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Long Beach-Based United Pacific Grows Its Network Of Gas Stations And Convenience Stores



Long Beach-based United Pacific recently announced the acquisition of 39 gas station and convenience store assets from Macland Investments. United Pacific's network now includes 365 company-operated stores, 55 fee-operated locations in the Western United States, and more than 2,800 employees. United Pacific President and CEO Joe Juliano is pictured in the company's headquarters at Douglas Park – where more than 120 employees are located. "The addition of Macland's stores to the United Pacific retail network significantly strengthens our company. We are excited about bringing such a high quality convenience store portfolio and talented and loyal group of employees into the United Pacific family. The addition of the Macland stores also expands our retail presence in Southern California, which remains a core growth area for United Pacific." (Photograph by the Business Journal's Brandon Richardson)

Local Nonprofit Organizations Aim To Diversify Their Board Membership

By ANNETTE SEMERDJIAN
STAFF WRITER

In order to become more representative of the communities they serve, Long Beach philanthropic organizations are working to diversify their board membership.

Leading with Intent, a 2017 study conducted by the nonprofit organization BoardSource, reported that nonprofit boards are no more diverse than they were two years ago. Of the 214 organizations that were surveyed, over half of boardmembers were male, 83% were over 40 years old and 84% were white. The study also found that the lack of diversity in

nonprofit boards might remain unchanged if more nonprofit

chief executives do not start to prioritize demographics in the recruiting process.

Staff at nonprofit organizations tend to be diverse, but executives and board members often do not reflect the same diversity, according to Michelle Byerly, executive director of The Nonprofit Partnership, a Long Beach-based organization that supports nonprofits serving local communities.

"One thing we know is that you need to be intentional," Byerly said of increasing board diversity. "We are not just asking people to the table because we want the perception that we are being di-

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A 24-Page Salute To
Airport's 95th Anniversary
Inside This Edition

REAL ESTATE QUARTERLY

Interest Rates Impact Real Estate

Markets Evolve To Keep Up With Ongoing Trends

By BRANDON RICHARDSON
SENIOR WRITER

Steadily increasing interest rates are likely to slow the sale of properties across all real estate sectors, according to real estate experts and economists. After the most recent quarter-point hike in September, the federal funds rate, which directly impacts mortgage loans, is 2.25%. Three more increases are anticipated in 2019. According to Wells Fargo, the current mortgage and refinance interest rates are 4.125%.

For single-family housing sales, affordability constraints are causing the market to struggle, according to Robert Kleinhenz, economist and executive director of research at Beacon Economics. "Prices are rising, but sales have been struggling the entire year," he said. "Higher interest rates coupled

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Trucking Industry Challenge

Association Disputes New Independent Contractor Rule

By PIERCE NAHIGYAN
STAFF WRITER

The California Trucking Association (CTA) and two independent truck drivers have challenged a California Supreme Court ruling that altered state guide-

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MILLENNIAL PULSE Voting: Will They, Or Won't They?

By Editor Samantha Mehlinger

While the media is split on whether Millennials are going to turn out to vote, they are in agreement on one point: if it does exercise the full force of its voting power, the second largest living generation in the United States has the potential to sway the course of elections nationwide.

But the question is: will they, or won't they? It turns out, much to my embarrassment, that my fellow Millennials make a lot of really stupid excuses not to vote. You read me right: stupid. I do not care if that's insensitive to my peers, because, as far as I'm concerned, they're being

(Please Continue To Page 4)

PortSide Keeping Up With The Port Of Long Beach

When Larry Ditchkus was 12 years old, his father took him on boat rides past the Long Beach breakwater to go fishing. The port always fascinated Ditchkus, now a commercial appraiser for the port. "I never dreamt I would end up working at the port all those years later," he said. Prior to working at the port, Ditchkus served as a real estate appraiser for Bank of America for 12 years. He later started his own company that provided valuation and brokerage for old oil well sites and other properties. In 2001, he started with the Port of Long Beach as a leasing and sales officer. Then, about four years ago, he was offered a specialized role at the port in managing appraisals. Most ports do not have an appraisal manager and the position is very unique, according to Ditchkus. "The problem with trying to value large terminals is that they do not sell [often]," he said. Due to the lack of comparable sales of large terminals, Ditchkus tracks costs associated with upgrading terminals to assess their property values. In 2017, Ditchkus was honored as the port's employee of the year due to his role in selling a parcel of land that the port owned near the World Trade Center. The land is currently in escrow for about \$30.2 million. Ditchkus is also currently working to sell the port's interim administrative offices as they prepare to move to their headquarters at the new Long Beach Civic Center next year.

Article and photograph by Staff Writer Annette Semerdjian



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2019 CENTENNIAL

LONG BEACH AREA COUNCIL

A CENTURY OF SCOUTING, THE ADVENTURE CONTINUES

ScoutReach

Scouting in Long Beach is as diverse as the population itself. In 2005, the ScoutReach program was formed to make Scouting available to at-risk youth in town. Now in its thirteenth year, ScoutReach continues to provide underserved youth with a quality program at no cost to the family.

Participants enjoy the same Scouting program as everyone else: unmatched outdoor experiences, meaningful community service projects, and leadership opportunities that develop strong character. Youth see the sunrise from a mountaintop, learn to set up a tent, cook a meal while camping, paddle a canoe, and fold the American flag—in nearly all instances for the first time in their young lives.

Just last week, Ashley, 33, explained why she finds ScoutReach valuable for both her and her son, Timothy, age 6. "Scouting is showing my son outdoors- and life-skills he would not otherwise learn." She adds, "Without Scouting, I would not have gone camping or fishing with my son. In the three months we've been involved, I have seen positive growth."

In 2019, The Long Beach Area Council, Boy Scouts of America will be celebrating 100 Years of service to youth in our community. Building up to a year of celebrations, we will be profiling certain individuals or families that make up today's Scouting program.

For more information about upcoming events go to:
www.longbeachbsa.org/100

WINTER SESSION 2019

JAN. 2 – FEB. 5

REGISTRATION BEGINS **NOV. 13**

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Photograph at Hortencias Mexican & Seafood restaurant at 3502 Atlantic Ave. Long Beach, by the Business Journal's Brandon Richardson

Roberto Uranga

7th District

■ By **SAMANTHA MEHLINGER**
 EDITOR

LBBJ: Do you feel business owners in your council district are happy with the direction the city is going?

Uranga: Absolutely. We're able to convert a lot of businesses into something that's going to be thriving, that's going to be economically feasible, that's going to provide a profit for them. That's one of the reasons why we're here at Hortencias [Mexican & Seafood], is that it was a business that unfortunately had some issues and had to leave. But then these proprietors came in, and it's doing very well so far. . . . There have been other businesses we have done some ribbon cuttings for in the last four years that are still doing very well and looking at expanding. It's a great opportunity to have these businesses coming to the 7th District and be successful. For example, the Long Beach Beer Lab opened two-and-a-half to three years ago, and they're expanding. They don't have enough space to store all their product, so they are looking at expanding into next door. We're working with them to try to make that happen. That's what we do with all the businesses. Anybody who comes to Long Beach wanting to establish a business here, we meet with them, we ask them what it is they want to do and how we can help. We provide them with some guidance as to how to maneuver around city hall in getting the necessary permits. . . . It's a holistic approach to try to get businesses into Long Beach and to be successful.

LBBJ: In your years on the city council, how have you worked to build relationships with businesses in your district?

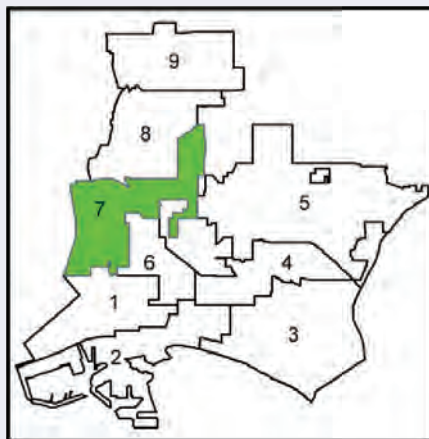
Uranga: I meet with them on a pretty regular basis. We go to their businesses. There is nothing more telling about how we feel about businesses than patronizing their establishments. . . . We try to patronize the businesses as much as we can, especially those that are newly open, so that they can get the feeling that they have support and they have a friend in city hall. When we have community meetings, we invite [business owners] to come, such as the Wrigley Association in West Long Beach. . . . We try to feature them at some meetings.

LBBJ: What are businesses in your district telling you are their biggest challenges?

Uranga: Maneuvering through the complexities of permits. When they want to expand a business, getting through the red tape in terms of additional space or [addressing] any kind of environmental issues. . . . But then again, we try to help them as much as possible by having [city] staff be aware that this is a new business, and we want them to thrive and work with them.

One of the things that has really come out recently, and it's because of the success of the BKBIA [Bixby Knolls Business Improvement Association] in the northern part of the district, is expanding it further down south this way. I have talked to [BKBIA Executive Director] Blair Cohn about that, and he's basically saying, 'Yeah, we want to do that.' These businesses want that support as well, because the BKBIA provides additional services such as being able to clean up parking lots and sidewalks, and providing security. Then when they have special events, being able to include these businesses as part of that. . . . We have businesses opening up in the West Long Beach area, which is an area that we really want to get going in terms of being able to get more businesses and more services out there.

If you've seen the map of my district, you have seen how crazy it is. It is very difficult



to determine what types of businesses [should] go where. Retail doesn't work well right here in this part of it [on Atlantic Avenue just past Wardlow Road], but it might work well . . . [near the former Boeing C-17] Globemaster manufacturing area. We're looking at trying to infuse some retail and other kinds of operators out in that area. With our participation, the city has been having a few scoping meetings to talk about what the neighbors would like to see. . . . They want it to be neighborly, walkable. They want establishments where they can go in and feel comfortable. That involves getting more business districts in other parts of the district, like the Wardlow corridor, the Willow corridor and the Santa Fe corridor. . . . We are trying to get that off the ground. It's not easy. There's a lot of reluctance on the part of business owners, especially those that just opened up. They're a little reluctant to put in additional funding for a business district because it costs money, and they haven't established themselves that well yet to where they feel comfortable participating. We're working with them and letting them know the benefits of it and what it can do for them in their business growth.

LBBJ: As the elected representative for the businesses in your Council District, what steps have you taken to make Long Beach business friendly?

Uranga: We are working with our staff in trying to cut some of the red tape, and providing interested entrepreneurs [opportunities] to establish a business here in Long Beach. We have had some incentives for businesses to come into Long Beach and relocate. We also have businesses that are already here, and we like to have them apply for contracts within the city. The biggest one we have is in the 7th District: Laserfiche. It's a global company, and they are established here in Long Beach. We love to have our local businesses do well locally. And if that's [by] working with the City of Long Beach, all the better.

LBBJ: What sorts of businesses do you feel your district has a need for? Do you have a plan to attract such businesses?

Uranga: The neighborhoods want family-friendly, walkable districts. We're talking about some retail, some restaurants, coffee shops. . . . We do not have a Starbucks in my district. Not one. . . . We have one boutique coffee shop. . . . But none in Wrigley, none in the Westside. My district is very convoluted and gerrymandered. The West Long Beach area, for example, is an island. In order to get there you have to go across bridges. . . . That creates somewhat of a barrier, and it's difficult. But we are working on getting new businesses over there. . . . And I'm talking to markets and other retailers about opening up out there, including like a Starbucks, which would be great. We are working also with the Gold Star Manor. They have a huge development taking place. We have been talking with them in terms of what we would like to see them develop, and they are listening. In fact, they are looking at putting a coffee shop there or a pharmacy, or even a market, which is what is very much needed in that area.

LBBJ: Is there anything you would like to add?

Uranga: The 7th District, because of the way it shaped, we're the little engine that can in the sense that we don't have a big thriving marketplace like Los Altos or 2nd Street or downtown or Towne Center. We don't have any of that in the 7th District, so the challenges we face are a lot different than what my other council colleagues have. . . . It's going to be a lot of family-owned mom and pops that will be the ones to make the economic engine in the 7th District run.

(Continued From Page 1)

insensitive and obtuse about something we ALL should care strongly about: our role in the future of our democracy.

Many Millennials obviously do exercise their right to vote. Most voting eligible Millennials I know do. But research and polling shows many likely won't vote in the midterm election. A survey of Millennials aged 18 to 34 by NBC News and GenForward found that only one-third said they would definitely vote in the midterms. About 19% of respondents said they would not or probably would not vote, and another 23% were "uncertain." The remainder said they would "probably" vote.

In the 2014 midterms, only 22% of registered Millennials turned out to vote, according to Pew Research Center. But that midterm also experienced the lowest voter turnout overall – 42% – since data has been collected.

A low turnout by younger voters matters, Pew points out, because the generational gap in political preferences is wider than it has been in decades. While 59% of Millennials are affiliated with the Democratic party or "lean Democratic," 48% of Baby Boomers and about 43% of the Silent Generation identify as the same. As a side note, I've previously taken issue with this "lean Democratic" or "lean Republican" identifier, which I feel is unfair to independents.

Generation X, Millennials and Generation Z make up the majority of registered voters, but they don't have the same political leanings as their elders, as noted by Pew. If they continue to turn out to vote in low numbers, they're likely to be saddled with candidates and policies they don't endorse.

And that will be their fault.

Recently, I went out to dinner with a friend. Over tacos, we began discussing the upcoming midterms. Despite his current frustration with the political climate, my friend said he would not be voting. He was a "disaffected voter," as he put it. "Are you judging me?" he asked. I sighed, looked at him squarely, and said, "Yes."

A recent New York Magazine piece featuring 12 Millennials' reflections on why they weren't voting included mostly vapid submissions highlighting such illuminating reasonings as:

- Being too disappointed from the 2016 presidential election to try voting again. To which I say: If you're disappointed, shouldn't you be more motivated to make sure things swing your way this time? No, you say? OK, just stay home then. That'll fix it.

- One individual's political belief systems had changed over time, making him feel afraid of making the "wrong" choice – or looking back and feeling that way in the future if his beliefs change again. We all change. If inaction will make you feel like you did the right thing in a future where you hate how everything has turned out, suit yourself. Just don't complain when we get there.

- Someone with ADHD who has never voted said he gets anxious about putting things in the mail, or showing up to vote on a specific day, particularly if he isn't enthusiastic about the election. He argued that he wasn't being irresponsible by not voting, but that it was up to others to make voters feel enthusiastic and engaged. I get the anxiety problem; voting can certainly be over-

whelming, particularly when ballots are lengthy. But blaming other people for not making you feel engaged in your country's future is a cop-out. We have personal agency, as people and as voters. It is up to us to make the difference we want to see in the world – or to at least try. The simplest way to do that is to vote. Nobody is going to give you a balloon for it. But you do get a sticker.

- One respondent was essentially too lazy/forgetful to mail an absentee ballot, and too confused by absentee ballot rules. . . . Has she heard of Google?

- Another did not have the time or energy. I do not have the time or energy to respond to that.

Apart from one person who said she was too sick to leave her home during the last presidential election and hadn't registered absentee, the main theme of the New York Magazine responses was that Millennials who had not voted in the past and are choosing not to vote now are politically disaffected and feel uninspired by the candidates.

Despite the fact that Generation X, Millennials and Generation Z are the largest demographic of registered voters, Pew isn't too optimistic about their voter turnout in the 2018 midterms. "If past turnout patterns hold – and taking into account that each generation has aged four years since 2014 – the data suggest that Gen Xers, Millennials and post-Millennials would not be a majority of voters in 2018," Pew's report stated. "More specifically, extending the historical trends forward, one would expect roughly 47 million of the votes cast in 2018 would come from these three younger generations (up from 36 million in 2014), compared with 55 million votes cast by Boomer and older voters."

While Pew acknowledged that there are no guarantees that the past will repeat itself, it often does. So, moving forward, how do we engage these Millennials who are disaffected, unenthused, and admittedly lazy about voting?

What can we do differently? Perhaps if those of us Millennials who ARE firm believers in the importance of voting can continue to earnestly try to inflame the passions of our peers, we'll get somewhere. But we'll have to do it en masse.

Maybe we need to make voting easier. I'd suggest hooking it up to Facebook, but the Russians would have a field day with that.

We could try to "Glam up the Midterms," as comedian Billy Eichner and his other Hollywood elite friends have tried to do with a comic, star-studded online campaign that simultaneously makes fun of Millennials who desire to be like celebrities while using that desire to encourage them to vote.

We could yell at them, like angry old people who had to walk five miles in the snow to their polling locations (and to school, and everywhere in the perpetual winter of their pasts) when they were our age.

I guess if I knew the solution, both parties would be throwing money at me. I'd be rich.

At that dinner, I told my non-voting friend that I understood why he was disaffected, and why he was frustrated. But the only way to change that, I noted, was if a heck of a lot of nonvoting people just like him decide to do something about it.

And then we both shrugged, and changed the topic. ■

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MUSEUM OF LATIN AMERICAN ART

Community Hospital Lease Negotiations Still Underway, Must Be Complete By January 3

■ By **SAMANTHA MEHLINGER**
EDITOR

City staff and Molina, Wu, Network, LLC (MWN), the selected operator for Community Hospital, are continuing to negotiate MWN's lease agreement for the site, according to John Keisler, director of the Long Beach Economic Development Department. The city council set a deadline of January 3 to hammer out the agreement, he noted.

Keisler had hoped to update the city council on the progress of lease negotiations in closed session in October, but he now plans to do so this month. "We're pushing that to November because we're doing some additional analysis on both sides, which means the city's team and MWN's team are exploring potential funding sources to make the agreement work," he told the Business Journal. "It's just due diligence. Some of it is engineering due diligence. Some of it is financial due diligence. But we are still on schedule to complete negotiations within the period established by the council."

Keisler said he expects to update the council in closed session on November 13 or 20.

MWN's team has submitted its materials to the state in order to receive a license to operate the hospital, Keisler said. In the meantime, maintenance staff are onsite every day in order to prep the facility for its reopening and to make sure systems continue to work properly. The hospital's designated CEO, Virg Narbutas, is also



Community Hospital's designated future operator, MWN, and the City of Long Beach continue to hash out the lease agreement for the property. MWN hopes to re-open the hospital in January. (Business Journal photograph by John Robinson, October 2018)

often onsite, he added. "It is a very active site," Keisler said.

MWN is also working to hire directors to oversee the hospital's various departments, Keisler said.

Asked if MWN would still be able to meet its goal of reopening the hospital within a smaller footprint in the historic portion of the building by January, Keisler said, "It's still possible. That's their goal."

On October 16, 3rd District Councilmember Suzie Price and 4th District

Councilmember Daryl Supernaw hosted a community meeting to get feedback on what residents would like to see incorporated on the hospital campus. John Molina, a partner in MWN, was there to listen and discuss plans.

In addition to a reopened emergency room and the eight basic services required to support an ER (medical, nursing, surgical, anesthesia, laboratory, radiology, pharmacy and dietary services), attendees identified a list of features and services

they would like incorporated at Community Hospital. According to the Community Hospital Long Beach Foundation, these included: occupational medicine, a holistic health center, a diabetes center, behavioral health services, lectures and workshops, a sleep lab, wound care, a hyperbaric chamber, student training programs, massage therapy and more. Additional suggestions may be entered in a form at the bottom of the homepage for the foundation's website, located at chlbfoundation.org. ■

Long Beach Parks, Recreation & Marine

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Dance • Dog Training
Enrichment
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CITY OF LONG BEACH

BID OPPORTUNITIES

TITLE	BID NUMBER	DATE
Furnish, Deliver, & Install One (1) Quonset Hut	WD-37-18	11/07/2018
Street Repair Services	WD-3-19	11/07/2018
Contract for Curb Ramps & Related Improvements	R-7140	11/08/2018
Video, Editing, & Production Services for the Long Beach Fire Department	RFP FD19-017	11/08/2018
On-Call Environmental, Planning & Affordable Housing Consultant Services	RFP DV19-007	11/13/2018
Airport Promotional Items	RFP AP19-019	11/13/2018
Real Estate Appraisal Services	RFP EP19-011	11/14/2018
Real Estate Economic Analysis Professional Svcs	RFP EP19-012	11/14/2018
Whaley Park Concession Stand Trailer	ITB PW18-142	11/15/2018
Comprehensive Fee Study for Public Health Lab	RFP HE19-005	11/15/2018
Rehabilitation of Water Wells Wilson 1A & Citizens 9	WD-37-16	11/28/2018
Development & Implementation of Broad-Based Employment Testing System	RFP CS18-135	11/29/2018
Arts and Crafts Supplies	ITB PR19-006	11/29/2018
Purchase & Dev. Opportunity at 7th & Alamitos Ave	RFP EP19-026	11/29/2018
HVAC Air Filters	ITB LB19-009	11/29/2018
Irrigation Controller Upgrades	ITB PR18-156	12/04/2018
West Seaside Way Storm Drain Project	R-7104	12/19/2018
Westside Storm Drain Phase 3	R-6751	12/19/2018
Qualification and Selection of Peer Reviewers	RFQ DV17-112	Continuous

****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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<http://www.longbeach.gov/finance/services-and-permits/towing-and-lien-sales/auction/>

Trucking Association Challenges Ruling

(Continued From Page 1)
 lines for identifying whether a worker is an employee or independent contractor.

The case, Dynamex Operations West, Inc. v. Superior Court, “prohibits independent owner-operator drivers from contracting and performing trucking services for licensed motor carriers in California,” CTA argued.

Prior to the April Dynamex ruling, California courts and regulators used a set of rules called the “Borello test” for defining whether a worker is an employee or independent contractor. The test was named for the 1989 case S.G. Borello & Sons, Inc. v. Department of Industrial Relations, and established nine factors for identifying independent contractors. Following the Dynamex ruling, the Borello test has been replaced with a three-factor “ABC” test.

