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Port Executives Discuss Trade Outlook, Strategies To Maintain A Competitive Edge

■ By **SAMANTHA MEHLINGER**
Editor

Following an influx of imports sent by shippers seeking to beat out expected tariffs – a negotiating tactic that was pushed from January to March, and now indefinitely, by the Trump administration – the top executives of

the twin San Pedro Bay ports are looking ahead. While the White House has created a degree of uncertainty around trade policy, both executives are confident that 2019 will turn out to be nearly as successful as 2018 – and each

are keeping their eye on multiple moving targets that stand to affect, for better or worse, their competitive edge.

Cargo volumes through the ports have been a mixed bag so far this year. At the end of the

first quarter, the Port of Long Beach reported a 4.7% decrease in container traffic compared to the same timeframe in 2018. Still, it was the port's second-best first quarter ever. The Port of Los Angeles, meanwhile, reported a 4.6% growth rate in overall cargo volumes during the first quarter.

"The numbers at the surface look pretty good, but as we start looking at them, what we've seen on the import side is that a lot of people had advanced their inventories to avoid higher tariff rates," Gene Seroka, executive director of the Port of Los Angeles (POLA), told the Business Journal. "That was especially noticeable during the fourth quarter of last year. At the beginning of this year, we saw a pretty early push in January leading up to Lunar New Year," he continued, referring to a holiday celebrated throughout Asia. When the Trump administration decided to lift its self-imposed March 1 deadline to come to a resolution with China over an ongoing trade dispute, Seroka said the rush of

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An influx of imports flooded the ports of Los Angeles and Long Beach at the end of 2018, as shippers anticipated the potential for the White House to enact higher tariffs on Chinese imports. Pictured is the YTI terminal at the Port of Los Angeles. (Photograph provided by the Port of Los Angeles.)

Immigrant-Owned Small Businesses Thrive In A Diverse Long Beach

■ By **PIERCE NAHIGYAN**
Staff Writer

Founded by George Economides, an immigrant from the island nation of Cyprus, the Business Journal has been reporting in the City of Long Beach since March 1987. In honor of National Small Business Week (May 5-11), and the immigrant heritage of this publication, the Business Journal spoke to local entrepreneurs who have traveled over oceans and continents to make this city

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Long Beach Transit Pushes Ahead With More Electric Buses In 2019

■ By **ALENA MASCHKE**
Staff Writer

By boarding Long Beach Transit's (LBT) Passport route, passengers are giving both their wallets and the environment a break. The free service, which runs along the waterfront's most popular attractions including the


Aquarium of the Pacific and the Queen Mary, is powered by a fleet of 10 zero-emission electric buses, produced by the Chinese company Build Your Dreams (BYD).

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MILLENNIAL PULSE

What We've Lost

■ By Editor **SAMANTHA MEHLINGER**

My first day at the Business Journal was April 15, six years ago. I'd almost forgotten the anniversary this year, until Notre Dame burned.

Unlike my first days at other jobs, I will always remember that one for three reasons.

1) It was tax day. 2) I was immediately assigned several articles with just five days to complete them, and all about a subject I knew nothing about – international trade. 3) I left for lunch to have my panic attack elsewhere,

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PortSide: Keeping Up With The Port Of Long Beach

■ By **ALENA MASCHKE**
Staff Writer



Every month, the Port of Long Beach takes in \$12-13 million in revenue. Handling this much money requires a precise billing system to make sure every dollar is accounted for. Rupsi Burman, a business analyst project manager with the port’s information management division, has been instrumental in this effort since she came on board as a contractor in February 2009 and was hired full-time six months later. “My biggest success is definitely implementing the billing system, which tracks the port’s entire operational revenue,” Burman said. In the past 10 years, she has worked with various port divisions, including maintenance, human resources and engineering. “Being a people-oriented person, I like listening to people, trying to understand their needs, and then translating those needs into business requirements, which become system requirements,” she explained. Burman and her team are responsible for identifying the software needs of their colleagues in other port divisions and finding the right software to match. “We have unique skill sets and we support all the divisions of the port. What we do is we implement systems – software and systems that port staff can use to do their day-to-day work,” Burman said. The process can be lengthy – it took 18 months to implement the billing system – but Burman said she finds her work rewarding. “I’m actually really happy to come to work every day,” she said. ■



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Michael Levy Reflects On 40 Years In The Business Of Art

■ By SAMANTHA MEHLINGER
Editor



Michael Levy, owner of Michael Levy Gallery, has been in the business of dealing art for 40 years. He is pictured with an original, untitled Marc Chagall. (Photograph by Brandon Richardson.)

