks that did not meet 2007 emissions standards.

The ports boast the cleanest locomotive fleet in the country, with the Pacific Harbor Line maintaining the cleanest available locomotives and limiting idle time to 15 minutes. Cargo-handling equipment and harbor craft have also been upgraded to reduce emissions.

Tomley explained that at its current stage, every strategy in the original plan has been fully implemented or is well underway. With the finalization of Gov. Jerry Brown’s California Sustainable Freight Action Plan (CSFAP) – the culmination of his July 2015 Executive Order B-32-15, which called for state agencies to develop a statewide strategy to drastically reduce emissions – the ports will soon be updating the CAAP for a second time.

“The specific strategies will be included in the discussion document which we’re going to be releasing at the beginning of November that lays out all of the concepts that we’re proposing to move forward with,” Tomley said. “Then what we intend to do is, over the next several months, we want to go through a robust stakeholder outreach process and gather input from all of our different stakeholders on the proposals that we’re putting out there. Then finalize the plan and take it back to our joint boards for approval in early 2017.”

After the discussion document is released to the public in early November, the ports will have a joint board meeting later in the month to discuss the updated plan before the outreach to stakeholders. A date for the meeting has not been finalized, as both ports want all commissioners present.

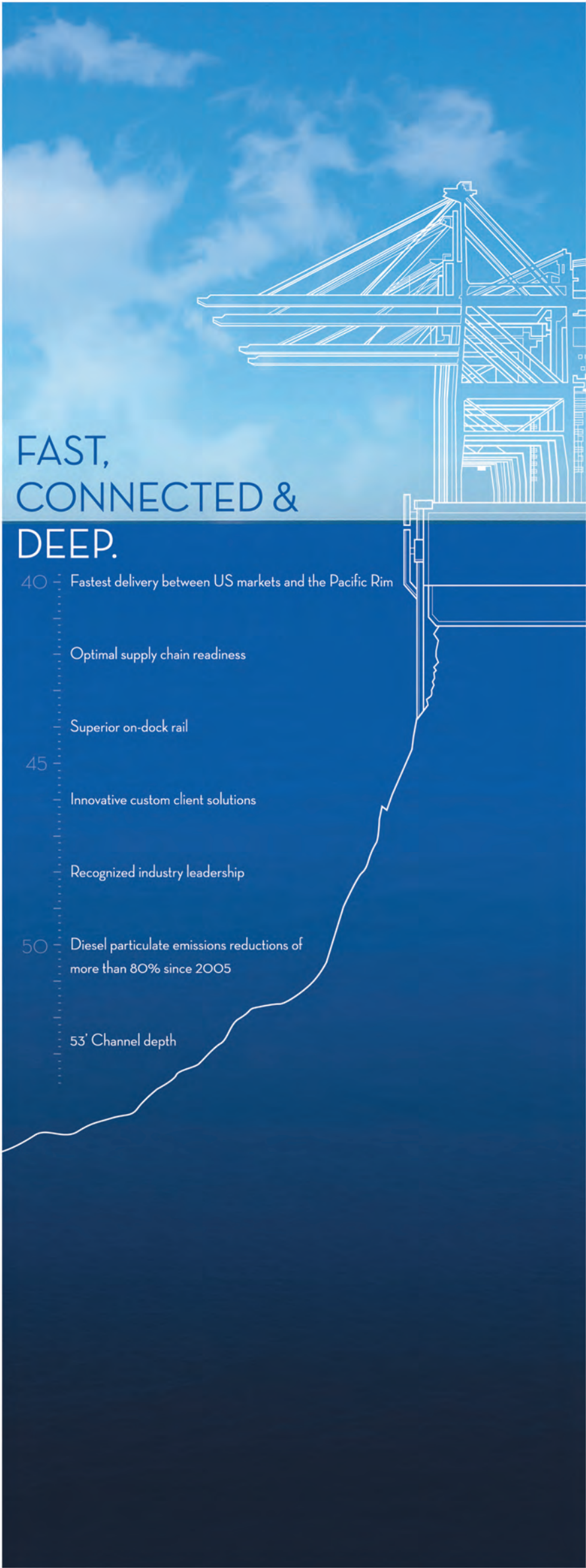
“The Port of Los Angeles looks forward to updating the Clean Air Action Plan so that we can continue the great progress that we’ve made over the past decade,” Phillip Sanfield, director of media relations for the Port of Los Angeles, said.