According to Chris Shimoda, vice-president of government affairs at CTA, the ABC test “practically eliminates the independent contractor model in California” and places the burden on an employer to demonstrate that an independent contractor is: A) free from direction and control; B) does not perform work in the usual course of the employer’s business; and C) is customarily engaged in an independently established occupation, trade or business. “Failure to satisfy any prong of the test means the worker is an employee,” Shimoda said.

That is in contrast to the Borello test, which focused more on a company’s “right to control” a worker and evaluated its multiple factors in their entirety to account

for different industries and professions.

Part B of the ABC test will make it difficult for some employers to justify classifying their workers as independent contractors because they will have to prove that the contractors’ services are unrelated to their own. CTA argues that this impacts all freelance truckers that work in California because they contract with motor carriers, companies that transport goods.

“This unprecedented decision by the court will take away the [agency of the] estimated 70,000 California truck drivers who choose to work as independent owner-operators,” Shimoda said.

Shimoda added that the “ABC” test will impact a wide range of independent contractors beyond the trucking industry, including emergency room doctors, music instructors, barbers, sales representatives, software engineers and consultants.

“CTA and our two independent owner-operator co-plaintiffs believe elements of the ‘ABC’ test are preempted by federal law,” Shimoda said. “Five years ago, the Ninth Circuit Court of Appeals and the U.S. Supreme Court found an effort by the City of Los Angeles to mandate employee truck drivers at the ports to be preempted. Recently, an almost identical ‘ABC’ test in Massachusetts was found preempted by their courts. Simply put, you cannot restrict the ability of half a million owner operators from making a living.”


CTA’s challenge to Dynamex was filed October 25 in the Southern District of California. With the case still in its initial stages, Shimoda said there was no estimate yet for when a ruling might be reached. ■




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Key Legislative Action From The Recently Completed California Legislative Session

The following is a review and report of priority bills affecting the state's business community as determined by the California Chamber of Commerce. As indicated, the legislation either was not approved by both the senate and assembly, or if approved was sent to Gov. Jerry Brown who either signed or vetoed the item. The position of the California Chamber is also noted.

Agriculture, Food And Natural Resources

- AB 2528 (Bloom; D-Santa Monica) Land Use Restrictions. Potentially limits private land use by expanding areas protected for non-endangered species. Punishes landowners who managed their lands in a way to enhance the habitat of nearby species. Passed Assembly, May 29, 42-32. Passed Senate, August 22, 23-12. Assembly concurred in Senate amendments August 27, 44-32. **Vetoed.** CalChamber Opposed Unless Amended.

Corporate Governance

- SB 826 (Jackson; D-Santa Barbara) Unconstitutional Board Mandate for Publicly Traded Corporations. Requires a publicly traded corporation to satisfy quotas regarding the number of women on its board or face significant penalties, which is likely unconstitutional, a violation of California's Civil Rights statute, and a violation of the internal affairs doctrine for publicly held corporations. Passed Assembly, August 29, 41-26. Senate concurred in Assembly amendments, August 30, 23-9. **Signed** – Chapter 954. CalChamber Opposed.

Education

- AB 2361 (Weber; D-San Diego) Onerous Disclosure Requirements. Imposes onerous disclosure requirements on contractors of the University of California that

will force public reporting of proprietary information as well as personal employee data, with the threat of barring the contractor from bidding on any contract for five years if the contractor makes a mistake or omission. Passed Assembly, May 31, 54-22. Passed Senate, August 24, 23-13. **Vetoed.** CalChamber Opposed.

Energy

- SB 64 (Wieckowski; D-Fremont) Increased Rates. Arbitrarily requires the Public Utilities Commission to consider elimination of electric-generating facilities that produce any air emissions. Threatens the reliability of the electric grid by eliminating generation needed to meet peak demand. **Failed passage in Assembly,** August 29, 33-37. CalChamber Opposed.

- SB 100 (de León; D-Los Angeles) Increased Energy Costs. Increases the cost of energy and threatens the reliability of the grid by mandating an ambiguous zero-carbon energy by 2045 planning goal and requirements for regulatory agencies in the state. Passed Assembly, August 28, 44-33. Senate concurred in Assembly amendments, August 29, 25-13. **Signed** – Chapter 312. CalChamber Opposed.

Health Care Costs

- AB 2384 (Arambula; D-Kingsburg) Increases Health Care Premiums. Before amendments, increased health care premiums by mandating medication-assisted treatment for opioid use disorders and by eliminating all quality control and cost containment mechanisms. Job killer tag removed due to June 14, 2018 amendments, but CalChamber remains opposed. Passed Assembly, May 31, 58-17. Passed Senate August 28, 26-9. Assembly concurred in Senate amendments, August 29, 68-6. **Vetoed.** CalChamber Opposed.

Housing and Land Use

- AB 2343 (Chiu; D-San Francisco) Amends Unlawful Detainer and Eviction Notice Process. Before amendments, would have driven up the cost of providing rental housing in the state by tripling the amount of notice a landlord is required to provide a tenant in order to begin a lawful eviction process, extending the due date for rent to the middle of the month, and allowing a tenant who has joined a "tenant association" to stop paying rent merely by claiming landlord retaliation. Opposition removed due to

June 25, 2018 amendments. Passed Assembly, May 31, 42-27. Passed Senate, August 20, 25-12. Assembly concurred in Senate amendments, August 23, 46-27. **Signed** – Chapter 260. No Position.

Immigration

- AB 2732 (Gonzalez Fletcher; D-San Diego) New Labor Code Requirement Subject to Private Attorneys General Act (PAGA). Creates new onerous requirements for employers to provide a worker bill of rights document to all employees, have them sign it, give them a copy of the signed document, keep the original for three years, and post the document. Passed Senate, August 31, 24-8. Assembly concurred in Senate amendments, August 31, 59-13. **Vetoed.** CalChamber Opposed Unless Amended.

Industrial Safety and Health

- AB 2963 (Kalra; D-San Jose) Usurps Cal/OSHA Priorities. Requires Cal/OSHA to treat as a serious violation a rule that does not constitute any violation of Cal/OSHA rules, and redirects Cal/OSHA resources, which will undermine existing Cal/OSHA priorities. As a result of a blood lead level of employees reported to the Department of Public Health, the bill requires a workplace inspection by Cal/OSHA within three days, as if a serious violation has been reported where none exists. Passed Assembly, May 30, 41-30. Passed Senate, August 28, 23-13. Assembly concurred in Senate amendments, August 30, 43-31. **Vetoed.** CalChamber Opposed Unless Amended.

Labor and Employment

- AB 1870 (Reyes; D-Grand Terrace) Extension of Statute of Limitations. Unnecessarily extends the statute of limitations from one year to three years for all discrimination, harassment and retaliation claims filed with the Department of Fair Employment and Housing. Passed Assembly, May 29, 57-4. Passed Senate, August 27, 25-10. Assembly concurred in Senate amendments, August 29, 61-9 (vote shown). **Vetoed.** CalChamber Opposed Unless Amended.

- AB 2770 (Irwin; D-Thousand Oaks) Sexual Harassment Employer/Employee Protection. Codifies case law to ensure victims of sexual harassment and employers are not sued for defamation by the alleged harasser when a complaint of sexual harassment is made and the employer conducts its internal investigation. This bill also provides additional protections to employers by expressly allowing employers to inform potential employers about the sexual harassment investigation and findings. Reducing the cost of frivolous litigation allows an employer to utilize these financial resources to grow its workforce. Passed Assembly, May 7, 72-0. Passed Senate, June 25, 36-0. **Signed** – Chapter 82. CalChamber Sponsored/Job Creator 2018.

- AB 2946 (Kalra; D-San Jose) Imposes New One-Sided Attorney's Fee Recovery. Undermines the essence of the Division of Labor Standards Enforcement complaint process by requiring a one-sided attorney's fee provision that will incentivize further litigation. **Failed passage in Assembly,** May 31, 19-30. CalChamber Opposed.

- SB 1284 (Jackson; D-Santa Barbara)

Disclosure of Company Pay Data. Requires California employers to submit pay data to state agencies that could give the false impression of pay disparity where none may exist. Agencies are prohibited from releasing company-specific information. Job killer tag removed due to August 8 amendments helping rectify public shaming aspect of the bill, but CalChamber remains opposed due to administrative burden placed on employers. Passed Senate, May 31, 24-13. **Held in Assembly Appropriations Suspense File,** August 16. CalChamber Opposed.

- SB 1300 (Jackson; D-Santa Barbara) Significant Expansion of Harassment Discrimination and Retaliation Liability. Limits the use of nondisparagement agreements and general releases and, through the codified intent language, attempts to restrict the ability to summarily adjudicate harassment claims and attempts to lower the legal standard for actionable harassment claims by providing a directive to the courts on how they should interpret the law. These provisions will significantly increase litigation against California employers and limit their ability to invest in their workforce. Job killer status removed due to August 20, 2018 amendments, but CalChamber remains opposed. Passed Senate, May 31, 22-11. Passed Assembly, August 30, 41-33. Senate concurred in Assembly amendments, August 31, 25-10. **Signed** – Chapter 955. CalChamber Opposed.

Legal Reform and Protection

- AB 3080 (Gonzalez Fletcher; D-San Diego) Ban on Settlement Agreements and Arbitration Agreements. Significantly expands employment litigation and increases costs for employers and employees by banning settlement agreements for labor and employment claims as well as arbitration agreements made as a condition of employment, which is likely preempted under the Federal Arbitration Act and will only delay the resolution of claims. Banning such agreements benefits the trial attorneys, not the employer or employee. Passed Assembly, May 30, 47-25. Passed Senate August 22, 26-12. **Vetoed.** CalChamber Opposed.

Product Regulation

- SB 1249 (Galgiani; D-Stockton) Risks California Jobs and Limits Consumer Options. Before amendments, jeopardized hundreds of thousands of California manufacturing, distribution and retail jobs by effectively banning for sale any cosmetic product whose ingredient was tested on animals for any purpose, by anyone, anywhere in the world. Opposition removed due to August 28, 2018 amendments. Passed Senate, May 30, 21-9. Passed Assembly, August 31, 80-0. Senate concurred in Assembly amendments, August 31, 39-0. **Signed** – Chapter 899. No Position.

Telecommunications

- SB 822 (Wiener; D-San Francisco) Net Neutrality. Preempted by federal law and opens the door to a patchwork of unworkable state regulations that will stymie innovation and potentially undermine the backbone of California's internet economy. Passed Assembly, August 30, 61-18. Senate concurred in Assembly amendments, August 31, 27-12. **Signed** – Chapter 976. CalChamber Opposed. ■

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Long Beach City Council To Consider Ordinance For Short-term Rentals Next Month

■ By **PIERCE NAHIGYAN**
STAFF WRITER

The Long Beach City Council is considering an ordinance to regulate short-term rental units within the city during its December 4 meeting.

A short-term rental (STR) is defined by the City of Long Beach as “a property that is typically furnished and rented for a short-term stay.” Listings of these units are available on online platforms such as Airbnb and HomeAway.

On its website, Long Beach Development Services (LBDS) notes that STRs benefit the local economy via increased tourism activity and business revenues, but may also present challenges in the form of increased traffic and decreased parking availability. According to an October assessment by LBDS, there are 1,328 active STRs in the city, representing about 0.75% of Long Beach’s housing stock.

Airbnb estimates that Long Beach residents have been hosting Airbnb guests “for nearly a decade.” In a 2017 economic impact report, the company stated that, from January 2017 to January 2018, Long Beach Airbnbs hosted 70,000 guests for an average of 3.8 nights each. The local estimated economic impact of these visits amounted to \$42 million spent by guests, according to Airbnb.

Last year, the city council called for a review of the regulation of STRs, which would require an update to Long Beach zoning regulations. A new ordinance would

implement safety and operational guidelines for STRs as well as a transient occupancy tax (TOT) to generate revenues for the city.

Currently, regulations on long-term rentals of residential units exist under the Long Beach Municipal Code, but not short-term rentals. In a 2017 memorandum to the city council, City Manager Pat West noted that, “If a use is not called out or specified in the zoning code, the use/activity is prohibited by default.”

After a period of community outreach, in which the city provided opportunities for the public to give input, three options for an STR ordinance were presented for review on October 10.

Three Ordinance Options

The three options outlined regulations and prohibitions for both hosted and un-hosted STRs. As defined by LBDS, “hosted STRs” refer to units in which the host is present on site during the short-term rental activity. “Un-hosted STRs” refer to units in which the host is not present while the short-term rental activity is occurring.

All three options would require hosts to do the following:

- Register their STRs with the city
- Provide a local 24-hour contact and a 24-hour hotline to resolve issues and complaints
- Pay the city a 12% Transit Occupancy Tax

STRs in income-restricted units and student housing would be prohibited.

In general, the first option provides the

lowest level of regulation. The second option includes additional regulations to address community concerns, such as limiting the number of STRs per host and establishing maximum occupancy for STRs. The third option is the same as the second, with an additional provision that allows neighborhoods to prohibit un-hosted STRs within their boundaries.

More specifically, options two and three set limits regarding:

- How many STRs residents can operate
- How long guests can stay in un-hosted STRs (90 nights for a rental that is a primary residence and no limit for a non-primary residence)
- Requiring that hosts establish residency for 60 days before registering their property as an STR

- Quiet hours
- How many occupants are allowed per bedroom, with a maximum limit of 10 per unit

When reached for comment on the proposed regulation, Airbnb Public Policy Manager John Choi said, “We support reasonable regulations such as a 24-hour, on-site contact requirement and a streamlined permitting process for our hosts, but we strongly urge the council to avoid policies that would pit neighbors against neighbors. We look forward to working with the community and lawmakers to enact regulations that are fair, affordable and streamlined.”

City staff are refining the three STR options presented at the October workshop before presenting them to the city council on December 4. ■

News In Brief

LOCAL NEWS

City Council Passes Panic Button Ordinance

Five members of the Long Beach City Council passed an ordinance on October 23 requiring hotels and motels to provide their workers with panic buttons. Third District Councilmember Suzie Price added language to the item to allow small motels six months to comply with the new ordinance. Four councilmembers – Lena Gonzalez, Jeannine Pearce, Roberto Uranga and Rex Richardson – left city council chambers during the vote in protest because they felt the vote was intended to interfere with a November 6 ballot initiative, Measure WW.

Council Meetings Could Be Shorter In The Future

On October 23, city council requested city staff to review best practices for streamlining council meetings, and report back within 90 days. The item was introduced by 4th District Councilmember Daryl Supernaw, who noted that city council meetings have run four hours and 20 minutes long, on average, so far this year. One-third of meetings have lasted six-and-a-half hours or longer, ending past 11:30 p.m. Staff are to examine what other municipalities and government entities have implemented to prevent lengthy meetings. Supernaw noted that “discussion of important public business in the late hours of long meetings diminishes public participation.” The Business Journal has noticed that during the past several years, topics that draw larger crowds have often appeared on the same night, causing meetings to run long. Also, the city council does not meet the last Tuesday of each month, which often does limit city staff in presenting items in a timely manner. Further, on occasion, councilmembers add items to the agenda over the weekend. An earlier deadline time might be considered. Lastly, several councilmembers take too long to make their point and are often redundant in their statements.

Port Of Los Angeles’s \$34 Million Rail Project Moves Ahead

The Port of Los Angeles is moving forward with a \$34 million plan to expand the existing intermodal rail storage yard on Ter-

minal Island. The Terminal Island Railway Enhancement Project will add over 31,000 linear feet of track, increasing the number of storage tracks from six to 11. The project will increase capacity and use of the Pier 400 on-dock railyard, optimize on-dock rail operations and improve cargo flow, according to a port statement. The increased use of rail should also reduce truck trips, tailpipe emissions and congestion on local streets and freeways. The port received a \$21.6 million grant from the state’s Trade Corridor Enhancement Program for the project, and is funding the remaining \$12.4 million. The construction contract is expected to be awarded by June 2020. Project completion is expected in 2022.

Long Beach Named #4 In Digital Cities Survey

Long Beach placed fourth in a ranking of top 10 digital cities by the Center for Digital Government. This is the eighth year in a row that Long Beach has appeared on the list, moving up two spots from last year. Long Beach’s implementation of a new customer relationship management system, use of online crime mapping and reporting applications, new state-of-the-art civic center and production of Long Beach TV videos for city departments are some of the reasons the city ranked higher on the list, according to a city announcement. An award ceremony to recognize honorees is being held November 8 in Los Angeles.

Aquarium Of The Pacific Joins Campaign To Reduce Plastic Straw Use

Twenty-two aquariums across the United States, including Long Beach’s Aquarium of the Pacific, are calling on individuals, businesses and cities around the country to reduce their use of plastic straws by Earth Day 2019. As part of the Aquarium Conservation Partnership, these institutions have already eliminated a combined five million straws as a first step to create plastic-free waters. They have partnered with nearly 500 businesses to reduce the use of plastic bags and beverage bottles by 2020. The #FirstStep campaign will begin during #NoStrawNovember, a nationwide movement asking people to refuse plastic straws for 30 days. In the months leading to Earth Day 2019, aquariums hope to partner with an additional 500 more businesses to reduce usage of plastic straws.

(Please Continue To Next Page)



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Stolen Luxury Vehicles Recovered At San Pedro Bay Ports

United States Customs and Border Protection (CBP) Officers working at the ports of Long Beach and Los Angeles have recovered 23 stolen luxury vehicles. The vehicles, valued at nearly \$1.9 million, were being exported to China, according to a CBP statement, which noted that a global black market exists for luxury brands and vintage models. Officers discovered the stolen vehicles while conducting an outreach operation at two major vehicle export facilities. CBP has turned over the vehicles to state authorities to return to their rightful owners. In fiscal year 2018, CBP has seized 66 vehicles at the local ports. The total value of the seizures: \$4.3 million.

ECONOMIC NEWS

U.S. Economy Ranked #1 In Competitiveness In The World

The United States economy ranks No. 1 in competitiveness worldwide, according to the World Economic Forum's annual Global Competitiveness Report. It is the first time since 2008 that the U.S. economy has bested the rest of the world, according to a Reuters analysis. Singapore, Germany, Switzerland and Japan took the other spots in the top five. American companies "are the fastest when it comes to embracing change," a WEF report summary stated. The U.S. topped rankings measuring countries' "business dynamism," labor markets and financial

systems. However, it lagged behind other economically advanced countries when it came to social indicators such as life expectancy and the murder rate.

Jobs Were Gained And Wages Increased In October

The economy added 250,000 non-farm related jobs in October, and the unemployment rate remained unchanged at 3.7%, according to the United States Bureau of Labor Statistics. Job gains were concentrated in the health care, manufacturing, construction, and transportation and warehousing sectors. Wages increased by 3.1% compared to October 2017, the best year-over-year gain in hourly wage earnings since 2009, according to California Business Roundtable.

Personal Income And Expenditures Increased In September

Americans' personal income increased by \$35.7 billion in September, while personal consumption expenditures increased by \$53 billion, according to the United States Bureau of Economic Analysis (BEA). Personal expenditures were driven by a demand for goods, with an additional \$33.5 billion in spending in September. Spending on services increased by \$3.5 billion. The BEA attributed the growth in income and expenditures to increasing wages, salaries, rental income and government benefits. ■



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Bringing Diversity To Nonprofit Organizations

(Continued From Page 1)

verse; we are actually putting diverse players at the table in a decision-making role.”

The first step toward diversifying an organization’s board is to define what diversity entails for that nonprofit, according to Jeffrey Wilcox, president and CEO of the Third Sector Company. Wilcox helps nonprofit organizations fill temporary positions.

The process of recruiting diverse boardmembers goes beyond considering demographics, according to Wilcox. Nonprofit leadership must also ensure that board positions are accessible to all people, including those with children and full-time jobs, he explained. Thus, organizations should consider providing child care to help boardmembers participate in meetings, he noted.

“The concept of diversity is especially important for not-for-profit organizations because, by virtue of what they do, they are representing the community and they are serving the community,” Wilcox said. “We live in a diverse community – we must pay attention to diversity, inclusion, equity and accessibility.”

For the Long Beach Public Library Foundation, creating board diversity means ensuring accessibility for people of different economic backgrounds, according to Executive Director Kate Azar. But achieving a diverse board is often challenging, she noted.

“Like most nonprofits, we have struggled with recruiting boardmembers who reflect the community we serve,” Azar said. “Attributes that you look for in a board-



Tasha Hunter, president of the Arts Council for Long Beach’s board of directors, is pictured in front of a mural in North Long Beach. The Arts Council leadership has made numerous efforts to diversify its staff and board, according to Hunter. (Photograph by the Business Journal’s Brandon Richardson)

member, such as wealth, work experience and a lot of free time for volunteering are often concentrated in certain populations – particularly retired community members or those who are more advanced in their careers,” she explained.

The Long Beach Public Library Foundation’s board recently imposed term limits upon its members in order to open up seats to new and more diverse community members, according to Azar.

The foundation is also working on a sponsorship program in which its corporate supporters would cover board membership fees. “It is easy to fall back on the idea that wealth is the most important attribute for a boardmember,” Azar said. “While fundraising for a foundation like ours is critical, it is important to look beyond that and be a little more creative about ways you can bring on new boardmembers and how they can still help you meet your goal.”

Tasha Hunter, president of the Arts Council for Long Beach’s board of directors, said that minorities who are put in executive and board positions at nonprofits often prioritize creating similar opportunities for others. The Arts Council’s board has members who represent a cross-section of Long Beach’s diverse residents, including its Cambodian and LGBTQ communities.

In order to increase the diversity of its board, The Arts Council lowered the dona-

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Nonprofit Organizations Look To The Future Of Giving: Younger Generations

■ By **ANNETTE SEMERDJIAN**
STAFF WRITER

Nonprofit organizations have traditionally relied on financial contributions made by donors. Yet, as older generations who often give charitably are aging, nonprofits are looking toward younger generations to become their philanthropic successors, according to local nonprofit leaders.