Art dealer Michael Levy, owner of Michael Levy Gallery at 6626 E. Pacific Coast Hwy., is celebrating 40 years in the business of dealing art. Reflecting back on his career, Levy believes his business, which he first opened in 1984 at another location in Long Beach, has been successful because of its niche focus.

Because Levy foresaw that the advent of the Internet would lead to challenges – namely, having to compete with disreputable online dealers selling damaged goods for cheaper prices – he strayed from becoming an online based operation. Instead, he developed relationships with insurance companies and banks, which would call him when they repossessed or came into possession of estates with artwork that needed to be appraised and sold. “For example, we do work for a bank that gave a loan to a major publisher of blue-chip art. The publisher defaulted on the loan, and then the bank owned the art,” Levy explained. “They are not in the art business, so they gave us a lot of the pieces to sell.”

The first piece of art Levy sold for an insurance company was a small Rembrandt etching that had been stolen by its owner’s plumber. “He was able to throw it in his bag and it was recovered six months later. The insured had already been paid and had spent the money on something else,” Levy said, so he was tasked with selling it.

On the day of his interview, Levy had just received three original works by famed modernist painter Marc Chagall, as well an original by pop artist Roy Lichtenstein. No one would ever expect to find such works “in a little shopping center” gallery, he mused. “You never know what’s going to come in.”

Others in the art business have not withstood the test of time, and the challenges brought on by online sales. “I have been doing this for 40 years, and I don’t think I could count on one hand anybody who’s still left in the business from when I started,” Levy said. “They are either dead, out of business or retired, and couldn’t make it. If they didn’t adapt and change with the way the business went, then they couldn’t survive.”

For those interested in collecting art, Levy suggests straying from purchasing online. “You can look online, but don’t buy online. You’re not going to see the high caliber art there,” he said. “Buy it because you like it, not because you think it’s going to be a good buy and you’re going to make money on it, because you’re probably never going to sell it anyway.” ■

Dr. Charles Anderson Appointed Chief Medical Officer At St. Mary Medical Center



Dr. Charles Anderson is joining Dignity Health – St. Mary Medical Center (SMMC) as its chief medical officer. Anderson has worked in clinical medicine for more than three decades and most recently as the chief medical officer for Tenet Healthcare’s Desert Care Network in California, according to an SMMC press release. He has 10 years of senior management experience in the health care industry. “With extensive understanding of quality assurance, Dr. Anderson is a positive addition to our hospital administration and his knowledge on process improvements will ensure our patients continue to receive high-quality, compassionate care, in the safest environment possible,” SMMC President Carolyn Caldwell stated. Anderson begins his new position on Monday, April 22.

Choura Acquires Studio Concepts



Torrance-based Choura Events has acquired Studio Concepts, a fabrication and design company. Studio Concepts has offered a variety of event services to well-known corporate clients, including Facebook, RipCurl, Volcom and The Honest Company, for more than two decades. Its acquisition brings Choura’s full-time employee count to 210. Founded in 2007, Choura is known for its tenting, event rentals and other event production services. The company has worked on the Grand Prix of Long Beach, the Coachella and Stagecoach music festivals, the ESPYS and other well-known events. “Studio Concepts offers an ex-

citing opportunity for our company to strengthen and expand our scope of capabilities,” Ryan Choura, founder and CEO of Choura, stated. “By acquiring Studio Concepts we can now truly offer a one-stop op for our clients.” Choura is predicted to exceed \$30 million in revenue this year.

Bill Husak Named Interim Athletic Director At LBCC



Dr. William “Bill” Husak has been appointed interim athletic director at Long Beach City College (LBCC). Husak most recently served as the athletic director at Loyola Marymount University (LMU) from 1998 to 2018, where he oversaw a staff of 70 and 425 student athletes. During Husak’s tenure, the LMU Lions won 35 of 45 conference championships. Husak previously served as senior associate athletics director at California State University, Long Beach from 1993 to 1998. “We are thrilled to have someone of Bill Husak’s caliber join us,” LBCC District Superintendent-President Reagan Ferragamo Romali stated.