According to CSFAP, the state goal is to reduce greenhouse gas emissions to 40% below 1990 levels and cut petroleum use in cars and trucks by half of the current level by 2030. Even though the ports of Long Beach and L.A. have made significant reductions in a fairly short period of time, Tomley said these new goals will still be a big challenge, especially financially, for the ports and related industries to do their part.

“We have been in discussions with CARB pretty regularly about what we are trying to achieve here, and they have indicated that there is significant funding that will be available through various programs like cap and trade and the VW [Volkswagen] settlement and other things that are out there,” Tomley said. “We want to make sure that we’re proactive, so having this information out there and really charting this path puts us in a good position for that funding to be directed here.”

To aid trucking, railway and shipping companies further, Tomley explained that the updated action plan will include conducting feasibility assessments in advance of industry deadlines for transition. According to Tomley, these studies will consider the state of technology development and economic factors, and they will include progress reports on the implementation of zero-emission vehicles.

“These strategies that we’re talking about are going above and beyond,” Tomley said. “Just like the last time around with the Clean Air Action Plan, we have challenges going forward across all the different source categories to hit the emission reduction goals.” ■



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The Joint Command and Control Center at the Port of Long Beach is a 24/7 operation. At the center, port security staff monitor port activity and facilities through live closed circuit television footage, the Virtual Port system, radar and other technological tools. (Photograph by the Business Journal's Larry Duncan)



Randy Parsons, a 20-year veteran of the FBI, is the director of security for the Port of Long Beach. (Photograph by the Business Journal's Larry Duncan)

Inside Virtual Port: The Technology Keeping The Port Safe And Goods Moving

■ By **SAMANTHA MEHLINGER**
Senior Writer

Securing the Port of Long Beach (POLB) is not just about protecting the port's infrastructure – it's about securing and ensuring the flow of goods. With 40% of the nation's trade moving through the San Pedro Bay ports, threats to the port complex are economic in nature, according to Randy Parsons, director of security for POLB.

Parsons sat down with the Business Journal in a conference room overlooking the harbor at the port's Joint Command and Control Center, a building on Pier F that houses 100 port security employees, 35

Long Beach Police Department officers, a Los Angeles Fire Department battalion chief, the City of Long Beach's lead hazmat unit and other public safety personnel.

"This is an economic target," Parsons said while looking out at the harbor. "And what we've all learned is . . . if something should happen to these two ports, the national ripple effects are profound," he explained. "Unfortunately, we've got some real-time experience with the ports' operational impact being substantially influenced by collective bargaining issues. We've had incidences where these ports have gone down, and we've learned through real-time experience what that impact is."

This experience came most recently in 2014, when the International Longshore and Warehouse Union was bargaining with its employer group. During that process, which ended in February 2015, work at the ports slowed to a crawl. The slowdown caused a backup of goods felt by retailers and consumers across the nation.

"One of the things I like about the Port of Long Beach is, curiously, the security division is in the commercial operations bureau," Parsons said. "I think that says the Port of Long Beach takes a very serious view of securing the global supply chain and our place in that."

Parsons is a 20-year veteran of the FBI, having served as special agent in charge

of the Los Angeles field office's counterterrorism program. He also served as federal security director at both Phoenix Sky Harbor and LAX airports. In his latter roles, positions he took on following 9/11, Parsons became familiar with the careful balancing act between ensuring the safety of people and facilities while maintaining efficient commercial activities.