The Millennial generation, which consists of people ages 22 through 37, has surpassed the Baby Boomer generation, born between 1946 and 1964, in population size, according to a feasibility study on a web-based fundraising campaign called Long Beach Gives. Josephine S. Gumbiner Foundation Executive Director Julie Meenan conducted the study and found that 31% of Long Beach residents are Millennials. She noted that this population has significant potential to contribute to local nonprofits; her study found that the Millennial generation is expected to receive a total of \$40 trillion in inheritance.

(Please Continue To Page 14)

tion amount requested of its boardmembers, Hunter noted. The organization also created a diversity policy to ensure that the city's diverse populations are represented on its board and among its staff, grantees, funders, projects, and overall mission and impact.

The Arts Council's diversity policy was prompted by a cultural equity and inclusion initiative from the Los Angeles County Arts Commission, of which the Arts Council is a grantee. The initiative requires grantees applying for the commission's Organizational Grant Program to submit board-adopted statements, policies or plans that present their commitment to diversity.

Byerly stressed the importance of requiring nonprofits to illustrate their dedication to diversity in grant applications. She noted that it is important to make sure nonprofits are achieving these diversity needs to better serve their communities rather than to just fulfill a requirement.

"It does not mean you have to change your whole organization to be more diverse, equitable or inclusive," Byerly said. "It means you just need to frame what you are doing and why it is meaningful."

Marcelle Epley, president and CEO of the Long Beach Community Foundation, said that she knows many nonprofits are currently focusing on diversifying their board membership. "Most boards feel that their board makeup should be made up of people that represent the community, especially Long Beach being one of the most diverse cities in the nation," she said. "A diverse board brings new ideas, different backgrounds and a lot more wealth of knowledge than if everybody is the same." ■

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Future Of Giving

(Continued From Page 13)

The Millennial generation does not give to charity the way older generations have, according to Meenan. “They definitely are cause-focused, and it needs to be something that they can be passionate about. They are definitely not givers the way that their parents have traditionally been givers who fund the same organizations year after year or respond to U.S. mail campaigns,” she said. “Nonprofits need to be more creative to reach out to that demographic.”

The Long Beach Gives online fundraising campaign is in its early planning stages, and Meenan hopes it will make it easier for Millennials to donate through a one-click process.

The younger generation prefers to volunteer their time more often than making monetary contributions, according to Long Beach Ronald McDonald House Development Director Rebecca Jackson Lai. “There is a definite different way of thinking with our Millennial age group,” she said. Over time, she said she hopes Millennials will begin monetarily giving back to the nonprofit organizations they currently support with their time and talent.

Online crowdsourcing for donations, such as Facebook’s free fundraising campaign option, is a popular trend among the younger generations, according to Lai. For instance, a realtor and member of the Ronald McDonald House’s young adult group, the Red Shoe Society, uses the Facebook fundraising tool to make donations to the Ronald McDonald House every time he closes escrow on a



Julie Meenan, executive director of the Josephine S. Gumbiner Foundation, is pictured at the organization’s headquarters. Meenan conducted a feasibility study for a web-based fundraising campaign with a one-click giving option to benefit local charities. (Photography by the Business Journal’s Brandon Richardson)

house, according to Lai. As he makes these donations public on Facebook, he encourages his network of friends to give as well.

The Assistance League of Long Beach embraces Millennials’ preference for volunteering their time. “Millennials really value meaningful work, and that often times is more important,” Board President JoAnn McDonald said. “They do seem to value doing something that has an impact on the community. And so, that is driving us to pay close attention to the story of our mission.”

Having a cause that the younger genera-

tion feels will make a difference in the community can open avenues of charitable giving, according to Assistance League of Long Beach Executive Director Annette Kashiwabara.

The Assistance League’s Assisteens program engages the even younger generation, known as Generation Z, to one day be more involved with the nonprofit. “We are helping to train the younger people to get involved with volunteerism early on in life through Assisteens,” Kashiwabara said.

“Recruiting the next generation of phi-

lanthropists and getting Millennials to donate is really an issue that all nonprofits are trying to tackle,” Long Beach Public Library Foundation Executive Director Kate Azar said.

Azar noted that although the Millennial generation cannot make major financial contributions in a lump sum, they often prefer to donate small amounts on a monthly basis. Even a monthly donation of \$5 makes a difference for the foundation, according to Azar.

“I am a Millennial myself, and I really do believe that Millennials are very passionate about their communities and giving back to the world. They look for opportunities to be able to contribute,” Azar said.

Azar also stressed the important role companies play in encouraging the Millennial generation to become more involved in philanthropy. Millennials often look for employment at companies that offer a benefit package that includes paid time off for volunteering, nonprofit sponsorships or matching a donation, she noted.

“It is the Millennial generation that has the energy, the social media capabilities and the hunger to change the world that will provide a lot of positive ammunition for nonprofits in the future,” Long Beach Community Foundation President and CEO Marcelle Epley said. “So it is the best interest of nonprofits to engage them now.”

“If anybody has an inclination to help people in their community but does not quite know how, they should contact the Community Foundation, and they should also contact The Nonprofit Partnership,” Epley said. ■

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- 20. LONG BEACH FIRE DEPARTMENT HEADQUARTERS AND
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- 21. SKYLINKS AT LONG BEACH GOLF COURSE
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 - 1D. LONG BEACH MARRIOTT
 - 1E. HOMEWOOD SUITES/HAMPTON INN LONG BEACH AIRPORT
 - 1F. COURTYARD BY MARRIOTT LONG BEACH AIRPORT

BUSINESS JOURNAL PHOTOGRAPH, OCTOBER 17, 2018, BY JOHN ROBINSON



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Prepared by the Long Beach Business Journal, November 2018.
Cover design by Long Beach Airport.

95 Years Strong, Long Beach Airport Continues To Provide Economic Benefit And Ease Of Travel

■ By **SAMANTHA MEHLINGER**
EDITOR

Founded in 1923, Long Beach Airport (LGB) is the oldest in the Los Angeles basin. As the airport gears up for its 95th anniversary, Director Jess Romo reflected on the historical and economic significance of the airport to the region, its uniquely streamlined and relaxed atmosphere, its focus on customer service and community outreach, and its future potential.

“Like other airports, Long Beach Airport generates flight activity, which impacts the community,” Romo said. “It also has a positive impact in that it creates a platform for jobs and the movement of people, goods and services that really accrue a big benefit to the folks in Long Beach. This also creates a larger economic ripple effect for the region.”

A city-commissioned study released in 2016 found that the annual economic contribution of the airport and its tenants equated

to approximately 45,000 regional jobs and \$10.3 billion in output. Approximately 9,000 local jobs were directly generated by businesses and government entities tied to the airport, according to that study. Twenty-eight percent of airport tenants’ employees were Long Beach residents.

LGB is commissioning a new study to provide an updated economic impact analysis, which Romo expects to show even more impressive figures.

Unique to the Long Beach Airport is its diversity of operations, Romo observed. Like most regional airports, LGB offers commercial service provided by a handful of airlines – JetBlue Airways, Southwest Airlines, Hawaiian Airlines, American Airlines, and Delta Air Lines – but a major component of its daily activity is driven by private and corporate aircraft.

“There is a very large contingent and representation on the general aviation side,” Romo said. “Individual interests, as well as small, medium and large company interests, use this airport to provide opportunities, business, jobs and positive eco-



Jess Romo has served as director of the Long Beach Airport since mid-2016. He has placed an emphasis on community outreach, and fostering the diverse business community on and around the airport. (Photograph by the Business Journal’s Brandon Richardson)



The inside of Long Beach Airport’s historic terminal currently houses commercial airline ticketing services. Restoration and upgrades are planned for the building within the next couple of years. (Photograph by the Business Journal’s Brandon Richardson)

nomics impact,” he noted. “You don’t really find at a lot of commercial airports where you’ve got that diversity.”

Case in point, Romo pointed out, is Gulfstream, which operates multiple facilities on airport property dedicated to finishing and maintaining the company’s manufactured aircraft. “Their finishing facility employs about 800 people,” Romo said. Gulfstream, like other aviation and aerospace companies located on and around the airport, is growing, he noted.

“The economy right now, as we all know, has been in a pretty healthy cycle,” Romo said. “It doesn’t last forever . . . But right now, we are still benefitting from a reasonably

strong demand on the general aviation side. For example, Gulfstream’s ramp is busy all the time . . . We are negotiating a lease for them to build a new hangar on the westside. So the picture looks good for business general aviation in Long Beach.”

Through August, commercial passenger traffic through LGB has increased by 10% compared to last year. Load factors – the ratio of passengers to seats on a plane – also increased by 10%. “That said, when JetBlue announced that they were going to be reducing some of their frequencies here, that translated into . . . if you look at the activity starting in September forward, you’ll see that the number of passengers decrease about 5%,” Romo noted.

“Southwest has picked up about half of the capacity that is not being used. The other half right now is not being used by anybody. On a monthly basis, any airline can ask for it,” Romo explained. “We’ll probably end up about the same as last year in terms of the total number of passengers.”

The varied operations of the airport – including its role as a landlord to multiple business parks – diversify its revenue stream, according to Romo. Airport revenue is generated by its land leases, concessions operations and commercial passenger fees, according to Romo. Within the last year, a new revenue stream totaling

about \$1.2 million annually was developed in the form of fees assessed on ride share services Uber and Lyft, he noted.

"All commercial airports have a requirement from the FAA to be as self-sufficient as possible," he said. "We have an obligation to have this airport be as financially self-sustaining and healthy. It's not just paying our bills on time, but it is also building in reserves for a rainy day." The airport has amassed enough cash reserves to last about 500 days if revenue streams were to cease for any reason, Romo noted. LGB's annual budget is about \$49 million.

Both passengers and workers continue to appreciate the airport for its relaxed atmosphere and ease of travel, Romo noted. "We're unique in that this is really an enjoyable experience. Not just compared to other airports in the region – compared to most other airports," he said. "How many airports have an outdoor firepit? Not very many. It's a laidback experience that takes you from curb to gate." He added, "A lot of it is a testament to our partners. Paradies, which runs the food and beverage and specialty retail, they keep their concepts fresh. The service is great. The food is great."

Looking to the future, Romo said, "There really is a lot to be excited about." A \$58 million improvement project that is getting underway stands to increase efficiencies and passenger flow at the airport by creating a new ticketing lobby and moving rental car operations into the historic terminal. Baggage processing operations currently housed behind the historic terminal are also being relocated to open up the plaza to the public, creating new opportunities for pre-security vendors.

At the direction of the mayor and city council, Romo and his staff are also embarking on a planning process to turn the airport into a highly sustainable campus with the goal of reaching zero-emissions operations. "That is another very exciting thing that we are looking forward to," he said.

As improvements continue to be made to the airport for its users, Romo re-

mains focused on "being the best neighbor that we can" to Long Beach and surrounding communities. "With our operations, we know it's important to be sensitive to the community," he said. Airport staff are present at many community events, where they are available to answer questions from residents and provide educational materials. "We also participate and support other community groups, such as our chamber of commerce," he noted.

In a statement addressing the airport's anniversary, Rep. Alan Lowenthal told the Business Journal the following: "Long Beach Airport has been both a cultural and economic centerpiece for the city almost since its inception. Before World War II, it put the city on the world map, literally, as a center of innovation for the relatively new science of aviation. During the war, it served as a key hub in the Arsenal of Democracy. Afterward, it continued to serve as the center of the aerospace industry in Long Beach and the region. In the past several decades, our airport has become an economic engine that not only benefits our city, but serves as a welcoming ambassador to millions of visitors to the region."

Mayor Robert Garcia also provided his reflections on LGB's anniversary. "Throughout its esteemed history, the Long Beach Airport has been a trailblazer in aviation, and I'm excited to celebrate its 95th anniversary," Garcia said. "LGB has a positive economic impact for our community, and gives travelers the chance to discover the many attractions that our urban waterfront city has to offer."

In closing, Romo reflected, "Since its founding in 1923, Long Beach Airport has remained committed to serving the community and surrounding areas with an efficient and easy-going traveling experience. It is with our community's continued support that we project our airport will serve nearly four million passengers this year – another very strong year." He added, "Long Beach Airport will continue to uphold a legacy as being an economic generator of jobs and services for the residents. Thanks Long Beach!" ■

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A Bird's Eye View Of Airport Operations

■ By **PIERCE NAHIGYAN**
STAFF WRITER

The Long Beach Airport (LGB) complex is a sprawling hub of aviation activity, with five commercial airlines, two air freight carriers, military air traffic, and an array of corporate and general aviation users. It is responsible for no less than 6.4% of all jobs in Long Beach, according to a 2016 report supplied by the airport.



The Long Beach Airport Business Park opened in the late 1980s along Spring Street near Lakewood Boulevard. It is located on airport property. Tenants include the 311-room Long Beach Marriott, The Auto Club, P2S and numerous other well known companies. It is also the temporary headquarters for the Long Beach Harbor Department as it awaits the opening of the new Long Beach Civic Center in June. (Business Journal photograph by John Robinson)



Located on East Spring Street on the south side of the airport, Daugherty SkyHarbor is a 147,231-square-foot mixed use complex of aviation hangars and office space. Its largest tenants are Twining, Inc., a geotechnical engineering firm; Keller Williams Pacific Estates, a real estate firm; the Modern, an 11,000-square-foot event space; and West Coast Aviation Services, a full support aviation company. Over the last few years, SkyHarbor has invested in renovating its space and landscaping with drought tolerant plants. Jon Sweeney, who handles listings for the complex, told the Business Journal that SkyHarbor is 95% occupied. (Business Journal photograph by John Robinson)

LGB calculates that it oversees more than 260,000 aviation operations in a year. In 2018, the airport is expected to reach a milestone by welcoming four million commercial airline passengers through its doors – nearly eight times the population of Long Beach.

Day-to-day operations at the airport are overseen by the Operations and Facilities Bureau. The group includes the Airport Operations, Maintenance and Facilities Division and the Airport Engineering Division. Across the airport's bustling 1,166 acres, even minor tasks require major coordination. Ron Reeves,

operations and facilities bureau manager at the airport, said his job can be summed up as, "Just making sure things run safely and smoothly." That covers a broad range of operations, maintenance, administrative and ecological operations, plus thinking ahead about problems that may occur.

The Airport Operations Team, managed by Karl Zittel, begins its day with runway and facilities inspections. The team ensures that the airfield environment – runways, taxiways and aircraft ramp areas – is safe and in compliance with Federal Aviation Administration (FAA) standards. They coordinate with FAA regarding airfield conditions and flight operations.

The Maintenance and Facilities Team, led by Scott Garrett, is focused on providing a quality travel experience for passengers. "Our team works very hard to provide that high level of service our passengers expect," Garrett said. "Our maintenance team is available around the clock if problems arise."

Sometimes a relatively simple operation requires multiple layers of clearance and collaboration.

"Say if it's just something simple like fixing a pothole out on the taxiway – obviously, that's a maintenance issue," Reeves said. "But it also requires [the] operations [bureau] to be involved, because they need to close that taxiway and coordinate with the FAA and tenants. It may also involve Security due to access requirements, and Engineering may need to be notified."

"It can [get complicated] from time to time," Reeves said. "Luckily, we have a fantastic group of people here that are really experienced, and they've been working together a long time. A lot of things that would be a problem elsewhere, we can find a solution."

Airport Real Estate: Tenants And Businesses

Long Beach Airport's vast acreage is also home to manufacturing facilities, business and passenger services, a golf course, warehouses, a hotel and two major business parks: Kilroy Airport Center and the Long Beach Airport Business Park. Kilroy is a 32-acre development with nearly one million square feet of Class A office space. Epson, the electronics and printing giant, has its North American headquarters there, as does SCAN Health Plan. The nearby Long Beach Airport Business Park is home to the port's interim administrative offices, Embry-Riddle Aeronautical University, engineering firm P2S Inc. and many other businesses.

The business parks are located on land owned by the airport. “We contract for the underlying ground lease,” Matthew T. Brookes, airport properties manager, explained. “Depending on how large the property is, you can have subtenants. Kilroy is one big master tenant.”

Brookes estimated that LGB earned a little over \$8 million in lease revenue in fiscal year 2018.

A smaller office park, Daugherty Sky Harbor, borders the airfield and houses a variety of tenants, including an events venue, real estate offices and other businesses. The Long Beach Fire Department headquarters and the Long Beach Police Department are also located on airport property off of Lakewood Boulevard.

Gulfstream Aerospace Corporation is the largest airport tenant. Its completions and outfitting center, service center and offices encompass approximately 455,000 square feet of airport land. Other major tenants at the airport include fixed-base operators such as Ross Aviation and Aeroplex/Aerolease, as well as many general aviation businesses and flight training schools.

“I don’t know that people realize how big our airport is,” Juan López-Rios, LGB deputy director and acting superintendent of airport security, told the Business Journal. “We’re fortunate to have the mix of tenants, the mix of airlines, and the space that this actually is part of our fabric here in Long Beach.

“Being as diverse as the airport is really has to do with keeping the airport healthy,” López-Rios continued. “If something happens to one of the airlines, we’re still able to get funds from our tenants . . . and maintain this very diversified business source. So the airport can always contribute and be self-sustainable.”

(Please Continue To Page A8)

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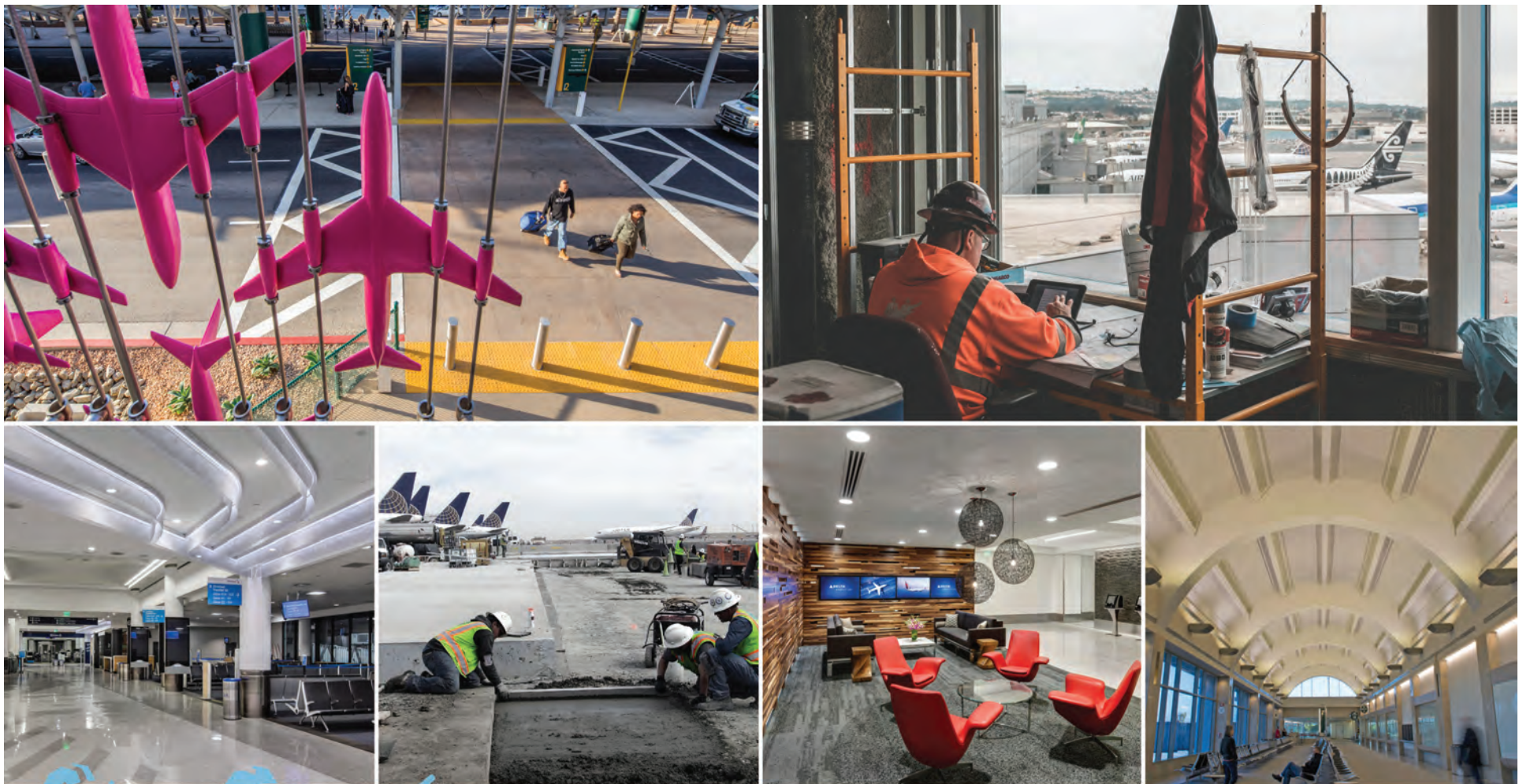
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Security: Blue Suits & Green Suits

Security at Long Beach Airport includes the airport's special security officers (SSOs) and Long Beach Police Department (LBPd) officers, as well as Transportation Security Administration (TSA) operations and the presence of the U.S. Department of Homeland Security.

The LBPd officers and SSOs are distinguished by their respective blue and green uniforms. Security forces are tasked with imposing federal standards in order to make the airport safe for commercial traffic. "There is the visible entity that you see, the team who provides the security services," López-Rios said, "and then there is our regulatory arm working with TSA and the Department of Homeland Security on the regulations that are required for the airfield."

The airport also has partnerships with the Los Angeles County Sheriff's Department, the Federal Bureau of Investigations and the Drug Enforcement Administration, according to Airport Director Jess Romo.

Being bordered on all sides by the neighborhoods and businesses of Long Beach, Lakewood and Signal Hill presents a "unique challenge," López-Rios added. The sheer size of LGB means there



Long Beach Airport works with the Transportation Security Administration (TSA) to ensure traveler safety. "TSA is our partner," Deputy Airport Director Juan López-Rios said. On site, security is handled by Long Beach police and the airport's special security officers. (Business Journal Photograph by Brandon Richardson)



According to a 2016 study, Long Beach Airport businesses account for 6.4% of all Long Beach jobs. The facility is expected to provide airline service to nearly four million passengers during 2018 – a record in the airport's 95-year history. (Photographs by the Business Journal's Brandon Richardson)



is a lot of property that needs to be maintained and secured. "We're doing the work behind the scenes to ensure their safety and security, as well as that of all of our GA [general aviation] tenants and the property in general," he said.