Statewide Recycling Association Elects Long Beach Resident As 2019 President

Trini Jones, export manager of City Fibers and 17-year resident of Long Beach, has been elected to serve as the Association of California Recycling Industries’ (ACRI) 2019 president. As export manager at City Fibers, where she has worked for 25 years, Jones coordinates the diversion of several thousand tons of recyclables from California landfills on a monthly basis, according to a statement from ACRI. Jones had previously served as ACRI’s vice president. As one of her first tasks as president, Jones will lead the association’s eighth annual legislative summit in Sacramento. “On behalf of the thousands of men and women employed in the recycling industry, I am committed to ensuring our voices and priorities continue to be heard in Sacramento,” Jones said. “ACRI is committed to protecting the environment while promoting free market principles, demanding ethical practices and ensuring recycling jobs remain an important part of our state’s infrastructure.”

Grow Long Beach Fund Helps Local Businesses Expand And Thrive

■ By **PIERCE NAHIGYAN**
Staff Writer

The City of Long Beach offers microloan options for startups and small businesses with five or fewer employees, but what about established businesses that want to expand their operations? The Grow Long Beach Fund makes it possible for these businesses to receive up to \$2 million in financing.

The program dates back to 1997, when the city entered into a partnership with the National Development Council (NDC), a private nonprofit corporation that serves as a Small Business Administration lender. Through its Grow America Fund (GAF) program, the NDC supports community development throughout the United States by offering financial assistance to small businesses. GAF enables the City of Long Beach to “leverage its lending capacity,” according to Economic Development Officer Seyed Jalali, by providing \$10.13 in loans for every \$1 the city invests in the program.

To date, Long Beach has invested \$1.15 million in its Grow Long Beach Fund and provided \$8,494,800 in loans to local businesses. “The program has proven to be a great venue for us to be able to help those businesses that need anywhere from \$150,000 to \$2 million,” Jalali told the Business Journal. The city gives out about three to four of these loans per year, he continued. Recent loan recipients include Fingerprints, a record shop and music venue located on 4th Street; ETA Agency, an advertising firm based in downtown; and Rose Park Roasters, an artisan coffee bar.

Founded by Nathan Tourtellotte and Andrew Phillips in 2009, Rose Park Roasters began as a wholesaler of gourmet coffee. When a retiring client offered the partners the opportunity to take over his establishment, the busi-



Nathan Tourtellotte, co-owner of Rose Park Roasters, said the advantage of seeking a loan through the Grow America Fund was finding an underwriter who was willing to work with him and evaluate his business on more than just metrics. From left: Tourtellotte and Andria Martinez, loan officer for the National Development Council. (Photograph by Brandon Richardson.)

ness added retail to its wholesale operations. “Having direct interaction with the customers drinking the coffee is something we were missing the entire time,” Tourtellotte said. “The idea of hospitality and caring for people is important to us, so it created a much more tangible way that we can do that.”

The first Rose Park Roasters café was established at 3044 E. 4th St., and, in time, Tourtellotte and Phillips were ready to expand with a second location and a roastery. The 4th Street location was not large enough to accommodate a roasting facility, so the business rented space at an Orange County establishment.

Tourtellotte and Phillips were already developing their second location at 800 Pine Ave. when they approached the Long Beach Economic Development Department about a GAF loan. City staff put them in touch with

Andria Martinez, a loan officer with NDC. As Martinez explained it, Rose Park Roasters was in a catch-22 situation: to expand, the business needed revenue from a roastery and the new location, but its cashflow without these assets was not enough to qualify for a traditional bank loan.

“That’s the kind of uncomfortable situation that small businesses find themselves in all the time,” Tourtellotte said. “You’re at the point where you’re outgrowing your infrastructure and you think you can grow into the next tier . . . but in order to get there you need financing of some sort.”

With help from the city and Martinez, Rose Park Roasters qualified for a loan based on its projected revenue and the positive impact it could have on the community, Jalali said. “When you go to a bank, the way they look at it is very different than a community develop-

ment lender,” he commented.

Ultimately, Martinez was able to obtain a \$335,000 loan for Rose Park Roasters, which enabled the business to refinance the development on their Pine location and a new roastery at 7th Street and Cherry Avenue. With this set up, Rose Park Roasters is able to fine-tune the quality and volume of its coffee, Tourtellotte said. The roastery will also serve as a training space and food preparation space. And with the larger downtown location, Rose Park Roasters is offering its customers more food options than before. “There’s multiple new fronts that we’re just starting to hit,” Tourtellotte said.

In the middle of the Business Journal’s interview with Tourtellotte, Mayor Robert Garcia strode into the Pine Avenue café to order a coffee. “They’re the best,” he said. “I go here all the time, at least two or three times a week.” ■



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Cannabis Businesses Urge City To Review Tax Rates Or Lose Revenue

■ By **ALENA MASCHKE**
Staff Writer

With stainless steel countertops, high tech equipment and the occasional can of cake pan spray, Stacy Loucks' TKO Edibles is open for business. But recently, TKO has been struggling. Before the legalization of recreational cannabis in January 2018, the company, like many of its peers, operated in a legal grey zone.