"Every time you increase security, there's possibly a negative consequence to commercial operations," Parsons said. For example, if the security division decided to inspect every oil tanker coming into the port, it would be "a great security philosophy," he said, but it would also have serious economic implications. "Cars would stop running. There wouldn't be enough gasoline. Oil wouldn't hit the refineries," he explained. "So, efficient and effective throughput is a big part of security."

The San Pedro Bay ports have about 4,200 vessel calls per year, Parsons estimated. "We do together over 15 million containers a year. . . . We have between 12,000 and 15,000 semi tractor-trailers visit [the port complex] every day." He called the amount of traffic and goods movement through the port "staggering."

The sheer volume of containers and vehicles means that the port's security team has to prioritize where its resources are focused, Parsons explained. To do that, the team primarily relies on information, which comes not only from port staff and operations but also from partner agencies like the United States Coast Guard, U.S. Customs and Border Protection, the FBI and Los Angeles's port police, he said.

"We try very hard to have information drive our decisions as to how to use our resources, and by resources I mean both technical and human," Parsons said. Vessel information includes country of origin, identity of crewmembers, prior ports of call and goods on board. Any of those factors can cause a ship to be flagged for a closer look by the security team, Parsons noted.

As in the world of media, in the world of security, the "first surge of information quite often is wrong," Parsons said. Nevertheless, the port takes a proactive posture when information comes in that suggests a potential threat. "Our philosophy is you always take a look," he noted.

For example, after Russian troops entered the Ukrainian territory of Crimea in

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2014, a vessel was acting oddly outside the breakwater. Parsons and the security team looked into it, and it turned out that 100% of the crew were Ukrainians. So they took a closer look.

“That’s an oddity. Crews are almost never 100% anything. They’re a mish-mash of nationalities,” Parsons said. In that situation, port security gathered information about crewmembers, last ports of call and other data. “We did a more in-depth dive for information, and we found the answer to the situation. And it was nonthreatening,” he recounted. The point, he explained, is that the port took notice and ramped up its efforts to analyze information rather than taking a wait and see approach.

The Port of Long Beach has experienced a full range of threats, from on dock fights to illegal narcotics movement to parasitic devices on the hulls of vessels, Parsons said. There have even been instances in which people have tried to traffic U.S. military goods and secrets through the port, he noted. But at the top of Parsons’ list of concerns is cybersecurity.

“The big one that has come to the forefront is cybersecurity, because as you look at this operation and how it’s run, it’s all computers,” Parsons said. “We’re just struggling with getting our arms around it. I testified before Congress last October about cybersecurity in a maritime environment.” Congress directed the U.S. Coast Guard to take the lead on securing the nation’s ports from a cyber perspective, he noted.

Technology allows the port security team and its partner public safety agencies to access real-time information about what’s going on at and coming into or out of the port.

“The Port of Long Beach has over \$100 million in technical security equipment protecting the port,” Parsons said. This equipment is primarily financed by the Federal Emergency Management Agency’s Port Security Grant Program, with a cost share put up by the port, he explained. Some crucial equipment includes radar and closed circuit televisions. Some cameras cost upwards of \$300,000 each. Inside the JCCC’s primary surveillance operations room, Parsons demonstrated how a camera atop the World Trade Center in Downtown Long Beach can zoom in on the deck of the Queen Mary across the harbor.

Through grant funding, the Port of Long Beach developed a system called Virtual Port in 2014. The system compiles information from 70 sources, including public safety agencies and commercial partners, as well as geographic information systems data, weather information, the locations of pipelines and various utilities infrastructure, and much more. Port security and its partner agencies have access to the open source system and are able to, in real time, track any combination of factors on a map of the port in order to monitor current events and plan strategically.

The first use for Virtual Port is situational awareness, according to Parsons. “We know what vessels are anchored. We

know what vessels are at berth. We know if there’s a traffic situation. We know if there’s a VIP visit today,” he explained.

“For the sake of argument, [let’s say] the mayor is here visiting a terminal and he’s meeting with other dignitaries,” Parsons said. “Rather than having to go to two or three different agency calendars to see if there’s anything interesting in the area, you can go to Virtual Port and say OK, the mayor is going to be here. His security detail needs to know about something that’s happening right next door.”