As part of a citywide initiative to bring all security officers under the same regulations, the SSOs will be integrated into the city's police department starting in fiscal year 2019.

In addition to these security services, the airport also has its own dedicated fire station operated by the Long Beach Fire Department.

Wildlife Preservation

People aren't the only visitors to LGB. Though located in the heart of Long Beach, the seventh largest city in California, the airport contends with a number of wild creatures.

"Airports in general are one of the few areas in the city where we have a lot

of open space, so wildlife tends to gather there," Reeves said. "We'll have coyotes, we'll have rabbits and of course gophers."

Capturing or eliminating these animals in a safe and ethical manner is a daily concern at LGB. The ground-dwelling critters often attract hawks, which can be a hazard to pilots and planes. "We have an active wildlife mitigation program," Reeves said. "We contract with a USDA [U.S. Department of Agriculture] biologist who helps us with that program." Hawks are caught in traps and then relocated to safer areas, sometimes as far as 300 miles away. ■

Long Beach Airport Is Committed To Noise Control

■ By **PIERCE NAHIGYAN**
STAFF WRITER

Long Beach Airport (LGB) has guidelines in place to ensure the level of noise generated by its users does not exceed certain bounds. This isn't just a courtesy to the adjacent neighborhoods; in Long Beach, it's the law. According to LGB Noise and Environmental Affairs Officer Ryan McMullan, the airport's noise ordinance is, "One of the most restrictive in the nation."

The aim of the Long Beach Airport Noise Compatibility Ordinance is to prevent the surrounding community from being exposed to a Community Noise Equivalent Level (CNEL) of more than 65 dBA (A-weighted decibels) or more. To do this, it sets a single event noise exposure level (SENEL) for aircraft that operate at LGB; requires air carriers and commuters to schedule their departures and arrivals between 7 a.m. and 10 p.m.; and establishes a CNEL, or "noise budget," for carrier and commuter flights.

"The noise ordinance establishes an overall noise budget," McMullan said, "and that noise budget essentially limits the airport from growing beyond the measured 1989 to 1990 baseline noise level of 65 dBA." The noise budget determines the extent of operations amongst five categories of aircraft: air carriers, charter flights, commuter flights, general aviation and industrial. Military and government aircraft are excluded.

Currently, the airport offers 50 air carrier flight slots and 25 commuter flight slots daily. Nine of those air carrier slots are referred to as "supplemental," and were added in 2016 after an analysis determined that LGB was operating well below the noise budget levels. "Those nine [supplemental slots] can be taken away based on

the noise budget," McMullan said.

Aircraft noise levels are measured by the state-of-the-art Airport Noise and Operations Monitoring System, which records aircraft noise through 18 monitors positioned across the airport and throughout the city. Monitors located off the ends of the runways measure the take-off and landing noise of individual aircraft.

Aircraft that exceed the threshold of allowed noise are first issued an educational packet on the noise ordinance, an

offer of assistance with procedures and a request to contact LGB noise abatement staff. A second violation invokes a letter of infraction and a request for the owner or operator of the aircraft to communicate how they plan to comply with

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The airport's 18 noise monitors operate 24 hours a day. Noise levels are tracked and fines are issued to any air carriers, commuter flights, charter flights and general aviation aircraft that violate the Long Beach Airport noise compatibility ordinance. The airport claims that the monitors are 99% accurate in determining which aircraft exceed the prescribed noise limit of 65 dBA (A-weighted decibels). (Photograph courtesy of the Long Beach Airport)



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Long Beach Airport's airport noise and operations monitoring system (ANOMS) collects noise data on every aircraft arriving and departing from the airport. The system consists of 18 noise monitors. Six are enforcement monitors that track single-event noise violations. The other 12 are sideline monitors that track community noise, validate the computer simulation model used to develop the airport's quarterly noise contours and assist with data correlation. (Image courtesy of Long Beach Airport)

(Continued From Page A9)

the ordinance. After that, violators are fined \$100 and then \$300 per every subsequent violation.

Airlines that repeatedly produce too much noise or arrive past curfew have been penalized with much larger fines. For example, after often failing to make curfew, JetBlue Airways entered into a consent decree with the city prosecutor in 2003, agreeing to pay \$3,000 for the first six violations per quarter and \$6,000 per violation after that. The consent decree was revised in 2017 so that JetBlue now pays a flat \$6,000 fee. Those fees are donated to the Long Beach Public Library Foundation.

If an aircraft is delayed due to poor weather conditions, mechanical problems or air traffic control conditions, then the fines may be waived, McMullan said,. "After 11 p.m.," he continued, "air carriers are not going to be able to [have it waived], unless there's extraordinary circumstances."

A common misconception, McMullan said, is that LGB is not a 24-hour airport. The Federal Aviation Administration requires that LGB be operational around-the-clock. "We get a lot of e-mails and calls saying, 'Why is this aircraft flying in? I thought you guys closed at 10 p.m.' Well, we are open 24/7," McMullan explained. "It's just a matter of aircraft coming in and facing a violation, or not."

"John Wayne [Airport] is required to operate within specific hours. We're only required to schedule within specific hours," Ron Reeves, operations and facilities bureau manager at LGB, said. "But we are more restrictive in that there are provisions for criminal penalties in our noise ordinance. To my knowledge, no other airport has that." Under Long Beach Municipal Code Chapter 16.43.100, owners or operators of aircraft that knowingly exceed an established SENEL limit can be subject to misdemeanor charges.

Reeves, who formerly held McMullan's position as noise officer, also worked as an aircraft noise consultant in New Zealand. While consulting at Ardmore Airport in 2008, he was informed that the LGB ordinance was being used as their model. "They had surveyed noise ordinances throughout North America and Europe and decided that Long Beach was the one that best fit their needs," he said. "Sure enough, their noise ordinance had noise budgets by category of airplane, just like Long Beach has. That's special, that other cities and other nations would use what was done here as their guideline." ■

Commercial Airlines: Connecting Long Beach To The Nation

■ By **PIERCE NAHIGYAN**
STAFF WRITER

What would eventually grow into Long Beach Airport began its life as a 150-acre field at the intersection of Spring Street and Cherry Avenue in 1923. Just a few years prior, the city beach near Pine Avenue was the only place to land or launch a plane – preferably at low tide.

Today, the airport is a teeming nexus of commercial travel.

Long Beach Airport (or LGB, the call sign of the airport) offers nonstop flights to 18 U.S. destinations and hosts five commercial air carriers: American Airlines, Delta Air Lines, Hawaiian Airlines, JetBlue Airways and Southwest Airlines. Thus far in 2018, these five airlines have flown more than 26,000 flights to and from the city.

JetBlue claims the lion's share of flight slots at the airport, offering transportation to 15 of LGB's 18 destinations.

"JetBlue has a larger presence because they have a training facility here, and they have most of the flights right now," Dale Worsham, airport finance manager, told the Business Journal.

Since joining LGB in 2001, JetBlue has grown to become the second largest employer at the airport (after Gulfstream), according to a 2016 airport economic impact report from Jacobs Engineering Group. The airline has also played a role in the community as the title sponsor of the Long Beach Marathon & Half Marathon for the past three years, recently renewing its sponsorship through 2019.

Lou Anthony, general manager of JetBlue's Long Beach operations, told the Business Journal that the company's crew and customers enjoy Long Beach Airport's terminal, which was completed in 2012.

Southwest began its Long Beach operations in June 2016. "Long Beach Airport was a perfect addition for Southwest and for our customers in the L.A. Basin who

have come to rely on the value, convenience and reliability of California's largest airline," Larry Pitts, station manager for Southwest Airlines in Long Beach, said. "The ease of use of the airport fits within the hospitality Southwest strives to offer every day."

Regarding the upcoming 95th anniversary, Pitts commended LGB's aviation history "on both the military and manufacturing side." Becoming an air carrier at LGB, he added, "is both a nod to Southwest's importance to California and a great honor in service to the community and our customers who live and work near the field."

The newest airline to join LGB, Hawaiian inaugurated its daily non-stop service on June 1 of this year. "We had been eager to come to Long Beach for quite some time, and we were excited

Destinations Served Through Long Beach Airport

As of November 1, LGB's commercial airlines served these cities:

Austin, TX	JetBlue Airways
Boston, MA	JetBlue Airways
Bozeman, MT*	JetBlue Airways
Denver, CO	Southwest Airlines
Fort Lauderdale, FL	JetBlue Airways
Honolulu, HI	Hawaiian Airlines
Las Vegas, NV	JetBlue Airways
New York, NY	Southwest Airlines
Oakland, CA	JetBlue Airways
Phoenix, AZ	Southwest Airlines
Portland, OR	American Airlines
Reno, NV	JetBlue Airways
Sacramento, CA	JetBlue Airways
Salt Lake City, UT	Southwest Airlines
San Francisco, CA	Delta Air Lines
San Jose, CA	JetBlue Airways
Seattle, WA	JetBlue Airways
Steamboat Springs, CO*	JetBlue Airways

Source: Long Beach Airport
(*Seasonal destinations, subject to change.)



Long Beach Airport has five commercial air carriers: American, Delta, Hawaiian, JetBlue and Southwest. Thus far in 2018, these five airlines have flown over 26,000 flights to and from the city. (Business Journal Photographs by Brandon Richardson)

brating its 90th anniversary this month. “We look forward to making it a memorable celebration for both Hawaiian and Long Beach Airport,” Ingram said. “LGB also holds special meaning for Hawaiian, as it was the last site where Boeing produced its final 717 aircraft, which is the dedicated jet fleet we operate on approximately 170 daily flights throughout our island chain.”

As Hawaiian grows its fleet of fuel-efficient A321neos through 2020, the airline plans to announce more flights between the West Coast and the Hawaiian islands, Ingram noted.

The airport is also home to two of the world’s largest global cargo carriers, UPS and FedEx, which have been operating from Long Beach since 1998. About 28,600 tons of cargo is transported through Long Beach every year, according to airport data.

Jacobs’ economic impact study of the airport found that demand for air cargo movement has historically been correlated with economic growth. The presence of cargo air carriers at LGB, the report notes, “support[s] this local demand with both providing nonstop wide-body aircraft service.”

The airport and the greater aviation complex that surrounds it create “a magnet for current and future business that supports Long Beach’s economy,” the Jacobs report stated.

According to the Long Beach Airport Association, overnight airport-related visitors spend more than \$53 million on hotels, restaurants and other businesses. This economic activity has encouraged the airport to invest in the efficiency and beautification of its facilities. It renovated its passenger concourse in 2012 and updated Parking Structure A in 2017. The airport is now preparing for another major improvement project, to include a new ticketing lobby, relocated rent-a-car operations, consolidated baggage claim and other amenities.

Improvements have not gone unnoticed by travelers. LGB was acclaimed as the “most affordable airport” in Cheapflights.com’s Airport Affordability Index in the years 2011, 2013 and 2016. It won Condé Nast Traveler Magazine’s Readers’ Choice Award for Top 10 U.S. Airports in 2017. ■

to launch flights this summer after taking delivery of our new Airbus A321neo – the perfect aircraft to serve the market,” Peter Ingram, president and CEO for Hawaiian Airlines, said. “We have experienced robust demand not only from our California guests, but also from Hawaii residents who enjoy the convenience of flying into a smaller airport that is closer to Disneyland.”

Regarding the airport’s anniversary, Ingram noted that Hawaiian is itself cele-

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• Las Vegas • New York City • Oakland • Phoenix • Portland



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Bustling With Business: Diverse Operations At Long Beach Airport

■ By **PIERCE NAHIGYAN**
STAFF WRITER

In 1923, Daugherty Field (named for local flying ace Earl S. Daugherty) became the first municipal airport to serve Southern California. Two years later, the first airport operator's lease was issued. The art deco airport terminal was completed in 1941 and would eventually be designated a Long Beach Historical Landmark. Through the rest of the 20th century and into the 21st, the airport would transform into a bustling aviation complex, encompassing more than 1,100 acres and boasting five runways.

Today, the Long Beach Airport Association asserts that LGB is "one of the world's busiest airports for general aviation." It supports not only commercial airlines, but also corporate and cargo aircraft, helicopters, manufacturing facilities, banner-towing businesses, law enforcement entities and fixed base operators. The term "fixed base operator," or FBO, dates back to the earliest days of aviation, when aerial stuntmen would travel across the country with their ground crews in tow. Eventually, these ground crews established "fixed" bases where aircraft would fly in for maintenance and upgrades.

FBOs make up several of the tenants that lease space at Long Beach Airport. These and other businesses have helped grow the LGB aviation complex into a thriving commercial hub.

Fixed Base Operators

Ross Aviation is one of two FBOs that operate at Long Beach Airport. "Basically, we support all levels of aviation," Greg McQueary, the general manager for Ross Aviation in Long Beach, told the Business Journal. "Private, commercial, charter, military – you name it. That's what we do."

Ross provides a range of services – including cargo loading, aircraft detailing, foreign waste disposal and hangar space – to general aviation aircraft and business jets. For travelers, the company offers amenities ranging from catering and showers to complimentary shuttle vans and conference rooms. With six other locations throughout the United States, Ross has plans to expand into at least 25 more, according to McQueary.

Recently, the company's Long Beach operation acquired a government contract to service military aircraft. "We'll be fueling military aircraft coming into the airport for at least the next four years," McQueary said, "and hopefully beyond if they enjoy our service. It's our goal to make sure they do." That contract, McQueary estimated, has boosted the firm's year over year profits by about 15%.

Ross has also worked closely with Virgin Orbit, a division of the Virgin Group that plans to provide launch services for small satellites. The company has been operating out of airport-adjacent Douglas Park since 2015, and houses its modified Boeing 747, Cosmic Girl, on airport property. Virgin hopes to use Cosmic Girl to launch a satellite-carrying rocket into space sometime next year. "We have quite a relationship with [Virgin]," McQueary said, "and that's also really helped increase our business."

For McQueary, such relationships are proof that LGB is the place to be. "I can't say any better how proud we are to be part of the Long Beach Airport family," he said. "Hopefully in another 95 years, there will still be Ross Aviation here on the field."

Business jet manufacturer Gulfstream Aerospace Corporation, a subsidiary of General Dynamics, has operated in Long Beach since March 1986. The company initially leased space at the airport for outfitting their Gulfstream IV and IV-SP twin-jet aircraft. Maintenance and service capabilities were added to the site in '89.

"In October 2014, we enhanced capabilities by opening a sales and design center, where customers can work with our designers to design their aircraft interior



Anthelion Helicopters offers flight training, charter service, aerial photography opportunities, tours and, occasionally, parachute jumping. "Long Beach is, I still maintain, the best training airport around," Anthelion CEO and founder Alex Chaunt told the Business Journal. (Business Journal photograph by Brandon Richardson)

and exterior," Thomas Anderson, vice-president and general manager of Gulfstream's Long Beach operations, said.

Today, Gulfstream is the largest leaseholder at LGB, according to Matthew T. Brookes, Long Beach Airport properties manager. Operating over 22 acres and employing nearly 900 individuals, the company performs upgrades, modifications and final stage work on their advanced business aircraft. That includes its newest aircraft, the G500, as well as its sister aircraft, the G600, which is scheduled to enter service in 2019, Anderson said.

The Long Beach site includes five hangars with slots for 18 aircraft; a completions center for Gulfstream G650ER, G650 and G550 aircraft; and a service center for all Gulfstream models. Its 2017 payroll was \$78.2 million and nearly 30% of its U.S. workforce were veterans.

Long Beach is the headquarters of Gulfstream's West Coast operations. "It is a key location for Gulfstream in part because of all the Gulfstream customers on the West Coast," Anderson said. "Not only does Gulfstream have many suppliers in California, but it has more than 300 operators in the state alone."

Anderson added that Long Beach is a convenient location for the company due to its proximity to customers and prospects in Asia and Latin America.

"We are in our 32nd year as a tenant of Long Beach Airport," Anderson said. "We appreciate our three-plus decades in this vibrant community. Congratulations to the airport on its rich 95-year history, and we wish one of this city's largest economic engines many more years of success."

Gulfstream is currently in negotiations to grow its aeronautical facilities at LGB. In August, the city released a request for proposals (RFP) for development of 31 acres on the west side of the airport. Gulfstream was the first successful respondent to the RFP, with a request for an additional 20 acres.

"Negotiations are going well, and that's pretty much what I can disclose at this point, given the RFP requires negotiations to remain confidential," Brookes said.

Ross Aviation is also planning to expand. The company wants to add approximately three acres to its existing 12-acre development. "They're looking to develop a common storage hangar to accommodate some of the Gulfstream 650-type jets," Brookes said. "We're hoping to finalize those negotiations as soon as possible so we can allow them to commence the development."

General Aviation Businesses

In addition to its fixed base operators, Long Beach Airport is home to a number of aviation businesses and flight schools. Anthelion Helicopters, for example,

began its Long Beach operations in June 2014 with a single two-seater helicopter, according to founder and CEO Alex Chaunt. Today, it offers a range of services with a fleet of nine (soon to be 10) helicopters. Its services include tours, aerial photography and cinematography, charter flights and flight training for students at any level, Chaunt said. “From literally zero to advanced,” he said of the student levels Anthelion accepts. “Anywhere from 60-years-old to 80-years-old, if you can still get a medical certificate,” he added.

Chaunt maintains that Long Beach is “the best training airport around.” He credits this to both its size and convenient location between Downtown Los Angeles and Orange County, as well as its enclosed traffic pattern. LGB has multiple, well-established paths for moving flight traffic safely in and out of the airport. “It’s far superior to John Wayne [Airport] . . . or anywhere else around here, in terms of that,” he said.

Kevin McAchren, president of Airserv, has been watching the planes fly in to the airport since he founded his company 46 years ago. “Started in ’72 when I was 19-years-old,” he said. “Been doing the same thing ever since.”


Airserv provides ground-handling services for aircraft. It primarily works with commercial passenger flights, McAchren said, but occasionally with corporate, military and cargo aircraft as well. “We have the equipment to load and unload the aircraft and personnel, and [to move] the stairs that roll up to the aircraft that enplane or deplane. That sort of thing,” he explained.

On the occasion of LGB’s 95th anniversary, McAchren praised the airport for being a “tremendous economic engine for the city.” He said, “I’ve been here for a long time, and I can see that it’s such a valuable asset to the community.”

Founded in 1951, FlightSafety International provides aeronautical training at its learning centers throughout the world. At its Long Beach training center, the company

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(Continued From Page A15)

offers instruction for an entire flight crew, from pilots to flight attendants to dispatchers. As part of its Total Technical Training program, the company partnered with Gulfstream to offer maintenance training for all current Gulfstream aircraft.

In 2017, FlightSafety began offering the only factory-authorized Gulfstream G650 training simulator. “Gulfstream and FlightSafety work closely to ensure the simulator reflects the

exact flying and operating characteristics of the Gulfstream G650 aircraft now and in the future,” David Davenport, co-CEO and president of FlightSafety Commercial, said in a press release. “As the only factory-authorized training provider for the G650, our training materials meet Gulfstream’s highest standards and include the latest aircraft configuration updates and operating guidance.”

An LGB tenant since the 1960s, FlightSafety trains its pilots in several models of Gulfstream and Cessna aircraft, as well as the Beechcraft King Air 200. It recently installed its new FS1000 flight simulator, which features twice the amount of interior space as previous simulators, an intuitive interface and large multi-touch displays.

Leaseholding

Headquartered at the Long Beach Airport, Aeroplex/Aerolease Group develops and manages airport real estate across the country. The company sub-leases its LGB property to several tenants, including FBOs, flight training schools and aviation businesses.

Signature Flight Support, part of London-based BBA Aviation, is Aeroplex/Aerolease’s largest tenant. The FBO operates out of 25,000 square feet of hangar space and services planes as large as the 18-passenger Gulfstream 550. Other Aeroplex tenants include ATP Flight School, Precision Aero Technology and Island Express Helicopter.

“I grew up at the airport,” Aeroplex/Aerolease Group President and CEO Curt Castagna said. “I learned to fly when I was 15. Learned to fly, pump gas, wash the airplanes, and now I’m doing airport development all around the country.”

Like Chaunt, Castagna considers Long Beach unique among airports in Southern California. “When you compare Long Beach to the other L.A. Basin airports, to Burbank or Orange County or even smaller, it has a diverse group of users,” he explained. LGB supports a range of aircraft types and operations, he continued, including corporate and commercial planes, blimps, helicopters and Virgin Orbit’s Cosmic Girl.

“Typically, you don’t find that in one airport,” Castagna said. “That’s really special to the community because that’s what protects the airport’s quality of life: the diversity of the different users, and the collaboration between those users, and the economic benefit generated by those users.”

While discussing the range of business, commercial and general aviation services that Long Beach Airport provides, Castagna remarked that the economic growth of the city has gone hand in hand with the airport’s. City officials recognize that, he said, “and so we have a healthy airport, a healthy runway structure and we have facilities here and the opportunity for development around some of the available land areas.” ■



Business jet manufacturer Gulfstream Aerospace Corporation has operated in Long Beach since March 1986. The company is the largest tenant and fixed base operator at Long Beach Airport, where it provides service and upgrades to business aircraft. “Gulfstream Long Beach anchors the company’s West Coast operations,” Thomas Anderson, vice-president and general manager of Gulfstream Long Beach, said. (Photograph courtesy of Gulfstream)

Reducing Environmental Impacts: Airport’s Green (And Blue) Initiatives

■ By **SAMANTHA MEHLINGER**
EDITOR

Sustainable practices and technologies aimed at energy efficiency, air emissions reductions and water conservation are integrated throughout Long Beach Airport, but much more is in the works. At the direction of the mayor and the city council, airport staff have begun studying potential methods to transform the complex into a carbon neutral facility.