Since becoming a fully-licensed, legal manufacturing business in the City of Long Beach on December 24, 2018, TKO Edibles hasn't produced a profit, Loucks explained. State and local taxes as well as facility and packaging requirements have driven down margins. "It's dramatic, because our margins are so much smaller now. Regulation has made everything very expensive," Loucks said.

Now, the Long Beach Collective Association (LBCA) and individual cannabis businesses are lobbying the elected officials to reconsider the city's 6% tax rate on the gross receipts of manufacturing and distribution businesses in the industry. If taxes remain the same, they say, Long Beach stands to lose two of the industry's most profitable sectors altogether.

"For Long Beach, there's a huge opportunity to benefit from the booming cannabis industry, and they're just going to miss out on it if they're not competitive and they don't provide an environment where cannabis businesses can thrive," Omer Saar, president of the Feelgood Sales Group, told the Business Journal.

Saar's company submitted an application for a distribution facility in Long Beach that is still pending. For now, Feelgood has opted to use a location in Los Angeles instead. Just a few miles to the north, the City of Los Angeles offers a 1% tax on distribution and testing, and a 2% tax on manufacturing.

Cliff Harrison, co-owner of the largest dispensary in Long Beach, The Circle, said he had initially planned to add distribution to the cultivation and retail facility, but decided against it based on the city's tax rate. Instead, they also use a distribution facility in Los Angeles. "Although it's a big inconvenience, we chose to use the distribution out of the other city because of the huge tax burden here," Harrison said, adding that he would reconsider plans for distribution from Long Beach if taxes were lowered.

In Fiscal Year 2018, the city reported no tax revenue from distribution and only \$500 in revenue from manufacturing. Licensed manufacturing businesses are required to pay a minimum tax of \$250 per quarter. In 2018, just one business paid this fee over two quarters. In FY 2019, the first full fiscal year of legal adult-use cannabis, the city is expecting to take in \$22,250 in tax revenue from these two industry sectors, assuming successful applicants and current license holders start and continue operations. This figure is dwarfed by the \$2,329,341 in revenue dispensaries are expected to bring in during the same time frame.

Businesses like TKO Edibles, those in the distribution and manufacturing sector of the cannabis industry, can



Stacy Loucks' company, TKO Edibles, has taken a hit in the past few months. Prior to the legalization of adult-use cannabis in January 2018, Loucks said her product was sold in 450 locations, a number that dropped down to 30 after Louck's reopened as a fully-licensed business. (Photograph by Brandon Richardson.)

produce a groundswell of tax revenue for cities. Dispensaries handle small volumes of product at a high value. Additionally, the total number of dispensary licenses in Long Beach is capped at 32. Distribution facilities handle high volumes of product to be sent to numerous dispensaries in cities across the area and pay taxes on their gross receipts. "The distribution businesses are the largest revenue-generating businesses," Richard Lambertus, chief operating officer of Seven Point Management, told the Business Journal.

Lambertus and Saar are part of a group that has lobbied city staff and elected officials to review tax rates, building requirements and licensing processes that they say place an undue burden on certain sectors of the industry. "There's some things that just don't make sense," Saar said. Both described their interactions with city staff as pleasant, and said the city's licensing department did what they could to help businesses through the process. But, they say, a lack of knowledge about the industry and the number city departments involved has made the licensing and approval process tedious.

"The city has had some difficulties understanding some of the complexities, specifically related to cultivation," Lambertus said. But it's not just cultivators. Saar said some building requirements on distribution facilities pose a security risk. Mandated windows have been a major sticking point for businesses across all sectors of the industry. "You're required to put a window in a distribution facility, where the window has no function," Saar explained. "It's actually a problem, because now people are seeing into a cannabis business that's a sitting duck for being robbed."

Cannabis businesses have to comply with a number of state requirements placed on all commercial buildings, as well as regulations specific to the industry and local ordinances. During its April 9 meeting, the Economic Development and Finance Committee of the Long Beach City Council discussed the option of a 24-month pilot program "to expand the tax-base on non-retail cannabis businesses by streamlining processes, adjusting tax rates, and providing incentives." In addition to

reviewing local regulations and policies, 5th District Councilmember Stacy Mungo suggested the city might lobby to change regulations in Sacramento. "The requirements have been burdensome," she noted.