Virtual Port is also used for incident response purposes. When an incident occurs, the lead agency involved – for example, the Long Beach Fire Depart-

ment – can determine which of its resources to deploy and where, rather than over-deploying assets and leaving other areas vulnerable, Parsons explained.

Virtual Port also comes in handy for commercial operations. For example, the port allows trucking companies access to specific camera views that show where their trucks are headed.

“They can look at that video shot, and what they can see is the trucks are backing up onto the 710 Freeway,” Parsons said. “So they can say . . . let’s not send any more trucks down there because that truck is going to have a long wait to get in, and waits cost money.” He added, “What we’ve done is we’ve turned Virtual Port to the business side of operations.” ■



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Industry Asks For Economic Metrics In Implementing Sustainable Freight Action Plan

■ By **SAMANTHA MEHLINGER**
Senior Writer

Last summer, Gov. Jerry Brown issued an executive order mandating that state agencies work with freight industry stakeholders and business interests to create an action plan to move the freight sector towards cleaner operations while growing its economic competitiveness. Agencies including the California State Transportation Agency, the California Air Resources Board, the California Energy Commission and others collaborated with industry to produce the California Sustainable Freight Action Plan, which was released in July.

The 30-page document is essentially a framework for moving forward with attaining the goals laid out by the governor’s executive order.

The plan lays out a vision for moving toward a more sustainable and economically viable freight transportation system through a series of guiding principles and goals. Some such principles include “ensuring net reductions in regional freight pollution,” investing strategically to improve travel times and reduce congestion, applying innovative and green technology to optimize freight movement and more.

Examples of concrete goals include deploying more than 100,000 freight vehicles and equipment capable of zero emissions operations by 2030 and improving the efficiency of the state’s freight system by 25% “by increasing the value of goods and services produced from the freight sector, relative to the amount of carbon it produces, by 2030.”

Also included is a goal to establish targets for increasing the freight sector’s competitiveness and “future economic growth” based on metrics established by industry experts and economists.

Industry stakeholders told the Business Journal that, overall, they are satisfied with the objectives of the plan and their inclusion in its development. But they are concerned that there are not yet metrics to ensure that the freight sector’s competitiveness will be boosted and not harmed by strategies for reducing greenhouse gas emissions.

“The approach was good. We had a lot of stakeholder meetings over the past year and a half,” Chris Shimoda, policy director for the California Trucking Association, said. “I think the process was careful and measured, and inclusive of every stakeholder’s commentary no matter where they happen to fall.”

While the plan outlines a vision for transitioning to zero emission technologies, what’s not clear is how that transition might impact the freight sector, according to Shimoda. “Would California trucking companies, for instance, be competitive against the other states if we’re running zero emission equipment?” he asked. “Do we have the tools, the data, the analysis that allows us to determine that? I think in the final document you’ll see that the answer is no.”

Mark Hirzel, past president and current chairman of the Los Angeles Customs Brokers & Freight Forwarders Association, is also concerned about establishing metrics moving forward. “What we have been waiting for is a metric which measures the economic competitiveness [of the industry],” he said.

“There is nothing that I would say that we’re against as long as we can remain economically competitive,” Hirzel said. “The problem is that all of these things cost money,” he noted, adding that he is concerned the cost for transitioning to cleaner equipment will fall primarily on private industry.

Mike Jacob, vice president of the Pacific Merchant Shipping Association (PMSA), was part of industry groups involved with the formation of the plan. While he said



the plan's goals are attainable, he would have preferred it had included more detail with respect to improving the freight sector's economic competitiveness.

"There is a large swath of the plan which is really all fundamentally based on the lynchpin of economic competitiveness," Jacob said. "But the actual next steps for economic competitiveness have yet to be fleshed out. It's something that the plan identifies as something that the state needs to work on."