Airport staff are working to create a plan that would position the airport as a model of sustainability. According to Airport Director Jess Romo, this plan should be complete within 180 days, at which time a request for proposals will be released to solicit detailed strategies for achieving the report’s outlined goals. Categories to be addressed would include energy conservation, recycling, and reduction of greenhouse gases and other air emissions, Romo noted. Respondents would also be asked to identify a feasible timeline for achieving zero-emissions operations, as well as a cost assessment.

“Our mayor’s goal is to have this be a net zero campus. We will do our best to do that,” Romo said.

In the meantime, the airport has already had a number of green practices incorporated into its operations, including solar panels, electric vehicle charging stations, recycling, LED lighting, drought-tolerant landscape and other initiatives.

A significant element helping to reduce emissions at the airport are power plugs at each gate. This technology enables aircraft to plug into electric power instead of idling their engines while parked, according to Romo. “This way, they don’t have to run their auxiliary power unit [APU]. An APU is really a jet engine that runs on Jet A [fuel]. And while it’s running, it is emitting exhaust, pollutants, greenhouse gas,” he explained. Airport-provided plug-in power helps cut down on these emissions.

According to a 2012 study, the airport’s green practices have reduced annual air emissions by 4.58 million pounds. That’s equivalent to 6.4 million car trips on local roads, the report stated. The most significant source of emissions reductions has been the at-gate plug-in for aircraft, followed by the construction of on-site parking, which cut 8,760 shuttle bus trips and reduced air emissions by 30,000 pounds.

The airport’s energy conservation measures, including the installation of LED lighting on its airfield and in its parking structure, as well as the installation of solar panels, has eliminated 1.13 million kilowatt hours of electricity use per year, according to the airport. Another portion of the airport was recently equipped with daylight-sensitive LEDs, according to Romo. “It is smart LED lighting that will



Solar panels at the Long Beach Airport provide plug-in power for electric vehicle charging stations. (Photograph by the Business Journal’s Brandon Richardson)

adjust to the light of day. So as the ambient light changes, the intensity of the indoor lighting will change as well. That's big energy savings there," he said.

When it comes to water conservation, the airport's "blue" efforts go beyond drought tolerant landscaping, which is found throughout the complex. Paradies Lagardère, the operator of eateries and shops within the airport concourse, was recently "certified blue" by the Long Beach Water Department for its water-saving measures. Its kitchen sinks, dishwashers, toilets and restroom faucets are all equipped to conserve as much water as possible. Installations of the upgraded low-flow aerators and pre-rinse spray nozzles will result in annual savings of 76,203 gallons of water or 511,046 gallons of water in lifetime savings from these devices.

The airport's water-saving initiatives have saved the facility enough water to fill the Aquarium of the Pacific each year.

Plans are already in the works to ensure that new additions to the airport, including a new ticketing lobby, are as energy and water efficient as possible, according to Romo. "We're looking forward to doing a lot more," he said. ■

The Sky's The Limit: Looking To Airport's Future

■ By **SAMANTHA MEHLINGER**
EDITOR

Long Beach Airport's 95th anniversary year is more than a cause to celebrate the storied institution's history; it is also a time to look to the future. As the airport approaches its anniversary, it is also embarking on its next chapter – a project that includes the construction of a new ticketing lobby, the restoration of its historic terminal, the expansion of its public plaza, the relocation of rent-a-car operations and various other improvements. The airport is also the beneficiary of grants that are enabling it to make safety improvements and upgrades to its runways and taxiways.

In addition to these planned improvements, the city's development services department is concurrently preparing a plan to foster development of the former Boeing C-17 Globemaster III manufacturing site at the airport and along connected corridors.

Phase II Terminal Improvements Project

In May 2018, the Long Beach City Council awarded a \$58.8 million design-build contract to Swinerton Builders for the airport's Phase II Terminal Improvements Project. Design efforts and groundwork to prepare for construction have already begun, and are anticipated to continue through 2021, according to airport engineering staff.

"The program is really nine separate projects in one gigantic design build program," Stephan Lum, LGB senior civil engineer and project manager for the Phase II Terminal Improvements, said. "It consists of a new ticketing hall, a new TSA checked baggage inspection system, a new consolidated baggage claim, an enhanced meters and greeters plaza, pre-security restrooms and concession opportunities, renovations to our historic terminal, relocation of our rental car transaction service counters out of their existing modular unit, a consolidated rent-a-car storage lot and return lot – and we'll finish off with a ground transportation plaza and some roadway improvements." With a chuckle, he added, "That's a lot."

The component with the design closest to finalization is the new checked baggage inspection system (CBIS), the area where the Transportation Security Administration (TSA) inspects baggage before it moves onto aircraft. "As of right now, the only design that is close to being 100% is the checked baggage inspection system (CBIS). That was accelerated to hit TSA deadlines for their grant," Lum said, referring to a \$10.5 million TSA grant awarded to the airport for the

CBIS component of the project. Currently, CBIS operations are located behind the historic terminal. They are being relocated with a new, consolidated baggage claim area, according to Lum.

There are currently two baggage claim areas at the airport – one on the south side of the main terminal, and one on the north. These will be consolidated to the south side.

A planned new ticketing lobby will feature convenient technological upgrades for travelers, including a self-tagging system for bags, Lum noted. Currently lo-

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Long Beach Water



The relocation of rental car services to the historic terminal will allow for the reconfiguration of the airport's parking lot. Transportation services such as taxis, Uber, Lyft, shuttles and limousines will be diverted away from the traffic loop in front of the terminal to these designated corridors, reducing congestion. (Rendering courtesy of Long Beach Airport)

(Continued From Page A17)

cated in the historic terminal, the ticketing area tends to become congested, he observed.

"The current historic terminal doesn't serve a lot of what passengers need. And also for our airlines, we need to be able to fit everyone in one space," Lum said. "It is really about customer service – giving customers an experience that is more in line with what you'd find at other airports. The historic terminal was built in the '40s, so customers don't use the same sort of technology that they did back then, even when they just check in with their ticket. . . . We need to build a new ticketing hall to accommodate all of those things."

Rental car operations, currently located in a trailer in the airport's parking lot, are being moved into the historic terminal. Restoration efforts within the terminal will include glass replacement, as well as exterior and interior improvements, Lum said. A long-closed entryway to the plaza behind the terminal will be re-opened to give the public access to an expanded plaza. "we will also be performing a voluntary seismic upgrade," he noted.

The expanded public plaza behind the terminal will feature new, pre-security vendors and bathrooms, according to Ambi Thurai, airport engineering officer. The improvements are being made to enhance the customer experience, he noted, asking for travelers' patience in the meantime.

Runway Improvements

Long Beach Airport recently completed improvements to its main general aviation (GA) runway thanks to a \$15.3 million grant from the Federal Aviation Administration. The runway was also re-designated from its prior name, 7R-25L, to 8R-26L.

"We have a very complicated airfield, and we went through a close to five-year process for a geometry study involving all the stakeholders and FAA and the airport to come up with an airport layout that is efficient, can still accommodate our needs and can accommodate the future growth anticipated in our GA activity," Lum said. "7R-25L was our main GA runway, and it hadn't been reconstructed for over 20 years. Runways typically have a service life of 20 years," he explained.

For safety reasons, the runway was shortened so that it no longer intersected with the main commercial air traffic runway, Thurai said. Its width was also reduced from 150 feet to 100 feet. The runway was renamed to match changes in the earth's magnetic field that affect pilots' navigational equipment, he explained.

Other airfield improvements include the conversion of two shorter runways into taxiways to reduce intersecting airfield traffic. "Now we only operate with three runways, which is more than efficient," Lum said.

C-17 Corridor Plans

When Boeing ceased manufacturing its massive C-17 Globemaster III military cargo aircraft at Long Beach Airport, the city lost thousands of jobs. As Boeing works to sell the property, the Long Beach Development Services Department



The restoration of Long Beach Airport's historic terminal will include the re-opening of a doorway leading out onto the airport's public plaza. (Rendering courtesy of Long Beach Airport)

has been coming up with a new land-use plan for the site and connected corridors in the hopes of laying the groundwork to attract jobs for the future.

"There was a lot of employment associated with C-17, and we're trying to get those jobs back and then some with new development," Christopher Koontz, planning bureau manager for Long Beach Development Services, said. "We developed a draft specific plan that we've shared with the public and put on our website and had community meetings about. The reception has been positive."

In addition to the actual C-17 manufacturing site, connected corridors included in the plan stretch along Spring Street to the south, and along Cherry Avenue between Spring and Carson streets. The C-17 site has been identified as a location for a business park, while land along Spring Street is best suited for general industrial uses, according to the plan. Areas along Cherry Avenue are identified as commercial zones, such as for retail uses.

Land uses identified in the draft plan were included as a direct result of community feedback, Koontz pointed out.

"We are doing the technical work to complete the environmental impact report so that we can bring this plan forward to our planning commission in early 2019 for their approval," Koontz said. "As Boeing moves forward with their process to dispose of the property, we want to make sure we have a new set of regulations on the ground which facilitate investment, but also make sure that we're getting the types of jobs and the types of community amenities that the public is expecting," he said of the effort.

"We're working with our partners in [the city's] economic development [department] to make sure that existing businesses and property owners have a way to share in that upgrade of the area, and that they can compete and grow their businesses," Koontz noted. ■

Long Beach Airport To Celebrate 95th Anniversary With Festival Of Flight

■ By **ANNETTE SEMERDJIAN**
STAFF WRITER

The local community is invited to join in celebration of Long Beach Airport's (LGB) 95th Anniversary during the sixth annual Festival of Flight on November 17.

The annual celebration began in 2013 to mark the airport's 90th anniversary, and drew approximately 1,500 attendees. This year, the airport expects to draw a crowd of about 10,000. According to LGB Public Affairs Officer Stephanie Montuya-Morisky, it is the only event of its kind in the area.

"No other airport in Southern California does an event like this," Montuya-Morisky said. "Los Angeles is a very heavy area for airport traffic in general, so it is a special event. We are proud to be able to do that, and also to entertain our community and have a venue for them to come and see what the Long Beach Airport has to offer."

The aircraft displays are "the stars of the show," showcasing the airport's rich history and giving attendees an opportunity to experience unique aircraft firsthand.

"We want to take this 95th anniversary year to recognize the special part that Long Beach Airport was able to play in aviation history," Montuya-Morisky said. "Really, it is about having that conversation with the public."

The family-friendly event also focuses on inspiring young people to pursue careers in aviation through opportunities to speak with some of the airport tenants, aircraft operators and flying schools.

Some of the aircraft to be displayed include a Boeing C-17 Globemaster III from March Air Reserve Base, a California National Guard Blackhawk helicopter, a Gulfstream G650, a Lockheed Model 10 Electra, World War II warbirds, and Virgin Orbit's Boeing 747 known as Cosmic Girl.

The Boeing C-17 is a popular display since it holds a unique place in Long Beach aviation and manufacturing history, according to Montuya-Morisky. "The C-17 is special, and people have a sort of a loyalty to the aircraft because it was manufactured here by Boeing for so many years," she said. Due to the cultural and historical significance of the C-17, in previous years it has drawn long lines of attendees wishing to see inside the aircraft. This year, the airport plans to shorten wait times for the popular display, according to Montuya-Morisky.

Although the Festival of Flight is the only major community event that the airport sponsors and hosts annually, LGB does participate in other community outreach efforts. Airport staff work with the city's nine councilmembers to set up information booths at local events throughout the city. "We have very knowledgeable volunteers and staff who can come out and talk about any topic," Montuya-Morisky said.

"The Long Beach Airport is one of our major economic engines and a beautiful



jewel of Art Deco design in our city," said Councilmember Stacy Mungo, whose district includes the airport. "From its humble beginnings to its modern revitalization, it offers comfortable and convenient access to travelers across Southern California. As it begins its next 95 years, I'm excited to see it continue to improve, and to see the area surrounding it developed with new businesses to serve our residents and visitors."

The 2018 Festival of Flight takes place from 10 a.m. to 4 p.m. on Taxiway B on the westside of the airport, with entrance at Wardlow Road off Cherry Avenue (from the 405 Freeway, take the Cherry Avenue North exit). The event is free as is parking at Wardlow Road and Globemaster Way. The celebration includes gourmet food trucks, refreshments and live entertainment. Also available are family helicopter tours to Downtown Long Beach and back for \$50 a person. No pets or coolers are allowed.

People of all ages are welcome to come and celebrate 95 years of Long Beach Airport history. ■

Long Beach Airport Offers Volunteer Opportunities For The Local Community

■ By **ANNETTE SEMERDJIAN**
STAFF WRITER

Volunteers are an important part of Long Beach Airport's (LGB) community efforts, according to Public Affairs Officer Stephanie Montuya-Morisky, who oversees the volunteer program. The programs showcase the history of the airport and keep the community up to date on airport activities.

"I continue to enjoy every assignment at LGB," Elliott Schwartz, a volunteer airport tour guide, said. "I look forward to our upcoming new facilities with the wonderful staff I have met and worked with over the past six years."

Volunteer opportunities at the airport include travel ambassador, airport tour guide, tour escort, and community outreach and event support.

Travel ambassadors are vetted through a stringent security process in order to have access to all parts of the airport as needed, according to Montuya-Morisky. Their role is to greet travelers coming in the airport and answer any questions regarding their travels or airport operations. On occasion, they may also be asked to help travelers find their way by escorting them through various parts the airport. The ambassadors, along with other volunteers, have up-to-date knowledge on the airport and all of its events.

Each of the airport tour guides are experts in a specific topic, making no two tours alike, according to Montuya-Morisky. Tour guides educate groups on everything from the airport's history to its operations. Tour docents also play an important role by making sure the group is kept together and providing any necessary assistance to tour guides. Airport tours are free with advanced reservation. They cater to schools and clubs as well as the general public.

Community outreach and event support volunteers act as liaisons for the airport during community events. The volunteers provide a channel of communication for community members to voice concerns and ask questions regarding the airport. According to Montuya-Morisky, no topic is off limits for discussion with airport volunteers and staff present at community events.

Long Beach Airport also recently launched a pilot program offering volunteers and their dogs the opportunity to provide therapy for travelers who may experience a fear of flying. According to LGB Public Affairs Assistant Kimberly McMahon, who manages the volunteer programs, the airport is looking to grow the dog therapy program because it has been well received thus far.

"People always seem to be in a hurry, either heading for the gate or heading for baggage claim, but they always give Bella a big smile," said Jan Hextell, who volunteers with her dog, Bella, for the program. "As a volunteer, I am thanked for being there and providing this service . . . many anxious passengers will ask if they can take Bella with them."

For more information about Long Beach Airport Volunteer opportunities or to download an application, please visit lgb.org/information/volunteers. ■



Long Beach Airport dog therapy volunteer Jan Hextell is pictured with her dog, Bella, as a traveler takes a moment to embrace the canine. (Photograph courtesy of Long Beach Airport)

Donation Boxes At Long Beach Airport Support The City's Homeless Community

Long Beach Airport launched a pilot program in September, "Spare Change Changes Everything," to support the city's homeless population. A donation box has been placed near the security checkpoint at the airport, where travelers can donate their spare change. According to city estimates, approximately 1,800 people experience homelessness in Long

Beach on any given day. The donations from the pilot program will help provide the homeless community in Long Beach with services such as hygiene products, food, clothing and crisis housing. "Spare change can make a difference to many people in need," Airport Director Jess Romo stated. "A donation box located at Long Beach Airport gives an opportunity for travelers in the region to donate to our local homeless population and serve our neighboring communities." The airport teamed up with the homeless services division of the city's health department for the initiative. "We are partnering with our colleagues at the Long Beach Airport to explore a new way to include Long Beach residents and visitors in addressing homelessness together," Director of Health and Human Services Kelly Colopy stated. The pilot program runs through the end of 2019. At left, a traveler makes a donation before passing through security.



(Photograph courtesy of Long Beach Airport)

STAFF WRITER ANNETTE SEMERDJIAN

Who Was Earl Daugherty?

Stardust Of Early Aviation

(Editor’s note: During the mid 1980s, local businessman, airport commissioner and aviation historian Phil Lockwood wrote a series of articles for the Business Journal that traced the history of local aviation and the Long Beach Airport. This is one of those stories.)

This is a story about Earl S. Daugherty, one of several pioneer aviators whose names are etched in local history, and the only one to be recognized as the father of Long Beach aviation, and whose name is memorialized at the Long Beach Municipal Airport – as Daugherty Field.

What is so special about this man? Why was he singled out and elevated above his contemporaries?

For the answer, let’s flip the pages back to the turn of the century. The Daugherty family moved to Long Beach from Des Moines, Iowa, in 1902. Young Earl was 15 years old. His father, a photographer by profession, established a successful business on Pine Avenue, enabling investments in real estate and, later, the building of the Earl Apartments on the beach strand near the foot of Linden Avenue. The site was to play a prominent role in the life of Earl Daugherty.

A typical Long Beach lad, he completed his schooling and went to work in a bank. There he might have remained were it not for his attraction to the first International Air Meet held at nearby Dominguez Hills in 1910. One look and Earl was hooked. He had to learn to fly!

A year later at the age of 24 he was an aviator, and was awarded the Federation Aeronautical International license number 87, issued by the Aero Club of America. Frank Champion, a close friend, was also licensed in 1911, and the two of them began flying from the beach in front of the Earl Apartments. (There was no airport in the city at the time.)



Earl Daugherty shown here September 1911, in the Silver Dart, a Curtiss Biplane, ready for take-off as he qualifies for his pilot’s license. Number 87 was the license number assigned to him. (Business Journal archives photo)

Daugherty went on to compete at the Chicago National Air Races in 1912, winning \$1,000 that was promptly invested in a Borel-Morante monoplane, considered the fastest airplane of its day.

Back in Long Beach with a new airplane, Earl teamed with Champion and other aviation-minded businessmen to design and build several airplanes. All of them were successfully flown from the downtown beach for more than three years – until the threat of World War I brought on the need to train military aviators. And the U.S. Navy began training pilots on the same beach in 1915.

Long Beach Airport Timeline



Aircraft parked on the beach near Pine Avenue

1905 Long Beach aviation history begins with balloon demonstration at the Long Beach Pike.

1910 Frank L Champion became Long Beach's first resident to receive a flying certificate at the Berliot School of Aviation in London.

1911 Col Rodgers completes first transcontinental flight from Sheepshead, New York, to Long Beach, California, known as the Right of the “Vin Fiz.”

1916 Newspaper announces six airplane hangars to be built on the beach for accommodation of Long Beach aviators

1919 Earl Daugherty opens Daugherty School of Aviation.

1920 With nine women fliers, Long Beach leads nation in number of female aviators.

1923 The official groundbreaking

of Long Beach Airport as city officials establish a municipal airport at Cherry Avenue and Spring Street. It is the first municipal airport in Southern California.

1924 A dedication marks the transition in Long Beach from barnstorming to commercial flight.

1925 Two-day airmail service from Long Beach to New York announced.

1925 (April 7) The first airport operator’s lease was issued.

1925 Earl Daugherty sets new air record; carries 7,000 passengers without mishap.

1928 Navy announces that Long Beach will have a large naval air base; aircraft carriers Saratoga and Lexington arrive with 200 aircraft.

1928 Long Beach Airport field lighted for night use; only illuminated airport in the United States.

1928 On December 8 in front of thousands of spectators, Earl Daugherty, recognized as the “Father of Long Beach Aviation,” crashes to his death while performing aerobatics.

1929 Graf Zeppelin airship soars over Long Beach.

1929 City’s first air circus held in honor of Earl Daugherty.

1928-30 Actual airport development of significance began when the City built hangars and administrative facilities for the Navy and Army Corps.

1933 The first known, overall plan for the airport was prepared by the City Engineer. The plan was refined in 1938-39, adopted by the City Council on September 24, 1940, and served to guide the airport development through the World War II period.

Mid 1930s Two runways were constructed during the mid 1930’s, the military commenced operations in 1936 and the FAA (Civil Aeronautics Authority) formally activated a control tower.

1938 Four Major airlines, United, TWA, American and Western announce plans to offer service from Long Beach Airport. During the late 1930s the City working along with the military and civil aviation completed plan to construct Runways 30, 25R, 16L, 25L and the existing Terminal Building. The work was completed in August, 1941.

1940 Douglas Aircraft announces plans for a new plant in Long Beach which will employ 2,000. Ground-breaking for the initial Douglas facility occurred in November. The building was dedicated in October 1941.

1941 Daugherty Field was increased by 500 acres and the Airport Terminal was completed. The terminal, designed by architects W. Horace



Long Beach Airport 1923, Spring and Redondo.

Austin and Kenneth Wing, has since been designated as a Long Beach Historical Landmark.

1942 Current Long Beach Airport historical terminal and administration building open.

1942 Long Beach Airport is number one in the U.S. for total airport operations.

1943 Douglas Aircraft Company employment reaches 41,602 with 22,308 being women.

1945 With VJ Day in August, Douglas Aircraft Company’s WWII effort from its Long Beach Production facilities include: 4,285 C-47s; 3,000 B-17s; 1,156 A-26s 999 A-20s and 1 C-74.

1948 Long Beach launches one of the first helicopter U.S. mail delivery services.

Late 1940s and 1950s Major land acquisitions included the buffer

area between Lakewood Boulevard and Clark Avenue now in use as Skylinks Golf Course, together with adjacent areas along Lakewood Boulevard and south of Spring Street. The airport grew to approximately 1,134 acres by 1965.

1952-1960 The main diagonal runway (30/12) was improved and extended 2400 feet to the southeast and 700 feet to the northwest. These improvements brought the airport to its present size and runway configuration.

1955 (July) The City approved a plan, financed by general obligation bonds, to extend the diagonal runway (30) to a full 10,000 feet and acquire additional clear zone land.