In a unanimous vote, the committee asked city staff to study the feasibility of a 24-month pilot program, including a review of tax rates in other Los Angeles County municipalities, and present their results to the city council within 30 days. "Folks are in the pipeline, they want to invest here, they want to create jobs. For some reason, the process is slowing them down," 9th District Councilmember Rex Richardson said during the meeting. "There's economic opportunity here. We have some goals in terms of tax revenue; let's exceed them."

Richardson also pointed to the city's Cannabis Social Equity Program, which was designed to "address the long-term impact that federal and state cannabis enforcement policies have had on low income communities in the City of Long Beach," according to the Office of Cannabis Oversight's website. Richardson pointed out that because of the low staffing levels necessary to operate a dispensary, opportunities for employment and social equity largely rested in the remaining sectors of the industry, such as cultivation, distribution and manufacturing. "What I'd like to see is us take a look at the reasons why these businesses haven't taken off," Richardson noted.

Loucks said she was supportive of the social equity program, but has been forced to automate her production process to cut costs. "We couldn't afford to have as many employees," Loucks said. "We have this great social equity program in Long Beach and the whole idea is to hire people from the local area, give them jobs, give them a living wage, and we can't."

Local entrepreneurs are urging the city to move quickly or risk losing out permanently. The facilities necessary to distribute and manufacture cannabis products at a large scale are expensive to set up, and once settled, businesses are unlikely to move their operations somewhere else. "If you lose the distribution and manufacturing businesses, they're not coming back," Lambertus warned. ■



Pictured from left, Feelgood Sales Group President Omer Saar and Vice President Sarah Evans, together with Seven Points Management Chief Operating Officer Richard Lambertus are among several cannabis industry insiders asking the city to lower taxes on cannabis manufacturing, distribution and testing. (Photograph by Brandon Richardson.)

JetBlue Surrenders Ten Flight Slots At Long Beach Airport

■ By **PIERCE NAHIGYAN**
Staff Writer

JetBlue Airways has relinquished 10 flight slots at Long Beach Airport (LGB). The voluntary forfeiture was made after the air carrier failed to meet the city's new minimum use requirement for flight operations at LGB, effective January 2019. Under the Flight Slot Allocation Resolution, commercial and cargo carriers are required to use their allocated flight slots at least 70% of the time per calendar quarter. JetBlue did not meet the requirement in the first quarter of 2019, and on April 9 announced that it would give up seven permanent and three supplemental flight slots.

Philip Stewart, manager of corporate communications at JetBlue, told the Business Journal that the airline intends to use its 24 remaining flight slots at LGB in accordance with the reduced flight schedule the company announced in April 2018. "The changes were made following the city's decision to vote down our proposal for a customs facility at the airport," Stewart said, referring to a proposed federal inspections services facility that would have enabled LGB to provide international flights. The Long Beach City Council voted against the facility in January 2017. "Our restruc-

tured schedule . . . meets customer demand, while also operating within the limitations of domestic-only flying in Long Beach," Stewart said.

The city's Airport Noise Compatibility Ordinance permits a total of 50 daily flights among commercial and cargo air carriers at LGB. This includes 41 permanent flight slots and nine supplemental slots. Supplemental flight slots, unlike permanent flight slots, can be revoked depending on the "noise budget," or maximum amount of noise that aircraft generate throughout the day, Interim Airport Director Claudia Lewis explained. Cargo carriers FedEx and UPS use one permanent slot each. The remaining 48 slots are used by the five commercial carriers that operate at LGB: JetBlue, Hawaiian Airlines, Delta Air Lines, Southwest Airlines and American Airlines.

Under the old requirements for flight slot utilization, carriers had to use a slot to fulfill at least four flights per week over any 180-day period, or 57% of the time over six months. In a November 2018 report to the city council, former LGB Director Jess Romo noted that this state of affairs "arguably provides for the potential to engage in anti-competi-



By relinquishing seven permanent slots and all of its supplemental slots, JetBlue has paved the way for its fellow carriers to increase their available flights in the City of Long Beach. (Photograph by Brandon Richardson.)

tive behavior by maintaining flight slots that are underutilized." In other words, one airline could prevent another from offering more flights by effectively "squatting" on its unused slots. Interim Airport Director Claudia Lewis said that this not only created a disadvantage for affected airlines, but also reduced the capacity and utility of the airport.

In November, the city council amended the airport's allocation resolution to set new minimum use requirements. Now air carriers must use their slots at least 60% of the time each month, 70% each quarter and 85% each year. The ordinance also states that carriers failing to meet this standard may have their slots revoked or reduced, and potentially disqualified from receiving further slots. "Increasing the utilization requirements creates a fairer playing field and makes those slots not being used available to a carrier that would use them most," Lewis said.