While PMSA had requested that specific direction for strategies related to the maritime industry be included in the plan, such details were not present in the final document, Jacob said. But, he noted, that does not necessarily mean such directions won't be developed moving forward.

"The process that they employed was probably about as good as you're going to get," Jacob said of the state's strategy in developing the plan. "We never felt we did not have access to the process as industry. We attended every possible meeting we could, and there were a lot of them." Meetings of the California Freight Advisory Committee, which includes industry stakeholders like PMSA, will continue as strategies for the plan are fleshed out, he noted.

In January 2017, collaboration between industry and regional/local agencies to develop funding strategies for investing in transportation assets, including clean vehicles and equipment, will begin, according to a timeline included in the plan.

By July 2017, state agencies will create strategies for three pilot projects. These include developing a dairy biogas-sourced biomethane fueling facility for use by freight vehicles, advanced technology for truck corridors in Southern California, and advanced technology corridors at ports of entry on the California-Mexico border.

The Port of Long Beach (POLB) is aligning its future operational and environmental strategies with the Sustainable Freight Action Plan, according to Heather Tomley, the port's director of environmental planning. For example, POLB and the Port of Los Angeles were waiting for the Sustainable Freight Action Plan to be released before moving forward with an update of their Clean Air Action Plan. The plan outlines goals for air emissions reductions and strategies to achieve those goals.

"I would say, for the most part, the things that they are proposing really are consistent with the types of strategies that we are proposing going forward as well," Tomley said.

The port is also developing a concept called Energy Island, which would identify self-sustaining energy sources to power the port outside of existing electrical grids. In the development of CAAP and Energy Island, as well as through its ongoing supply chain optimization efforts, Tomley said the port hopes to take advantage of funding opportunities by aligning with the Sustainable Freight Action Plan's goals. "We want to make sure our strategies are in alignment with that so that we can capture as much of that funding for our local operators as possible," she said.

"We do have good relationships with the agencies that have been involved with the sustainable freight action plan, and we intend to continue to work with them closely as they start shaping up the specific strategies," Tomley said.

A spokesperson for the California State Transportation Agency said the agency is currently working through actions in the plan and is remaining engaged with stakeholders. Meetings continue to move the process forward, the spokesperson said. ■

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I would say that
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The problem is that all
of these things cost money."**

**Mark Hirzel, Chairman
Los Angeles Customs Brokers
& Freight Forwarders Association**



Automation And The Supply Chain: ‘People Should Be Thinking About This Now – The Future Is Here’

■ By **MICHAEL GOUGIS**
Contributing Writer

The next time you answer the door, don't be surprised if a hovering drone instead of a human being delivers the item you ordered 30 minutes prior online. Or if the item itself didn't even exist until you ordered it. Or if the person who made the device is sitting halfway around the world.

A Jetsons-esque vision, perhaps, but rooted in today's technology.

Driverless vehicles, drones, three-dimensional printing and advanced robotics are changing the face of industrial real estate, the labor force, the manufacturing base and every other facet of the supply chain. And the rate of change is increasing, experts say.

"People should be thinking about this now – the future is here," says Yehuda Bassok, an expert in supply chain management and chair of the Department of Data Sciences and Operations at the USC Marshall School of Business.

Two key technologies already are reshaping the supply chain in ways that are dramatic now and promise even more revolutionary revisions in the near future. Automated vehicles of all sorts promise lower transportation costs for more rapid, more widely ranging deliveries of inventory and individual purchases. And 3D printing will force industry to rethink the entire concept of inventory, manufacturing and procurement.

The latter, 3D printing, is in the stage of adoption by industry as the costs of the production process tumble, says Kurt

Strasmann, senior managing director/Southern California industrial market leader for CBRE. In 3D printing, a machine builds a part by layering material, one thin sheet at a time, according to a computerized three-dimensional map. The potential advantages are easy to see. On-the-spot production of parts eliminates the lead time for ordering items and eliminates the costs associated with production delays, importing and transportation.