1957 Douglas Aircraft starts Long Beach DC-8 assembly line.

1965 Long Beach is busiest airport in the country with 422,620 takeoffs and landings.



Wing walkers over Long Beach



Learning to fly at Earl Daugherty’s school, 1919, near Cherry and Willow.

As WWI intensified, Rockwell Field, San Diego, became the center for military flight training. Daugherty became a civilian instructor and was commissioned a lieutenant in the Aviation Section, U.S. Signal Corps. He later served at March Field and was discharged in 1919.

Now a veteran pilot, he lost no time in leasing the property from the Bixby Family near Long Beach Boulevard and Bixby Road. Here the first airport was built and he called it Chateau Thierry. It was a huge success. Aviation had arrived. Crowds were attracted to the air shows, stunt flying, wing-walkers and passenger rides. Earl Daugherty was its centerpiece and master showman.

By 1921 he was able to purchase 23 acres at Long Beach Boulevard and Willow Street, on which the Daugherty School of Aviation would operate, pushing this ruddy-faced lanky six-footer with his riding boots and britches, into greater public admiration. There was no doubt – he was Mr. Aviation in Long Beach – and not without considerable clout with city officials and community leaders, whom he pushed and persuaded into considering the need for an official airport in Long Beach. In 1923, the city council set aside 150 acres near what is now the intersection of Spring Street and Cherry Avenue for use as an airfield.

His ability to articulate and inspire resulted in city council action on September 17, 1924, to begin the process by which 80 acres of water department land at Spring Street and Cherry Avenue would be authorized for the Long Beach Municipal Airport.

In 1924, in a mid-air wedding ceremony conducted in an airplane flown by Earl Daugherty, Catherine “Kay” Hall became his wife.

The next year Daugherty moved his flying operations to the new municipal airport, and he was named as one of the commissioners.



Earl Daugherty with his wife, Catherine.

When, in 1928, the U.S. Navy established a flying training facility at the airport, it was Daugherty who played a prominent role of encouragement, and he went on to be commissioned as a naval aviator.

But Earl Daugherty was not destined to witness the arrival of the U.S. Army Air Corps to the airport the following year.

On December 8, 1928, Earl was persuaded by two close friends to break his own rule: never perform stunts (aerobatics) with passengers aboard. At dusk he took off with his two friends in the front cockpit, and for 20 minutes he put his Laird through a familiar series of aerobatics. As thousands watched in awe, the right wing strut buckled, the wings collapsed, and the airplane crashed on the northwest corner of the airport he had promoted and developed, ending the lives of all three.

Newspaper accounts of Daugherty’s last flight testify to his prominence in the affairs of Long Beach and to the respect and admiration he enjoyed as a community leader.

Earl Daugherty was a star whose time had come on that December evening, a star that had streaked across the Long Beach firmament, but the trailing stardust of its flight continues to be seen, remembered and appreciated more than half a century later. ■



In 194, 22,308 women were employed in Long Beach by Douglas Aircraft Company

1967 (April 28) Douglas Aircraft Company merges with the McDonnell Company of St. Louis to form McDonnell-Douglas Corporation. It is headquartered on Lakewood Boulevard adjacent to the airport.

1970 (December) New Long Beach Airport FAA tower dedicated.

1981 Long Beach passes Airport Noise Ordinance, one of the first in the country.

1982-85 The following improvements were made: Rehabilitation of Terminal Building utilities, Refurbishment of Terminal Building; 1984, construction of new 16,150 sq. ft. facility including passenger holdroom, security screening area and covered passenger concourse linking the Terminal Building with the new

holdroom. The new facility was built to accommodate the use of jets such as the Boeing 737 and Douglas DC-9; Construction of a new, enlarged baggage claim facility; Construction of four-story parking structure with a 1,050-vehicle storage capacity; Construction of terminal area roadway improvements to add curbside area and transit facilities.

1986 (March) Gulfstream Corporation opened its main U.S. West Coast Service Center facility at Long Beach Airport. It provides the service needs for business jets not only in California region, but from across the world.

1989 By July 1, eight major airlines are serving Long Beach providing 39 daily flights: Alaska; American; America West; Continental; Delta; TWA; United; and USAir.

1989 The city allowed to implement interim aircraft noise compatibility ordinance, pending appeal process.

1991 (September 15) First flight of the Boeing Long Beach-built C-17 Globemaster III.

1995 The Airport Noise Compatibility Ordinances (LGMC16.43) was passed by the City Council, which made the Long Beach Airport one of the strictest noise-controlled airports in the U.S.

1997 McDonnell-Douglas is purchased by the Boeing Company.

2001 (August) One of the newest low-cost airlines, JetBlue Airways, made Long Beach Airport one of its major hub cities in the U.S. LGB offers

multiple benefits for the airline such as low operational costs, less congestion than LAX, and avoiding delays by having good weather.

2001 The United States is attacked on September 11, changing airport security across the world.

2005 Barbara London Drive is christened at Long Beach Airport, with Barbara London in attendance. She is the only female pilot to receive the Air Medal for her service during WWII

2006 (May 23) Long Beach Boeing facility delivered the last two Boeing 717 (MD-95) to AirTran Airways and Midwest Airlines. It marked the end production life of former McDonnell Douglas aircraft.

2006 The Long Beach City Council approves a site plan for terminal improvements, including the new parking structure and current concourse, servicing 11 gates.

2008 LGB began to implement green energy program by installing six “solar trees.” With this program, Long Beach Airport reduces nearly a half million pounds of carbon dioxide emissions annually.

2009 (December) Long Beach Airport got an approval from city officials to begin construction of Parking Structure B, located right in front of the historic terminal. The project was funded by Build American Bond, General Airport Revenue Bond, and Passenger Facility Charges. The structure will add nearly 2,000 parking spaces to accommodate the growth of Long Beach Airport.

2012 (December 5) The official ribbon-cutting ceremony was held to celebrate the new concourse. It provides a variety of food/beverage choices from different vendors. The concourse provides a warm welcoming for travelers and adds extra revenue for the airport.

2013 (November 16) The Long Beach community and aviation enthusiasts joined together to celebrate

Barbara Jane Erickson joined the WAFS in 1942, was assigned to the 2nd Ferry Group in Wilmington, Delaware, and then, at age 23, led the women assigned to the 6th Ferrying Group at the Long Beach Municipal Airport – Daugherty Field. As squadron commander, Erickson was the only woman to receive the Air Medal for her distinguished service, having ferried a P-47, P-51 and C-47 over 2,000 miles in just five days. In 1948, she was commissioned a major in the Air Force Reserve. She married Jack London, Jr., whom she met in Long Beach, and together they later operated United States Aviation, a flight school. The company and aircraft parts business closed during the Korean War. She remained involved in aviation and operated Barney Frazier Aircraft, Inc., and served as a boardmember of the “Powder Puff Derby” association. Long Beach acknowledged her contribution to aviation in 2006 with the dedication of Barbara London Drive at the Long Beach Municipal Airport. She died in 2013 at age 93. (Photograph courtesy of Long Beach Airport)



the 90th Anniversary of the Long Beach Airport.

2014 (March) With the new era of technologies, Long Beach Airport had launched the LGB Airport App. The app allows its users to check the status of both departures and arrivals from various airlines. It also provides direction to the airport, shuttles, and parking information.

2015 (March 31) Long Beach Airport hosted Run the Runway, a one-mile run to celebrate the Grand Reopening of Runway 25R-7L.

2015 (May) The award-winning mosaics artwork in the historic terminal building were carefully restored after seven decades.

2015 (November 29) Boeing delivered its last military jet C-17 Globemaster III at Long Beach Airport. After 24 years, Long Beach Boeing’s factory shut down, marking the end of the aerospace engineering era in Southern California.

2016 (September) Jess Romo was appointed by City Manager Patrick H. West to become Director of Long Beach Airport. He brought his expertise in aviation with over 20 years of experience at LAX, Van Nuys and Ontario Airport to Long Beach Airport.

2017 (August 1) Virgin Orbit, the

commercial satellites company of Virgin Group, hosted a welcoming ceremony at LGB to receive Cosmic Girl, a Boeing 747-400 aircraft. This aircraft will be utilized in the LauncherOne mission, which allows small satellites to be launched at 35,000 feet.

2017 (November) The construction to renovate Parking Structure A was completed. This allowed travelers easy and quick access to the terminal.

2018 (May) Long Beach City Council approved a \$58.8 million phase II Terminal Improvement Plan at Long Beach Airport. It will improve the ticketing area, checked-baggage inspection facility and open a new consolidated baggage pick up system.

2018 (May 31) Hawaiian Airlines began its first service from Long Beach to Honolulu. It offers a quick and easy access for travelers to Hawaii in a new aircraft fleet Airbus A321neo.

2018 (August) After 66 years, for the first time, Long Beach Airport redesignated two-parallel runways. Runway 7R-25L became 8R-26L. Runway 7L-25R became 8L-26R. The new designated runway was changed due to the shift in the earth’s magnetic field. ■



Long Beach Airport terminal building, 1942



Long Beach Airport staff gather to commemorate the airport's 95th year. The anniversary celebration kicks off on November 17 with the annual Festival of Flight, a community event meant to highlight the airport's relevance to aviation history and to give residents an up-close look at the aircraft flying in local skies. (Photograph courtesy of Long Beach Airport)

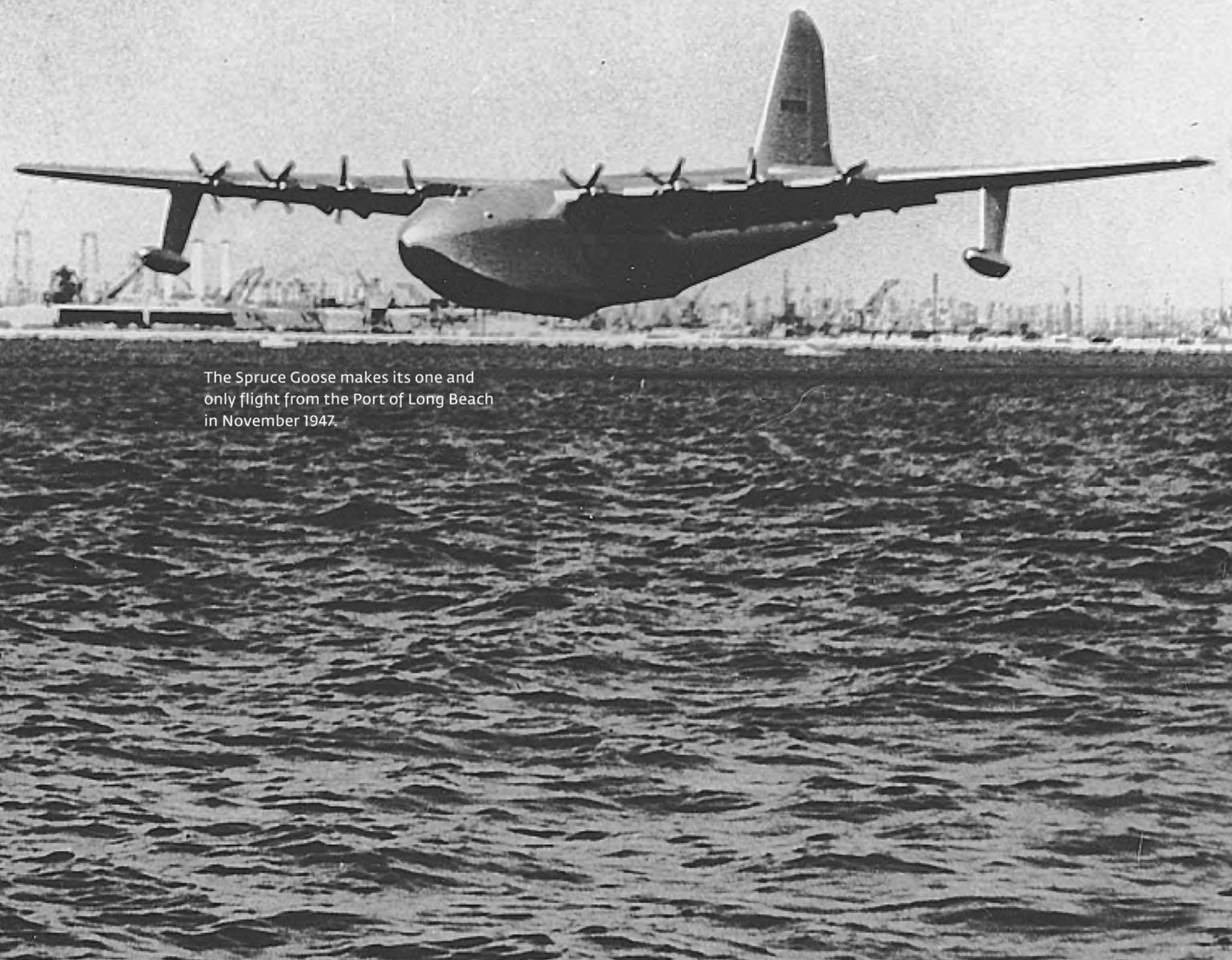
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The Spruce Goose makes its one and only flight from the Port of Long Beach in November 1947.

long beach airport

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45,000 high paying jobs created by the Long Beach Airport Aviation Complex

10

more than \$10 billion in economic impact

6

6.4% of all jobs in the City of Long Beach

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(Continued From Page 1)

with the continued increase in home prices have really curbed demand over the past several months compared to a year ago.”

The average amount of time homes are spending on market increased from 19 to 21 days year-over-year in Los Angeles County, still “very low” by historical standards, Kleinhenz said. At the state level, the number of single-family home listings increased 20% year-over-year, which could temper price appreciation, he added.

Kleinhenz said that, historically, prices continue to increase for several quarters following the a peak in sales. So, while sales seem to have peaked, home prices may continue to increase into 2019. He said that the seasonal trend of home prices softening in the fourth quarter and into the new year is likely to occur, but that homeowners should not worry, as market fundamentals have not weakened.

“Zillow reported for September a median home price of \$585,200 [locally],” Kleinhenz said. “Depending on which area you [live] within the county or across the state, your median home price is pretty close to or maybe a little bit above the pre-recession peak.”

In the multi-family market, the price for property sales has leveled off, in part because of rising interest rates, according to market experts. Petra Durnin, director of research and analysis for CBRE, noted Long Beach has 1,600 units currently under construction, with more in the pipeline – a sign that Long Beach has “finally arrived” in terms of its desirability for living and working.

The midterm election vote on Proposition 10 could have negative impacts on the multi-family market, according to its opponents. If passed, Proposition 10 would repeal the Costa-Hawkins Rental Housing Act, allowing cities to adopt rent control policies affecting any type of rental housing, including single-family homes, regardless of when they were constructed. The act currently states rent control cannot be enacted on units first occupied after February 1, 1995.

Stuart Waldman, president of the Southern California Valley Industry and Commerce Association, stated that the proposition “will ultimately harm the very people it is trying to help. The only way to solve the housing crisis is to build more.” Supporters of the proposition claim repealing Costa-Hawkins will protect residents from unfair displacement due to rapidly increasing rents.

Based on continued demand for housing



Park Broadway, a multi-family residential development by AMLI Residential at 245 W. Broadway, is nearing completion. The 222-unit building is expected to be finished this year. Amenities include a fitness center, roof top deck and club room, bike kitchen and more. Pictured at far left is another residential project, The Pacific, being developed by Sares-Regis Group. It includes 163 apartments, with completion scheduled for next summer. (Photograph by the Business Journal's Brandon Richardson)

in California, Durnin said she expects rental rates to continue to increase for the foreseeable future. However, she noted that rents will likely flatten when the current economic cycle nears an end.

In the coming year, Durnin explained that multi-family vacancy rates will fluctuate in Long Beach and L.A. County as a whole, depending on how many new units come online in each quarter. The more units that come online at once, the higher the vacancy rate is likely to be, she said.

“Multi-family is growing,” Durnin said. “Long Beach Airport is undergoing upgrades, the Aquarium is undergoing renovation – all of this factors into that live, work, play paradigm, which is only going to attract more tenants. When you have more tenants, then you have more amenities, and that’s really the glue that holds it all together.”

As part of the live, work, play mentality, Durnin said developers are now offering multi-family residents more than just a unit to live in. Full gyms, rooftop pools, community space, bike kitchens, ride-share programs and other amenities are becoming more common, she said.

Commercial real estate is continuing strong due to low unemployment and increased spending money for residents, Kleinhenz said. The office market in particular is benefiting from job gains, he explained.

“From January through September of this year compared to January through September of last year, we added 62,000 jobs

year-over-year in L.A. County,” Kleinhenz said, noting that this is down from around 100,000 jobs added annually several years ago. “About 15,000 [of those jobs] are in healthcare and social assistance.”

Allotting fewer square feet per employee is a continuing trend that is changing the dynamics of office space, Kleinhenz noted. Additionally, he said more people are working from home. Because of these two trends, Kleinhenz said he expects office vacancy rates to remain flat.

Creative office space continues to be desired by employees, and companies are working to accommodate them, Durnin said. In fact, she went a step further, positing that creative and office have become synonymous. “It’s to attract and retain talent,” she explained. “If [interviewees] see drywall walls, wood doors, low ceilings and no natural light – [companies] are not going to get the best talent that way. You really do need to have a creative space that attracts talent.”

E-commerce continues to drive strong demand for industrial space in Long Beach and the South Bay, especially for third- and fourth-party logistics companies, Durnin said. Last mile and quick product delivery needs are keeping upward pressure on industrial space prices, particularly for warehouses. “[Rents] can’t go up indefinitely. So, I do think there will be a bit of a leveling off,” Durnin added.

In Long Beach and the South Bay, there is little open space to develop more indus-

trial buildings to give the market any relief, Durnin said. Currently, much of the new stock is being produced in the Inland Empire, she explained. The next step for industrial space is multi-story warehouses, but that trend is likely a ways off for the Southern California region, she said.

Vacancy for industrial space in Long Beach and the South Bay are relatively unchanged from last year, both hovering around the 1% mark, Kleinhenz said. The area has experienced similar vacancy rates for the last three or four years, he added.

Despite the strong demand for industrial space, Kleinhenz said there are concerns over the looming effects of trade deals and tariffs by the Trump administration. “Should we be worried about what happens with the trade wars?” he said. “The situation with China can obviously have an impact on what comes through the ports,” which could potentially have a negative effect on industrial space, he explained.

While big-box stores and traditional retail continue to struggle and shutter locations, experiential stores and centers are thriving, Kleinhenz said. This is evident in the success of Long Beach Exchange at Douglas Park and tenant interest for the 2nd & PCH development, which is under construction and set to open in October next year.

Much of the growing retail market consists of food and beverage, Kleinhenz said,

(Please Continue To Next Page)

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(Continued From Page 17)

which is illustrated by the numerous restaurants and breweries that have recently opened or are planned in Long Beach. “Now that we’re so many years into an economic expansion, now that we’re at full employment and incomes are on the rise, we’re seeing people open their wallets and spend more money on going out to eat, picking up fast food, stuff like that,” he said.

For brick-and-mortar stores, Kleinhenz said they are adapting to the experiential or e-commerce markets or they are failing. Stores such as Walmart, Target and Best Buy have successfully integrated online sales into their business models, whereas companies such as Sears, Kmart and Toys “R” Us, did not – the latter of which have or are in the process of closing some or all locations. However, even stores such as Best Buy are reducing their brick-and-mortar footprint, Kleinhenz added.

“We’ve seen plenty of headlines about how brick and mortar is dying, but it’s undergoing an evolution,” Durnin said. “Brick-and-mortar stores are going online to stay relevant, and the online stores are opening brick and mortar to reach a wider audience. For different goods, people prefer to shop in different ways.” ■

SINGLE-FAMILY UPDATE

Mirroring Nation And State Trends, Long Beach Single-Family Home Sales Slow

■ By **SAMANTHA MEHLINGER**
EDITOR

For the past several years, Long Beach’s single-family housing market has skewed in favor of sellers. Following the Great Recession, a persistently low availability of homes for sale, coupled with strong demand to buy, caused a steady increase in home values. As within much of California, homes in Long Beach were becoming increasingly unaffordable for entry-level buy-



Eileen Rivera, founding partner of The Rivera Group real estate team, is pictured at one of her new listings in Long Beach, 1731 E. Marshall Pl. The three-bedroom, two-bathroom, 1,517 square-foot home is listed for \$789,000. According to Rivera, the single-family housing market in Long Beach is experiencing a slowdown in the pace of sales transactions. (Photograph by the Business Journal’s Brandon Richardson)

ers, as observed by industry professionals.

As year-end approaches, these market pressures are finally starting to ease, local real estate executives observed. Homes are sitting longer on the market, increasing the inventory of available homes for sale. As a result, the sellers’ market is beginning to shift.

“The market is clearly showing signs of slowing down,” Phil Jones, owner of Long Beach-based Coldwell Banker Coastal Alliance, told the Business Journal. “The sales pace has declined so that we are actually seeing a buildup in inventory.” In September of 2017, there were only enough homes on the market in Long Beach to meet 2.4 months-worth of demand, he said. This September, the inventory of available homes was enough to meet three months-worth of demand.

Eileen Rivera, founding partner of The Rivera Group real estate team in Long Beach, said that homes at all price points are taking longer to sell. “In the first quarter of this year, most of the listings that we took in Long Beach were in escrow within 17 days . . . Now, for Long Beach the average days on market is closer to 40. Statistically, that’s a huge change,” she said.

Jones said that, in September, pending sales in Long Beach decreased by 6.5% compared to the same month in 2017. Statewide, home sales decreased by 4.3% from August to September, according to

the California Association of REALTORS®. Year-over-year, home sales decreased by 12.4%. “It’s taking longer for properties to sell. The demand has been dampened,” he said.

This trend is occurring nationwide. “The National Association of Realtors has posted four straight months of declining sales,” Jones noted. “California is not unlike the rest of the country, but maybe the reasons for our [declining sales] are a little different. Clearly, we have an affordability crisis.”

In the third quarter of 2018, 27% of California homeowners could afford a median priced home, according to the California Association of Realtors. In the Los Angeles metropolitan area, 30% could afford a median priced home.