For years, JetBlue has held the majority of flight slots at LGB, which is the airline's regional headquarters. The slots it forfeited were already being used by other airlines on a temporary, monthly basis, city staff explained in an April 10 statement. Beginning in October, these slots may become permanently available to the airlines, with Hawaiian, Delta and Southwest waitlisted for priority. "This is an opportunity to diversify the airport's business model and create a better balance among airlines that service LGB," Lewis said.

When asked how she would characterize the airport's relationship with JetBlue, Lewis said, "We appreciate our partnership with JetBlue, just as we do all carriers that service LGB. We respect the fact that they, like any other carrier, have to make decisions to better position themselves in a competitive market like the one we are fortunate to have at LGB." ■

Within Two Weeks, City Council Tackles Parking, Acute Care and Labor Agreement

■ By **ALENA MASCHKE**
Staff Writer

In the past two weeks, the Long Beach City Council discussed numerous large contracts, citywide policy proposals and staff research on a variety of topics.

During their regular meeting on April 9, councilmembers unanimously approved a motion by 9th District Councilmember Rex Richardson to research possible incentives for expanding access to urgent care in neighborhoods that have limited traditional acute care facilities such as hospital emergency departments. The item was originally scheduled for review on April 2, but was among several items pushed to the following session as a result of extensive public comment and council discussion regarding a proposed tenant relocation assistance policy.

In the same meeting, the council also approved a six-month moratorium on new drive-through constructions in the city. Nine projects, for which conditional use permit applications and corresponding fees were submitted prior to the vote, were exempted from the temporary freeze. The effort to put a pause on permits while the city formulates new drive-through regulations was spearheaded by a coalition of community groups, including Long Beach Forward, United Cambodian Community and Coalition for a Healthy North Long Beach, and received support from the Long Beach Planning Commission.

A long-lasting effort to regulate hotel worker safety requirements in the City of Long Beach entered a new phase on April 9, when the city council

completed its first reading of an ordinance amending the city's municipal code. The proposed changes, which were crafted by the city attorney in response to a request by the city council on November 20, 2018, would add an anti-retaliation clause to the existing regulations. The amendment would also expand the definition of a hotel employer to include owners and operators of "premises connected to or operated in conjunction with the hotel's purpose." The original ordinance, which required hotel employers of all sizes to furnish guest rooms with panic buttons for worker protection, was passed by the city council on November 13, 2018.

On April 16, Long Beach Mayor Robert Garcia proposed new appointees to the Belmont Shore Parking and Busi-

ness Improvement Advisory Commission, as well as the Cultural Heritage, Economic Development, Pacific Gateway and the Senior Citizen Advisory Commissions, which were unanimously approved by the city council.

During the same meeting, the city council requested that the city manager begin implementing priorities identified as part of a part of the Downtown Parking Study. The study, which covered Downtown Long Beach and the neighborhood of Alamitos Beach, identified seven steps to mitigate parking issues in the surveyed neighborhoods. As a result of the council vote, the city manager will proceed in promoting long-term and overnight parking in city garages, initiating local discussion of a parking

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(Continued from Page 6)

assessment district in Alamitos Beach, and reviewing the potential for overnight parking districts and the feasibility of parking meters on major business corridors. Additionally, the city manager will coordinate with neighborhood associations to coordinate garage clean up days, negotiate long-term and overnight parking options with private parking lots and discuss shuttle options to remote parking areas with Long Beach Transit.

During the April 16 meeting, the city council also received a report on the economic profile of the Latino community in Long Beach. The report, which was produced as a result of the Long Beach Latino Economic Summit hosted by Centro CHA and California State University, Long Beach on November 13, 2018, provides an overview of demographic and economic characteristics of the city's Latinx population. Highlights from the report include an estimated economic impact of \$33 billion dollars produced by the 100,313 employed Long Beach Latinx residents, and a steep decline (57.4%) over the past decade in the percentage of Latinx children residing in Long Beach who were born outside of the U.S.

Another report received by the city council on April 16 provided councilmembers with an update on the city's project labor agreement (PLA). The agreement was signed by the City of Long Beach and the Los Angeles/Orange Counties Building and Construction Trades Council, as well as other local unions, in an effort to provide labor peace, union training and preferential employment opportunities to Long Beach residents on major construction projects. In his presentation to the city council, Financial Management Director John Gross noted that the program had exceeded goals to hire at least 40% of workers on qualifying projects from Los Angeles and Orange County. According to the report, 77% of workers hailed from either county, with 19% of workers residing in Long Beach. Following up on the report, the city council asked staff to look into the option of adding an independent jobs coordinator to the program in order to boost participation by Long Beach residents, and to present the results of their research within 30 days.