"Long lead times can be expensive. You can produce it on the spot and in the numbers you require, rather than placing the order, having it made and having it shipped," Strasmann told the Business Journal. "It can allow you to produce a part as needed and at the last minute, which is always critical. It provides you extreme flexibility.

"In theory, you could inventory less because you can produce parts on the spot. You could take less space and need less gigantic distribution facilities out in remote areas. You could have smaller facilities in infill sites and more quickly deliver products to your customers."

"It's already starting to change the nature of what goes on in logistics facilities," says John Husing, a research economist who serves as the chief economist for the Inland Empire Economic Partnership. "You can actually get a combination of assembly and parts manufacturing going on in a logistics facility. Logistics is becoming really another piece of manufacturing."

3D printing also offers the potential of having employees in one place create a

part in an entirely different place on the planet. An operator in California with a computer can program the three-dimensional map for a part into a machine in China, or vice versa.

"I will be able to produce things in my house . . . while someone is operating the machine from India or China or wherever. We will be able to use low-cost employees from around the world who will be able to produce things in our towns," Bassok told the Business Journal. "I can produce whatever I want to produce wherever I want to produce it."

This technology has dramatic implications for infrastructure. Goods will not have to be moved; they can be created near the customer.

"This means we may not need large boats because we don't need to import as much. It's a complex question. The entire supply chain will change," Bassok says. "People don't think about it, and I see that. And I think, we're talking about boats, and we don't have enough capacity now. And I'm saying, be careful because maybe in 20 years you will not need this capacity."

Automated vehicles offer the potential for eliminating one of the most expensive elements of the distribution network: the human being. Whether it is a drone that delivers a small package to a doorstep or a truck that can travel hundreds of miles without human intervention, automation means lower transportation costs for the finished product. That has significant implications for real estate locations and operations.

"Everyone talks about driverless cars, but the real economic impact is in driverless trucks," Strasmann says. "There are three stages to this. There's developing the technology. Then there's a driverless vehicle with an operator in the truck who can multitask for the most part while the truck is driving, which makes the driver much more efficient. The third phase is fully automated trucks, and that's a ways off, but there are gigantic potential cost savings. I think you'll see a great deal of investment in this area.

"In theory, you would need fewer facilities because you have automated vehicles that can deliver to a larger area with lower costs. In infill areas, you could go to smaller facilities to better serve your clients because the major warehousing operations are more and more in remote locations. The buildings have to be much more sophisticated to handle all the data needs. Companies like Amazon have robots that do all the picking and sorting. Those kinds of operations really take advantage of the clear height increases in buildings."

The rate of change is staggering. Husing cites the Skechers shoes operation in the Inland Empire as an illustration of a futuristic facility where humans are not required.