The median price of a home in Long Beach was \$631,000 in September, a 6% increase compared to the same month in 2017, according to Jones. “The growing inventory is obviously going to help mitigate the pressure on property prices,” Jones said. He noted that inventory has been increasing across all price points in Long Beach, although less dramatically in the high-end 90803 zip code. “The overall growth in Long Beach [from] September [2017] to September [2018] was 12.8%, and in 90803 it was 8.9%,” he said.

Rivera referred to the change in market dynamics as “a correction,” noting that the

slowdown wasn’t necessarily a negative indicator. “I am not expecting a crash. Then again, my crystal ball did not work the last time either,” she said.

Both Jones and Rivera noted that increasing interest rates could be at play in the slowdown of sales. Still, interest rates remain low at around 4.5% to 4.75%, Jones pointed out.

Rivera said that she expected home price appreciation to flatten out in coming months. Noting that she has worked through multiple housing cycles, she added, “I have no answers for this, but I am curious to see if our local market responds after the midterm election.”

Jones pointed out that real estate agents are still waiting to see how tax reform will impact the single-family market. “The price range that will be impacted the greatest would be the price range from \$800,000 to \$2 million, because of the reduction of the interest deductibility to \$750,000 from \$1 million,” he explained. “When you get into the \$2 million range, those are really high net-worth people who have other tax strategies that allow for them to still benefit from the tax laws.”

Rivera reflected, “I really do believe it is a healthy correction for our economy and the consumer. When I would become concerned, and we are just seeing a tiny little bit of it, is when we start seeing crazy loans again.” ■

MULTI-FAMILY UPDATE

As Multi-Family Property Values Top Out, Buyers Seek Reliable Investments

■ By **SAMANTHA MEHLINGER**
EDITOR

Long Beach multi-family property prices appear to have topped out, according to local real estate professionals specializing in apartments. While rental rates continue to increase, owners who have achieved market-rate rents for their properties aren’t likely to be able to increase rates much more in the coming months, they agreed.

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Realty Views

Are Home Markets At A Plateau?



By **TERRY ROSS**

It never fails to happen. Every time there is a market surge in real estate – be it residential, commercial or industrial – at some point in the cycle many property owners buy-in too heavily to the hype, until the point where realistic expectations on prices falls by the wayside, and the inevitable “correction” or downturn is usually the next phase.

Throughout most of this year, economists have warned of the possibility that somewhere around 2020 the economy will slide back – and take the housing market with it. Of course, in these times,

the question always centers around comparisons to the 2008 recession that took housing prices and several large Wall Street firms and banks down with it.

The components for a slowdown in the economy and housing have been in place for a while. Interest rates are being pushed up by the Fed, home prices have been rising quickly and incomes are more or less static – which is a bad combination that leads to increasing unaffordability. Throw in shifting economic policies and the uncertainty about which way the wind is blowing in Washington, and you have a recipe for a housing market that might be on the precipice of another downturn.

The real estate website Redfin recently released numbers that indicate sellers are having to be more realistic in pricing their homes today, and that the over-confidence in home values is starting to hit listings in a big way.

According to Redfin, 26.6% of homes on the market in September saw price cuts, compared with 23.4% in 2017 and 22.4% in 2016. In our state, the highest year-over-year percentage of price cutting in Septem-

ber was in San Jose at 25.7% – compared with 15% just a year ago. Many of the larger cities in California saw pretty hefty price cuts in September, with 56% of homes in Fresno being reduced; 49% in Bakersfield; 40% in Sacramento; 37% in San Diego; 31% in Orange County; 28% in Riverside County; 25% of homes in Los Angeles County and 13% of homes in San Francisco having reductions.

Redfin has called this the early signs of a softening market and blamed declining confidence and reduced purchasing power as two of the largest factors to a stagnating market – in addition to over-confident sellers that have forgotten that what goes up can go down.

Another more obscure statistic is also cited by Redfin as a sign of an upcoming recession: the first indicator that economists cite is yield spread, the difference between the key short-term interest rates and the 10-year Treasury Note. This indicator has been reliable in the past in predicting economic performance a year out. More specifically, when the yield spread

goes negative, a recession is imminent in about 12 months’ time.

The last time that the yield-spread went negative was in late-2006 – six months after home prices peaked – and about a year before the Great Recession hit in late 2007.

Today, the yield spread is still positive, but is falling quickly, at 0.84 in August 2018. Economists are predicting that if things remain as they are, that it could go negative sometime in the first half of 2019.

Right now, actual selling prices are maintaining their current levels, but, as in most housing cycles, over zealous sellers could bring sales volume down and eventually dampen buyer enthusiasm. Redfin predicts actual falling prices and a downturn next year, while other economics are pointing to 2020. Predictions are never easy – or reliable – but the historical data shows that the elements are in place for a market change.

(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.)

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(Continued From Page 18)

Increasing interest rates are at part in play when it comes to sales price appreciation tempering, according to Steve Bogoyevac, senior managing director of investments for Marcus & Millichap. Due to rising interest rates, “What I could have paid four months ago to get the same [revenue] yield, I could no longer pay that amount anymore,” he said. “I need to get a little better price [on a property] to get the exact same deal.”

Bogoyevac explained that there is a gap between sellers’ expectations and buyers’ — sellers are still pricing properties at the same top of market prices they were achieving before interest rates increased. Sellers are going to have to adjust their pricing to account for increasing interest rates, he said.

Robert Stepp, founder of Stepp Commercial, also commented on rising interest rates’ impact on the market. “Typically, rising interest rates soften the market, and we’re already seeing this happening,” he said. “The 30-year fixed-rate mortgage is likely to go up to 5.3%, and the 15-year fixed-rate mortgage is expected to rise to 4.7%. So we will most likely continue to see corresponding effects on the market.”

According to Stepp, property values for lower-quality “C-Class” buildings have declined somewhat because buyers are less willing to take a risk on such properties in the current market environment. Meanwhile, “A” and “B” area property values are remaining flat as investors continue to be interested in solid locations with strong rental demand, he noted.

Eric Christopher, principal with Centennial Advisers, said that investors are be-

coming more deliberate about buying in “tougher” areas of the city as the rate of return in investment is starting to get crunched. “The market appreciation has topped out, so buyers are being more cautious. Stuff is staying on the market a little longer,” he said. However, he pointed out, “Belmont Shore, Belmont Heights, those things are always going to fly off the shelves quickly. There is always going to be demand for that staple product.”

Bogoyevac said that while he has heard others say that the market is slowing in terms of sales transactions, he has not experienced that in his own work. “I have not seen any slowdown whatsoever. And I had anticipated things slowing down a bit for a variety of reasons, [including] the increased interest rates, the concern of Prop 10 and the concern of rent control in general,” he said. “We put 10 new deals in escrow this month. . . . Ten is a pretty darn good month.”

Bogoyevac continued, “I kind of suspected there to be a bit of a dip or a slowdown, and people talk like there is one, but we’re not seeing it actually happening. Overall, people still see real estate as a really solid investment.”

While rental rates do continue to rise, those that are already at market rate pricing are increasing at a slower pace than in prior months. “Market rate tenants right now are probably having little to low rental increases, meaning maybe 5% increases,” Bogoyevac said. “But there are still so many apartment buildings in Long Beach that are well under market. We just came from a client meeting where [a property owner] had a vacancy and increased her



The Alamitos is a seven-story, 136-unit condominium development at 101 Alamitos Ave. in the East Village Arts District. The Sares-Regis Group project includes 2,560 square feet of pedestrian-oriented retail and restaurant space. Amenities include a fitness center, rooftop deck and club room, bike kitchen and storage room. (Photograph by the Business Journal’s Brandon Richardson)

rent by over 30%, and was easily able to achieve it. Prior to that, that tenant had been in there a long time.”

Stepp said that certain areas of town are experiencing rising rental rates, while other markets are flat. “Rents in Downtown Long Beach and West Long Beach are still rising. According to Stepp Commercial’s research, rents have risen 2.7% since Q1 of 2018, the fastest increase in four consecutive quarters with average rental rates projected to finish at \$2,248 by the end of this year,” he said. “Other Long Beach submarkets are telling a different story, with rents remaining relatively flat, between .06% and .08% increases from Q1 2018.”

Stepp speculated that, moving forward,

Class A and B rental markets would continue to see demand from buyers, while Class C product would continue to become less desirable as a riskier investment.

Because the demand for housing is so high, Centennial’s Christopher projected that the market will remain solid in terms of investment opportunities next year. “One thing we’re all pretty sure of is interest rates will be higher next year, which will again insert some conservatism into the market,” he said. “I still think it’s going to be a great year to maneuver because the [interest] rates will still be at historic lows although higher than we’ve seen them. They’re trending up, but they’re still well below historic rates. ■

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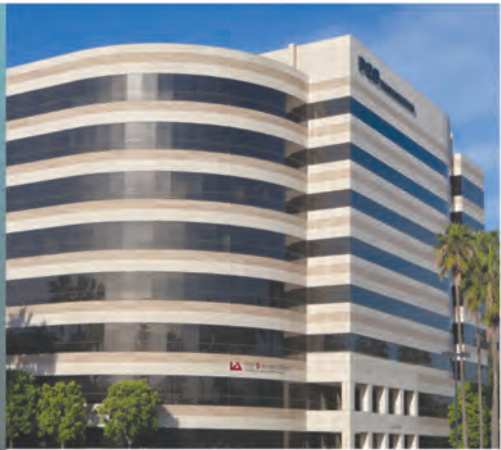
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New USC Forecast: Southern California Rents To Remain Unaffordable

■ By **PIERCE NAHIGYAN**
 STAFF WRITER

Despite a growing economy and decreasing unemployment in Southern California, housing is expected to remain unaffordable for median- and low-income earners. That's the verdict of the 2018 University of Southern California (USC) Casden Real Estate Economics Forecast.

Produced in partnership with Beacon Economics, an independent research and consulting firm, the Casden forecast is an annual analysis of trends in Southern California's multi-family residential real estate market. Researchers examined five regions of Southern California – the counties of Los Angeles, Ventura, Orange and San Diego, plus the Inland Empire – to ascertain the state of housing affordability. In the context of this study, housing affordability is defined as rent that is no more than 30% of a renter's income.

In the forecast's own terms, the state of housing affordability in Southern California is "depressing."

The Future Of Housing Affordability By County

By 2020, Casden forecasts that average monthly rents will increase from their 2018 levels by \$52 in Orange County, \$78 in the Inland Empire, \$91 in Los Angeles

County, \$107 in Ventura County and \$209 in San Diego County.

Los Angeles County, Casden reported, is the only Southern California region with more renters than homeowners, with 54.3% of residents renting in 2017. This year, the average rent in the county reached a record high of \$2,267 per month, a 1.1% increase from 2017. That average rent is forecast to increase to \$2,358 per month by 2020.

Homeownership rates in Orange County have historically been higher than in nearby counties, Casden reported. The pace of construction there, however, is slowing. "With population growth and income gains continuing, the market will continue to be tight and rents will trend upward," the report stated. Average rents are set to increase from \$2,035 per month in 2018 to \$2,087 per month in 2020.

Average monthly rent and rent growth in the Inland Empire are among the lowest of all Southern California counties, the report noted. That trend, combined with lack of affordability in the counties of Orange and Los Angeles, is expected to attract both buyers and renters to Riverside and San Bernardino. Average monthly rents are expected to climb from \$1,457 in 2018 to \$1,535 by 2020.

The smallest of all Southern California counties, Casden notes that Ventura's labor force has declined each year since 2012. Average monthly rents are expected to rise from \$1,983 (2018) to \$2,090 (2020).

"San Diego County can expect continuous economic and population growth over the foreseeable future," and its economy's leading sectors will continue to draw in a variety of workers, the Casden report

stated. The region's attractiveness to older members of the population will also put pressure on both renter and owner-occupied markets. Average monthly rents are expected to increase from \$1,978 in 2018 to \$2,187 in 2020.

The Current State Of Housing Affordability

This year, the forecast authors used a new assessment model to determine housing affordability in Southern California.

Instead of a direct analysis of what Southern Californians are earning versus what they are paying in rent, the study categorized every unit by its monthly rental rate and every renter by monthly income. In other words, the rent paid by the 25th percentile of income earners was measured against the rental unit in the 25th cost percentile of available housing. The same was done with median incomes and higher incomes.

Casden found that income earners in the 25th, median and 75th income percentiles could not afford rent, even when they were matched up to housing in corresponding cost percentiles.

The study also looked beyond county borders to include the entire Southern California region as a relevant market area. "Basically, you're choosing your house as if your location doesn't matter," Professor Richard K. Green, director of the USC Lusk Center and co-author of the study, told the Business Journal.

For example, someone working in San Diego, for the purpose of the study, would consider Ventura County (nearly 200 miles away) a viable housing market due to the lower cost of living. It is an "absurd sce-

nario," Green said, but it illustrates a critical point. "Under those circumstances, the best possible circumstances, do you have an affordability problem? And the answer is yes, you still do."

For Californians in the 25th percentile of income, or the lowest quarter of income earners in the state, the study found no region in Southern California where rent was affordable. This was the case for all age groups, from renters under the age of 25 to those older than 65. Every renter in the 25th percentile paid well above 40% of their income in rent. Those in Los Angeles County were the worst off, paying nearly 60%.

For median income earners, the forecast authors noted that "things hardly get better." Median income households paid more than 40% of their income on rent for median-priced rental units. This was true across educational attainment levels and occupations. The only exceptions were those employed in the fields of science, computer mathematics and architectural engineering.

In each county, wages have not increased to match rising rents, Green said. "It's actually kind of maddening," he continued. "There's an easy answer to the labor shortage, which is [to] pay people more money. The market has been astonishingly slow to adjust to that."

Another factor influencing housing affordability is the imbalance of high-skilled labor by region, Green said. He delineated Orange County, San Diego County and the portion of Los Angeles "west of the 605," as areas with concentrations of high-skilled laborers,

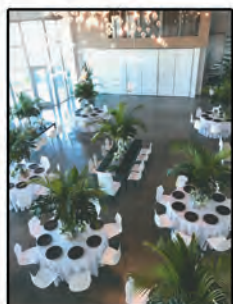
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This building at 200 W. Ocean Blvd. is an adaptive reuse development that is being converted from office to residential. The structure was previously an office building for Verizon. Pictured from left: Jeff Ward, vice president of operations for George C. Hopkins Construction Co.; Michael Bohn, senior principal for Studio One Eleven; and Mike Mudie, project manager for George C. Hopkins Construction Co. (Photograph by the Business Journal's Brandon Richardson)

Adaptive Reuse Projects 'Breathe New Life' Into Long Beach

■ By **ANNETTE SEMERDJIAN**
STAFF WRITER

Long Beach has a diverse array of buildings, with structures from different eras across the city. One way the city adds to the diversity of its structures is through adaptive reuse, the process of converting vacant spaces, often in older buildings, to a new function.

An adaptive reuse project converts a building's use from one purpose to another. For example, the Belmont Heights restaurant The Attic was once a single-family home. Most of the city's adaptive reuse projects are concentrated downtown, according to Long Beach Development Services Planning Manager Christopher Koontz.

"It is within our downtown core that we have our office and bank buildings that have great bones and incredible architecture," Koontz said. "Adaptive reuse is a really necessary, important and successful way to take so many of our older buildings that have gone into some level of disrepair or are not used the same [way] and breathe new life into them."

The city's adaptive reuse incentive ordinance encourages adaptive reuse projects by granting allowances for seismic, parking and other typical development requirements. Providing such incentives benefits the city economically, according to Koontz, particularly when historic structures are converted and restored to provide

new housing and employment opportunities. That restoration also works toward the city's overall strategy for having a vibrant and populous downtown, he said.

One example of the many adaptive reuse projects in downtown is the former Verizon office building on 200 W. Ocean Blvd., which is being converted into housing by developer Milan Capital Management.

Local firm Studio One Eleven was behind the design of the building. According to the studio's senior principal, Michael Bohn, if adaptive reuse was not an option, the building would have most likely been torn down. Bohn also noted that reusing buildings is a sustainable and greener approach, rather than trashing the debris from a torn down building. Studio One Eleven's offices are in a building that was adaptively reused – they are located at a former Nordstrom Rack location at The Streets in downtown.

"Because of our need for housing, it is a great candidate for luxury housing on Ocean Boulevard," Bohn said of 200 W. Ocean. "It's great that we can find a new use for an old building that otherwise would not have been economically viable."

Data from the California Department of Finance indicates that the housing vacancy rate in Long Beach dropped to 5.8% last year. As the city grows and increases its housing needs, adaptive reuse conversions to housing units is one solution, according to Jan van Dijs,

principal of construction company JR van Dijs, Inc. The company converted the once City Hall East building on Long Beach Boulevard downtown into the Edison Lofts.

"We have a severe housing shortage in Long Beach," van Dijs said. "So if you have a non-performing product that is commercial office and you could reposition it as housing, then that is a good thing for the community and I think that is a smart move."

In terms of office vacancy rates, companies are continuing the trend of utilizing less square footage per employee, which results in a smaller overall footprint, according to Robert Kleinhenz, economist and executive director of research at Beacon Economics. Consequently, office towers have more vacant space, and demand for that space is decreasing, presenting an opportunity for adaptive reuse projects.

There are specific challenges to converting these spaces, according to Bohn. Office buildings lack the plumbing required to satisfy housing needs and older buildings often do not meet the seismic standards. Despite these challenges, Bohn thinks restoring these older buildings is a great thing to see in the city.

"All of the buildings have architectural attributes that are worth preserving," van Dijs said. "I think this is one of the things that almost anybody can agree on: it is a good thing to reuse old buildings and to do it in a smart, creative way." ■

(Continued From Page 21)

which he defined as workers with technical expertise or college educations. Historically, when high-skilled workers move nearer to other high-skilled workers, he explained, wages are driven up. For low-skilled workers, wages also rise, but not as much.

“At the same time, everybody’s competing in the same housing market,” Green said. As a result, the prices of homes rise for everyone despite the impact on wages not being uniform, he explained.

For those at the top 20%, incomes tend to rise more than the cost of housing, Green said. “But for low-skilled people, the increase in housing cost is not enough to keep up with the increased wages.”

One interesting finding, Green said, was that economic growth in Southern California appears to be shifting east. “You’ve seen enormous gains in employment in Riverside County,” he said. “If you look at Riverside County [and] San Bernardino County, compared to L.A. County, [there] is much stronger job growth in those places.”

The study noted that the Inland Empire’s economy has been the fastest growing in Southern California for several years. Total nonfarm jobs grew by 3.4% year-over-year in July 2018, more than California’s overall growth rate of 2% during the same period.

Jobs, incomes and population have all shown steady increases in the Inland Empire, and that has driven new construction. More than 20% of the region’s housing stock was built after 2000, the study reported, making it the newest housing stock in Southern California. “We’re seeing surprisingly strong rental pressures in the Inland Empire

right now,” Green said. “Much more so than in Orange and Los Angeles Counties.”

For many years, Green said, the Empire has functioned as a “bedroom community” for people who worked in L.A. and Orange Counties. Its comparatively lower rents were worth the long commutes. As the economy has grown, more residents are staying in the area to work, Green explained.

Yet, despite having the lowest rents in Southern California, the share of rent-burdened households in the Inland Empire was 58.8% in 2017. The study notes this the highest rent burden across all Southern California metro areas.

California Needs To Build Its Way Out Of Its Housing Crisis

There are several factors that contribute to California’s current housing affordability crisis, Green said, but one way to improve it is by building more housing. While California is the most populous state in the country, he added, it isn’t utilizing its space to the fullest. Unfortunately, he added, cities like Los Angeles have “broken zoning.”

By his estimation, L.A. is now zoned to hold about 4.3 million people. “L.A. [currently] has about four million people,” he said. “So we’ve basically zoned our way to running out of land. This isn’t a natural phenomenon.” By global standards, Green continued, Los Angeles has a metropolitan area on par with Sao Paulo or Mexico City, and those cities hold many more people than L.A. is currently zoned for.

“We need to build a lot of houses,” Green said. That is one major factor that could ease rent burdens across Southern California, he believes – more so than rent stabilization. ■



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The Breakers Hotel To Be Reborn In 2020

■ By **PIERCE NAHIGYAN**
STAFF WRITER

Almost 100 years since it first opened its doors to downtown Long Beach, the historic Breakers building will soon be back in business as a hotel. Purchased in November 2017 by Pacific6, an investment group made up of six Long Beach entrepreneurs, the hotel is slated to open in 2020.

"It's the quintessential Long Beach hotel," John Molina, founding partner of Pacific6, told the Business Journal. The former chief financial officer of Molina Healthcare and son of its founder, C. David Molina, John Molina is a longtime city resident. In addition to serving on the Long Beach Community Foundation's board, he also serves on the boards of the Long Beach Area Convention & Visitors Bureau and the Aquarium of the Pacific.

With Pacific6, Molina said, he and his fellow partners want to make investments in the city that are not only profitable but also offer a social return. "It's got to benefit the community," he explained.

The Breakers Reborn

Throughout its history, the Breakers has alternated through periods of fortune and disfavor.

Shortly after its developer, Long Beach banker Fred B. Dunn, sold the building to local investors, the country entered the Great Depression. The Breakers sat closed for years until it was purchased by Conrad Hilton as the eighth hotel in his Hilton chain in 1938. It changed owners many times over the ensuing decades before it was converted into an assisted living facility from 1991 to 2015. That era came to an end when its license to operate was revoked by the state.

By reopening the Breakers as a hotel, Pacific6 wants to give the city, its residents and visitors a building they can enjoy. Following its grand opening, the hotel will offer locals and tourists alike luxurious accommodations, delicious cuisine, music, entertainment and a fun place to hang out, as described by Molina.

"Hopefully we make it so, when you show up here, you say, 'I don't have to go anywhere,'" Jon Heiman, another founding partner of Pacific6, told the Journal. "Make it like a staycation. Get your Instagram moments."