The city council also authorized the city manager to receive several million dollars in grant funding from state and federal agencies. The city is set to receive \$4.1 million for the Lead-Based Paint Hazard Control Program from the United States Department of Housing and Urban Development (HUD) and \$8 million in state funds from the Road Maintenance and Rehabilitation Account Act (SB1), in addition to smaller grants for emergency management and beach water quality monitoring.

Lastly, the city council approved two large contracts during the April 16 meeting. The city manager received authorization to increase the value of

an existing contract for real estate services with Epic Land Solutions, Inc., of Torrance, Overland, Pacific and Cutler, Inc., of Long Beach and Paragon Partners, Ltd., of Huntington Beach, from \$900,000 to \$3.4 million. Additionally, the city council awarded a \$1.6 million irrigation equipment contract to Site-One Landscape Supply, of Cleveland, OH, and American Landscape, Inc., of Canoga Park, CA, and a \$2.3 million contract for scanning services to File Keepers, LLC, of Los Angeles, CA; MetaSource, LLC, of Anaheim, CA; Omni Pro, Inc., of Chino, CA; and, SourceHOV (Sourcecorp BPS, Inc.), of Irving, TX. ■

Electric Bus

(Continued from Page 1)

The two-year pilot program introducing battery electric buses to Long Beach is in its final six-month stretch. While cities across the country have reported issues with the performance of BYD's buses, LBT President and CEO Kenneth McDonald said his agency's experience with the company and its buses has been positive overall.

The agency is planning to kick off the procurement process for additional buses within the next six months, and McDonald said an extension of LBT's existing contract with BYD is still on the table. The original \$11.7 million contract, which was approved by the agency's board of directors in April 2015, included an option for an additional 14 buses for LBT and 36 buses for the Anaheim Transportation Network and Gardena Municipal Bus Lines systems.

McDonald admitted that there have been issues during the pilot phase, especially with regards to the buses' batteries and the travel range they're able to provide. But he noted that BYD has been cooperative in mitigating performance concerns. "BYD has been very good at working with us," he said.

McDonald stated that BYD's buses run up to 120 miles on a single charge, with a charging time of four to six hours that is usually completed while the buses are parked overnight. With these specs, he said, the vehicles are able to cover the 90 miles per day performed by buses on the Passport route. Still, these performance stats fall short of the up to 255-mile range and 2.5-hour charging time BYD advertises for the 2016 model of its 40-foot K9 Electric Transit Bus, the model currently used by Long Beach Transit. In 2018, the agency installed wireless charging stations at the Passport route's stop near the convention center, at a price tag of \$1.6 million.

BYD's buses have been subject to public scrutiny in other cities, including Los Angeles, Albuquerque and Indianapolis. In May 2018, a Los Angeles Times investigation revealed that the city's main transit agency, Los Angeles Metro, continued to order BYD buses over several years despite a record of performance and mechanical issues.

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Ten buses on Long Beach Transit's fleet are powered by batteries, 88 use a gasoline-electric hybrid fueling source and 125 run on natural gas. Only 26 of the agency's 249 buses still run on traditional diesel engines. (Photograph by Brandon Richardson.)

"The other cities, I don't know how they did it, but I know we have been working closely with them [BYD] to evaluate the issues and then find solutions to them," McDonald said.

Long Beach Transit had initially planned to run the electric buses on all routes to increase awareness of the new technology among passengers. "We were planning to run them in other areas, and we're still planning to do that so people can experience them," McDonald said.

Donald said. But, he noted, the range of the battery-powered buses needed to be improved for this to happen.

"A lot of this technology is changing, so there were a lot of upgrades we had to do to the vehicles," McDonald said. "While we were doing some of those upgrades, we did not extend them to other lines outside of the Passport." Upgrades, he noted, were mainly focused on replacing the batteries of all 10 buses on the fleet, adding that the cost

of the exchange was covered by BYD's warranty. McDonald did not provide an estimate for a possible expansion of LBT's electric fleet to other routes.

In December 2018, the California Air Resource Board approved new regulations that set a statewide goal for public transit agencies to transition to fully emission-free fleets by 2040. "We were ahead of the curve," McDonald said. "As expected [with] any new technology, there were some challenges; the

batteries were one of them."