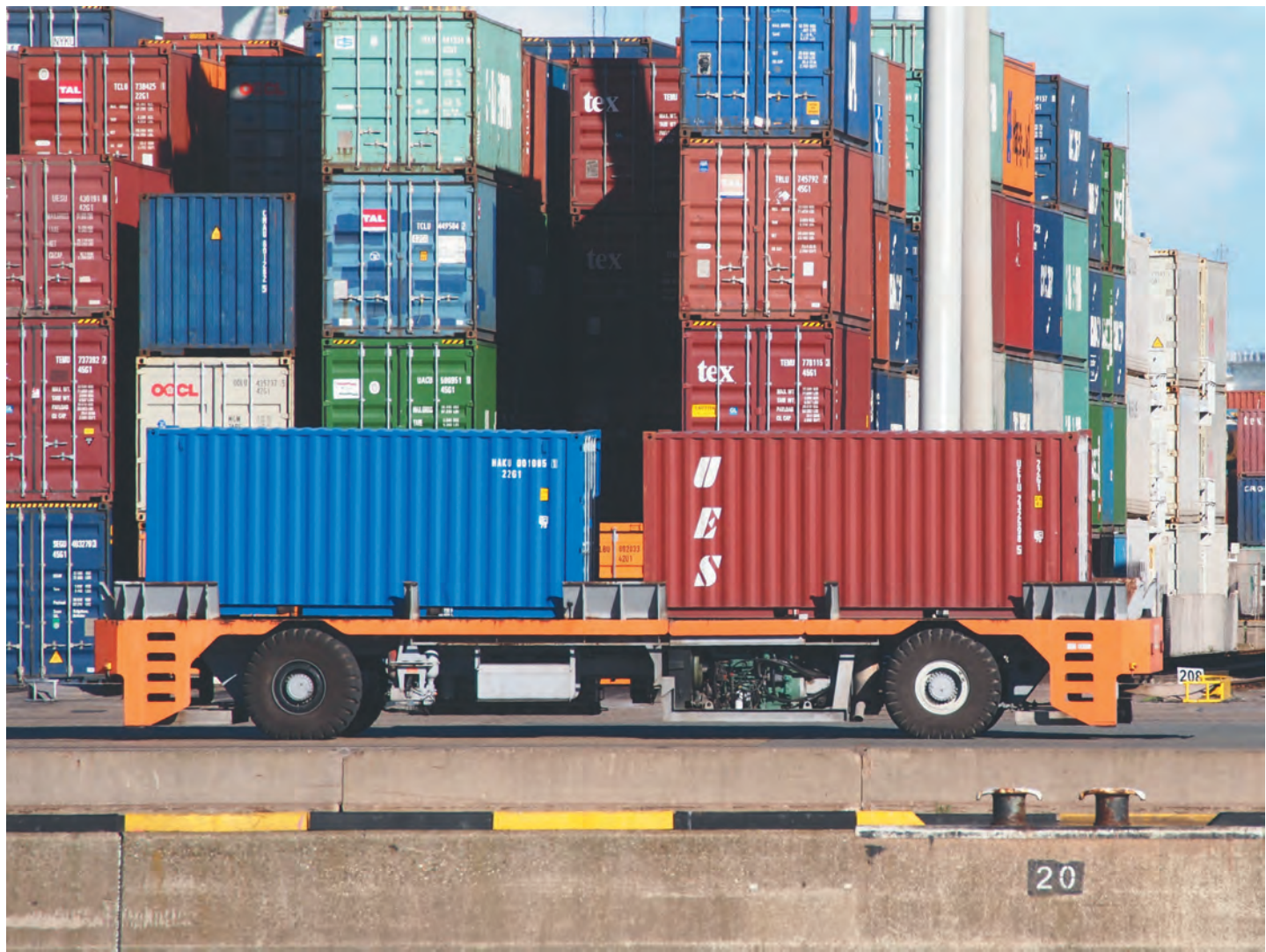
"It is a 1.8 million-square-foot facility. It is 50 feet high, and for all intents and purposes, nobody works inside the building. It is entirely automated. It is all robotics," Husing told the Business Journal. "There are 600 people who work there, and their job is the care and feeding of the technology. They are paid more, but they have to know more. They have to be able to repair and calibrate all of this equipment. They have to know software. That is the future.

"The technology is most efficient at those sizes [of facilities]. And a lot of what we're talking about is e-commerce. Most of what is being built [in the Inland Empire] is e-commerce because they are huge operations. They are packed with people, though their functions are becoming more and more replaced by robotics."

Replacing employees with robots in these functions is something that causes economists concern. The jobs that will disappear are the ones that have a proven track record of moving people from the lowest socioeconomic strata into solid middle-class lifestyles, Husing says.

"The greatest employment potential loss from automation will be truck drivers as you get into automated vehicles. Right now, truck drivers are in short supply. They make very good pay. And as you move into driverless trucks, that is a good-paying job that takes people out of poverty and into the middle class that will be eliminated by automation," Husing says.

"Honestly, this particular round of automation is the greatest threat to upward mobility into the middle class for the marginally educated that has existed in my lifetime. The speed at which this is changing is accelerating." ■



Automated guided vehicle container movers, such as this one at the Port of Rotterdam, are beginning to find their way onto ports around the world.

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