While the interior of the hotel is undergoing modernization and refurbishment, the exterior is remaining largely untouched. This is not only an aesthetic decision, Molina explained, but a necessity.

Changes to historic landmarks, as the Breakers was so designated in 1989, need to be approved by the Long Beach Cultural Heritage Commission (CHC), which reviews all design changes to Long Beach's historic neighborhoods. The commission has worked with Pacific6 to approve the hotel's biggest exterior change: an additional elevator on the eastern side of the building.

"None of the elevators currently are big enough to put a gurney in," and thus do not comply with the standards of the Americans with Disabilities Act, Molina explained.

"[The CHC] wants some sort of visual separation so that you can look at the building and see that there's a slight difference between the new elevator area and what was the old building," Molina said. "So our job is to make sure that the look is similar enough that there's a nice flow to things."

When the Breakers Hotel first opened in 1925, its 13-story tower held 330 rooms. Some of those rooms were consolidated during the building's tenure as a senior care facility, Heiman said. Pacific6 plans to further consolidate the rooms into about 185. "They'll be much bigger," he said. One floor will be composed of suites.

Some seismic upgrades need to be made to the building, Heiman said, but some seismic updates were already made by previous operators over the last 30 years. Fortunately, the Breakers was built strong, he added. "The engineers

keep saying, 'This building, when it was built, is better than most buildings today.' They over-engineered everything," he noted.

The Breakers and the nearby Ocean Center Building, located across Pine Avenue at 110 W. Ocean Blvd., were two of the buildings that survived the 1933 Long Beach earthquake. Ocean Center was also recently purchased by Pacific6. "We envision that being about 80 apartment units,"

Molina said. "The management of the hotel will also be the management of the apartments. So people living in the apartments can use the spa, they can use the pool."

The pool will be located on the roof of the Breakers' base structure overlooking the convention center and a future apartment building currently under construction.

Downstairs and adjacent to the lobby, an area that was once used as a wine bar for weddings is being converted into a jazz club. Heiman said Pacific6 is currently in talks with KJAZZ, the Southern California public radio station, to do weekly broadcasts from the club. "They want to do one night a week here," Heiman said. "We're going to put a sound system here where you can do live streaming."

A bar and restaurant are being added to the lobby, which will be opened up by removing an interior wall and installing glass doors facing the building's exterior to let more light in. The area that was once used for the ballroom is being converted into a spa and gym, and the floor below the lobby is being turned into conference rooms, offices and two event spaces for weddings.

The Sky Room, a popular restaurant throughout the hotel's history, is being redesigned but will retain its name. The rooftop bar, Cielo, is slated to be completely revamped and enlarged, with a deck leading out onto the roof and a new, second bar for music and dancing.

Hotel Staff

Pacific6 has hired David Coleman, formerly of Michael's Restaurant Group, to be the Breakers' head chef. Molina credited Coleman as a prime figure for setting "the pace for the foodie culture in Long Beach."

But with the Breakers still undergoing construction, Molina and Pacific6 were left with a pressing question: "What do you do with a chef when you don't have a place for him to be a chef for two years?" Molina asked. "... What about a food truck?"

Every Wednesday, Molina said, Coleman hosts "The Breakers Roadshow" from his food truck in front of the building. Currently, the menu offers street cuisine like burgers and fries, eloté (a grilled corn dish) and salads.

When asked if the Breakers' hotel staff will be unionized, Molina responded that the decision rests partly on whether Measure WW passes on the November 6 Long Beach ballot.

If passed, the Hotel Workplace Requirements and Restrictions Initiative Ordinance would require hotels with more than 50 rooms to implement workload restrictions for staff, among other items. The measure exempts hotels with collective bargaining agreements from the provision that limits the amount of square footage that staff can clean in a day.

"Our philosophy is this," Molina said. "We want this to be a place where people go and then want to come back. In order to do that, you've got to have people working [here] who are gracious, who are hardworking, who have hospitality in their soul. We want our employees to want to come to work every day. If the best way to do that is to bring a union in, then that's what we'll do. If we can accomplish our goals without a union? At this point I don't know. It's too early."

"The issue's not the union, it's the employees," Molina concluded. "How do we make them be happy and prosperous, and be able to move up the ladder if they want to, and be great to our guests?"

In describing the Breakers, Molina likened it to the City of Long Beach itself. "It's not a South Beach Miami hotel, it's not a West Hollywood hotel, but it's got elements of all those things in it," he said. "That's what Long Beach is. Long Beach has elements of everywhere here."

By restoring the hotel's grandeur with new entertainment and dining options, Molina hopes that cosmopolitan flavor will beckon visitors from near and far. "We want the local folks to use the hotel just as much as folks coming from Dubuque, Iowa," he said. ■



The Breakers building at 210 E. Ocean Blvd. first opened its doors in 1926. In the intervening decades the Breakers changed ownership many times before being transformed into an assisted living facility in 1991. In November 2017, Pacific6 purchased the building with the aim of turning it into a "boutique destination hotel" for both tourists and locals. It is set to open in 2020. (Photograph courtesy of Nadal Architects Inc.)



Pacific6 founding partner Jon Heiman gestures around the Sky Room, currently under renovation. (Business Journal Photograph by Pierce Nahigyan)



According to Jon Heiman, Pacific6 founding partner, the Breakers' former ballroom will be transformed into a spa. (Business Journal Photograph by Pierce Nahigyan)



The Breakers originally opened as a 330-room hotel. Pacific6 plans to consolidate these into a more spacious 185 rooms, including a floor of suites. (Business Journal Photograph by Pierce Nahigyan)

COMMERCIAL REAL ESTATE UPDATE

Prices Continue To Climb As Strong Demand Persists

■ By **BRANDON RICHARDSON**
SENIOR WRITER

Demand continues across all commercial real estate sectors in the Greater Long Beach area, causing upward pressure on asking rental rates – a trend that has been ongoing for several quarters, according to industry experts.

Office

“The market has the same kind of a pulse from the last quarter. I think it’s still just kind of Steady Eddie, and [there’s] nothing that, as far as I’m concerned, is going to push the market down,” Robert Garey, senior director at Cushman & Wakefield, said. “It would be nice to have some additional momentum in the market to push it up because our vacancy factor in the Downtown Long Beach market is still not tracking as well as it is in the suburban market.”

The downtown office market experienced a negative absorption of 14,479 square feet and a 1.3% decrease in asking rental rates during the third quarter, according to a Cushman & Wakefield report. Suburban Long Beach, on the other hand, saw 16,677 square feet of space absorbed, with asking rents increasing 2.6%.

Asking rent for Class A, or high-quality,

office space in the downtown market was in the \$3 per square foot range at the end of the third quarter, according to Cushman & Wakefield. Rents in the suburban market for all buildings averaged about \$2.50 per square foot. The average rent for all office product in the city was around \$2.25 per square foot.

Long Beach – including a few buildings in adjacent cities – has more than nine million square feet of office space, with an overall vacancy rate of less than 13%, according to Cushman & Wakefield. Overall vacancy in the suburban market was 8.7% in the third quarter, while the downtown market was more than 18%.

For office users in sales who need quick and easy access to clients, the suburban office markets along freeway corridors are more convenient – ‘a competitive advantage,’ Garey noted. “If you’re in the Downtown Long Beach market . . . it’s an amenity rich area, but it’s a little harder to get to,” he said.

On the heels of a 43,572-square-foot lease by Traffic Management Inc. at 4900-4910 Airport Plaza Dr., CBRE Inc. Senior Vice President David Smith said activity in the suburban market is expected to remain strong. He explained that a number of larger tenants from Orange County and throughout the Los Angeles region are looking at space in suburban Long Beach areas. However, a looming challenge awaits the city’s office market in 2019: the completion of the new Port of Long Beach headquarters downtown.

“That’s obviously going to be a significant vacancy that will be sitting there,” he said, referring to the port’s current interim

(Please Continue To Page 26)

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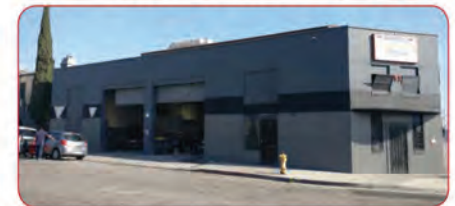
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Demand for office space in suburban Long Beach is expected to remain strong, according to CBRE Inc. Senior Vice President David Smith. Pictured at 1500 Hughes Way, Smith said the building currently has 250,000 square feet of available space. (Photograph by the Business Journal's Brandon Richardson)

(Continued From Page 25)

headquarters near Long Beach Airport. "It's going to be a unique opportunity for someone, but it will not help the market," Smith said. "In general, nothing in Long Beach is a quick fill. It'll take some time."

The port currently occupies all eight floors of the building at 4801 Airport Plaza Dr., which totals 176,375 square feet of office space. As part of the new Long Beach Civic Center, the port's new 11-story headquarters will be completed no later than June of next year.

Creative office space continues to be the most desirable product type in the office market, Smith said. Demand for creative space has pushed owners to invest in upgrades and renovations in order to stay competitive.

"Landlords are spending more time and money on improvement allowances to attract tenants. Landlords paid tenant improvement incentives that increased over 10% during 2017, nationwide," Becky Blair, president of Coldwell Banker Commercial BLAIR WESTMAC (CBCBW), said. "In Los Angeles, we're seeing competition, so the trend is for the improvements to be increased so landlords can keep quality tenants in a building."

Increased tenant improvement spending and rising construction costs are factors in rising asking rental rates, Blair explained. Improvements often include conversions to open office layouts and additional amenities such as outdoor patio areas, alternative commuting options, fitness centers and lounge areas.

In terms of industries most active in the office market, Sheva Hosseinzadeh, associate vice president of CBCBW, said medical uses remain the strongest and most financially secure. Though medical users often require more monetary allowances up front from property owners, Hosseinzadeh explained that they often stay long term, which provides a sense of security to property owners.

Another sector that is active in the office market is co-working space providers, such as WeWork, Common Grounds and Work Evolution Laboratories (WE Labs), Hosseinzadeh said. "Some of our owners are now realizing what a niche market this is. We're aware of some taking full floors that they have vacant in their buildings and converting them into co-working office," she added.

Industrial

The industrial real estate market in Long Beach continues to experience record-low vacancy rates, which is keeping upward pressure on asking rental rates, according to INCO Commercial President Bill Townsend. While the vacancy rate increased from 1.3% to 1.4% year over year in the Greater Los Angeles area, lease rates have increased from 79 cents per square foot to 83 cents, according to a CBRE third quarter report.

The slight uptick in vacancy is the result of new product coming online. During the third quarter of 2017, 6.7 million square feet of industrial space was under construction, according to a CBRE report. During the third quarter of this year, CBRE reports 2.3 million square feet of industrial space under construction.

"The industrial market overall, and particularly the South Bay, remains very strong," Lance Ryan, senior vice president of marketing and leasing for Watson Land Company, said. "There have been several consecutive quarters of record-low vacancy, and that really looks to remain in place for the foreseeable future."

Average asking rents in the South Bay increased by 5 cents to 97 cents during the third quarter of this year compared to the same period in 2017, according to CBRE. Vacancy was 1% and 516,567 square feet of new industrial space is under construction.

Townsend said the most recent boom for the industrial real estate market was the cannabis industry. Following the legalization of recreational marijuana in Long Beach and several other surrounding cities, Townsend said cannabis companies were offering to pay double, or more, of average asking rents in order to secure space for their operations.

"Prices got pretty high, so it seems like those prices are coming down to sustainable levels," Townsend said. "But the rest of the industry is catching up – it has brought the values of properties to a higher level. I don't think it's double anymore. If you're paying \$350 per square foot [to purchase cannabis-approved] industrial, you're going to be paying \$200-plus per square foot in non-cannabis areas."

While cannabis is relatively new to the local industrial real estate scene, Ryan said third-party logistics companies and large retailers still represent the bulk of demand. Ongoing growth of online retail is fueling



INCO President Bill Townsend, left, and Associate Jay Price recently closed the \$1.65 million sale of an industrial property located at 1445-1449 W. Cowles St. in West Long Beach. Townsend and Price represented the seller of the 4,480-square-foot building on a 9,904-square-foot lot. (Photograph by the Business Journal's Brandon Richardson)

the demand for industrial space and, as a result, the ports of Long Beach and Los Angeles recently have experienced a record amount of imports. Ryan said the warehouse market should continue to benefit from strong consumer demand.

While the South Bay and Long Beach industrial markets are strong, Townsend said that Signal Hill is even stronger. He explained that the small city surrounded entirely by Long Beach is nearing 100% occupancy, with very few industrial spaces on the market. Asking rents and sales prices in Signal Hill are often higher because of its freeway and amenity adjacent location, he noted. Due to the lack of developable space in the Greater Long Beach and South Bay areas, Ryan said a push has already begun to develop more space in the Inland Empire. It makes sense for product brought in for local or regional delivery to be stored close to the port to allow for quick truck trips, he explained. "But when we're talking about product that has a much larger footprint, is outbound for anywhere on the West Coast all the way out to the Midwest, it makes sense for it to be in the Inland Empire," he added.

Retail

Retail vacancy rates during the third quarter were 5% in Downtown Long Beach and 5.2% in suburban Long Beach, according to data collected from real estate data firm CoStar Group. During the second quarter, the downtown vacancy was 4.3%, while the suburban vacancy was 5.4%.

"I'd say activity has been strong on the leasing side. There's a little less inventory on the sale side," Sean Lieppman, a principal at Lee & Associates, said. "Overall, I think we're at a point in the market where things are kind of leveling off. We've seen pretty constant activity, rates have kind of leveled off and vacancy has gone up a bit over the past four quarters."

Asking rents in Downtown Long Beach decreased year over year from \$1.61 per square foot to \$1.45 per square foot, according to CBRE data. However, the suburban Long Beach market increased from \$1.38 per square foot in the third quarter of 2017 to \$1.76 during the same period this year.

Noel Aguirre, a principal at Lee & Associates, said a leading cause of retail vacancy is big-box stores such as Sears and Kmart shuttering some or all of their locations. Reimagining and backfilling these large spaces, typically with multiple smaller tenants after the building has been

repositioned, is difficult and takes time, Aguirre explained. For example, the closure of the Best Buy at Marina Pacifica in Southeast Long Beach will have a noticeable impact on local retail market numbers on fourth quarter reports, he added.

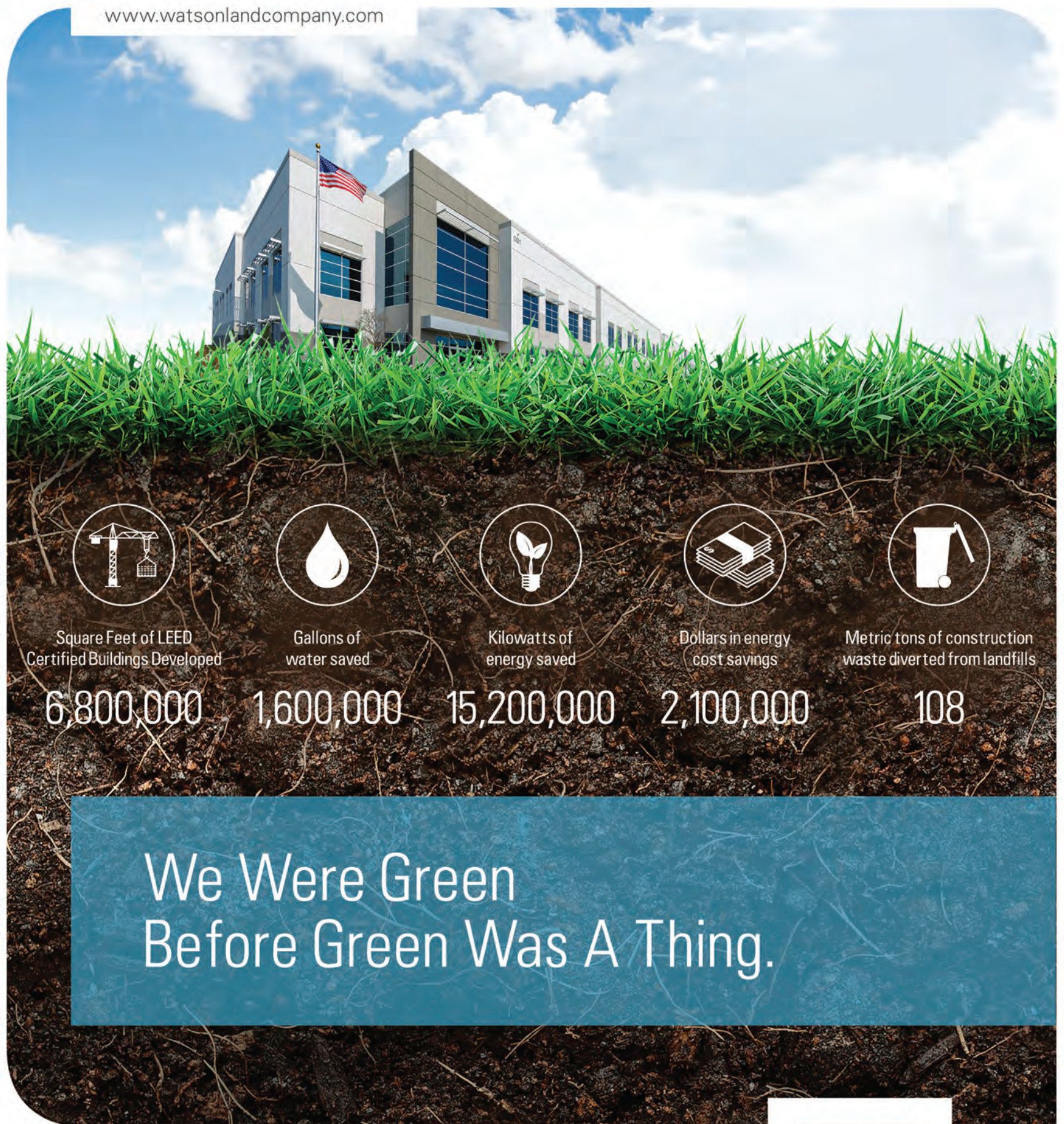
While some people are certain of the death of brick-and-mortar retail, Centennial Advisers Director Justin White explained that the market is not dying but, rather, evolving. "There are creative people out there who are finding ways to repurpose the big boxes into more effective uses today. And it's totally different; it's somewhat shocking [compared] to tradition and what people are used to," he said. "But for the most part, you look at some of these large, big-box stores and they're just different now. They're more tailored to the demands of the consumer than they were when they were a big one-stop shop."

Retail continues to shift toward a focus on the consumer experience, White said, pointing to the success of the Long Beach Exchange (LBX) center in Northeast Long Beach. Also, 2nd & PCH is under construction in Southeast Long Beach, with numerous tenants already announced a full year before the project is set to open, with 10 or more additional tenants expected to be announced in the next month.

Centennial Advisers Partner Doug Shea noted that he has heard some concern from Belmont Shore property and business owners about the introduction of a new shopping center so close to existing retail. "[They] think that they're not going to get as much business because we're going to have that beautiful, new facility. The real truth behind it is it's going to enhance and help out Belmont Shore, not take away from it," he said.

Last month, Walmart executives announced plans to reimagine parking lots adjacent to several of its supercenters, including its Long Beach Towne Center location, into experiential centers similar to LBX and 2nd & PCH. The Long Beach project could include a food hall, small retailers, a golf ball driving range and community space.

Shea noted some property owners' desire to reimagine existing centers, particularly those in Southeast Long Beach, by redeveloping them to include several stories of residential units above the ground-floor retail. The Long Beach City Council's approval of the updated Southeast Area Specific Plan last year allows for developments up to five stories. ■



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1525 Pine Avenue	32	\$7,850,000	Sold
2333-2401 E. 5th Street	22	\$6,800,000	Sold
6921-6941 Long Beach Blvd.	36	\$5,730,000	Sold
1518 E. 3rd Street	22	\$5,675,000	Sold
138 Elm Avenue	24	\$5,475,000	Sold
1867 Temple Avenue	24	\$5,000,000	Sold
4205 E. Anaheim Road	17	\$5,000,000	Sold
1090 San Antonio Drive	20	\$4,875,000	Sold
445 E. 3rd Street	22	\$4,704,000	Sold
1635 Locust Avenue	20	\$4,550,000	Sold
6974-6976 Long Beach Blvd.	27	\$4,500,000	Sold
6229 Seaside Walk	6	\$4,450,000	Sold
4459 N. Banner Drive	16	\$4,400,000	Sold
1305-1315 W. 19th Street	22	\$4,075,000	Sold
1305-1315 W. 19th Street	22	\$4,075,000	Sold
1060 Olive Avenue	16	\$3,609,000	Sold
338 Cedar Avenue	17	\$3,590,000	Sold
4041 E. 2nd Street	10	\$3,590,000	Sold
1576 Elm Avenue	16	\$3,380,000	Sold
1845-1851 Pine Avenue	20	\$3,375,000	Sold
111 W. Del Amo Blvd.	18	\$3,350,000	Sold
6530 Cherry Avenue	16	\$3,190,000	Sold
1431 Obispo Avenue	12	\$3,100,000	Sold
160-162 Quincy Avenue	12	\$3,062,000	Sold
526-528 Golden Avenue	20	\$2,925,000	Sold
526-528 Golden Avenue	20	\$2,925,000	Sold
770 Roswell Avenue	9	\$2,825,000	Sold
3719 E. 1st Street	8	\$2,750,000	Sold
1251 E. 1st Street	7	\$2,675,000	Sold
1850-1854 Pine Avenue	16	\$2,650,000	Sold
925 E. 5th Street	12	\$2,500,000	Sold
5493-5495 Atlantic Avenue	15	\$2,500,000	Sold
525 Ximeno Avenue	5	\$2,500,000	Sold
1738 Locust Avenue	12	\$2,490,000	Sold
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1537 Pine Avenue	10	\$2,085,000	Sold
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1545 Pine Avenue	10	\$1,980,000	Sold
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