The agency's efforts to reduce emissions are not limited to electric buses. Currently, 89% of LBT's 250 buses use alternative fuels, such as gasoline-electric hybrid technology and natural gas. "It is critical that we . . . as a corporate citizen, do things that help clean the air and have a cleaner environment for the folks that travel in our system and the area [where] we run our buses," McDonald said. ■



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■ By **BRANDON RICHARDSON**
Senior Writer

Citywide, there are 59,803 lots in residential zones that are eligible for the development of an ADU. Since the beginning of 2017, 153 building permits have been issued for ADU construction, less than 1% of eligible lots, according staff reports. The ordinance lowers the minimum lot size requirement from 5,200 square feet to 4,800 square feet, which increased the number of eligible

Another impactful commission modification was the elimination of minimum lot size for ADUs created by converting an existing structure, such as garages. As required by state law, the ordinance also eliminates all parking requirements for lots within one-half mile of a public transit stop, which applies to nearly all Long Beach lots, according to city staff. The council vote enacted all

Garcia took it a step further, not-

Harding noted that there are unknown ADUs in Long Beach that were

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built illegally, many of which can now be legalized under the new ordinance. Shifting status from illegal to legal makes for safer living conditions for occupants, as the structures must meet the city's building standards, he explained. In addition to safety, city staff stated that the new citywide ordinance is "more equitable for property owners, creates an understandable and consistent standard, creates greater opportunity for development of housing units addressing the city and statewide housing crisis, and promotes reinvestment, which generates new property tax revenue."

"[ADUs are] a fairly new idea that not a lot of people know about. Awareness is key," Harding reiterated. "There are other things outside of Long Beach that are happening right now – pilot programs that are getting into Section 8 housing with ADUs, but it's still in development. We'll see what comes of that."

Planning Commission Approves MemorialCare Children's Facility

The Long Beach Planning Commission unanimously voted to approve the MemorialCare Miller Children's Village during its April 18 meeting. The four-story, 80,000-square-foot medical office building will be located on the southeast corner of the Long Beach Medical Center campus at 2701 Atlantic Ave. The facility will house all pediatric specialty clinics, which are currently located in various places on and off campus, according to CEO John Bishop. "It's much more convenient for the physicians, for the patients and for their families," Bishop said. "It'll be a beautiful new facility that is really going to help us do what's right for the community, [to] provide care in the outpatient setting so they don't ultimately end up as inpatients in the hospital." The \$70 million project has been discussed for more than 10 years, Bishop said. About 50% of funding is coming from state children's hospital bonds, while the remainder is to be paid for with philanthropic donations and the hospital itself if needed. According to Bishop, the project is expected to open in early 2021.

Gov. Newsom Identifies State-Owned Parcels For Affordable Housing Development

Two weeks before the April 30 deadline, the California Department of General Services (DGS) released an inventory of all state-owned or occupied lands, including 173 Long Beach parcels. The inventory is the first step



The Long Beach Planning Commission approved plans for the four-story, 80,000-square-foot Miller Children's Village on the Long Beach Medical Center campus. (Rendering courtesy of MemorialCare.)

in Gov. Gavin Newsom's plan to develop affordable housing on excess state lands in partnership with cities. The state will release at least three requests for proposals (RFPs) for new housing construction within a year, with the first issued by September 30, according to Newsom's office. "Housing is a basic human right, and in California, we simply don't have enough of it," Newsom stated. "My administration is using every tool at our disposal to combat the housing affordability crisis our families face. We're working hand in hand with local leaders who are stepping up for their communities and pushing for affordability for their residents." The California Department of Housing and Community Development and DGS developed a screening tool to evaluate each parcel. The agencies will then work with local governments to determine which parcels could support affordable housing developments. Of the 173 Long Beach parcels, 107 are utilized by California State University (CSU), Long Beach, and the CSU system, while 18 are not owned by the state.

Cushman & Wakefield Release Q1 Long Beach Office Report

Lease rates for Long Beach office space continue to rise, despite slight increases in vacancy during the first quarter, according to a new report by Cushman & Wakefield. The overall vacancy rate in suburban Long Beach is 9.3%, up from 8.1% the previous quarter, while Downtown Long Beach vacancy is 19.9%, up from 18.8%. The citywide office vacancy rate is 16.3%,

up from 15.3% from the fourth quarter 2018. These increases are consistent with the those in the Greater South Bay market, in which vacancy increased from 16.7% to 17.6% quarter over quarter.

"While there are plenty of reasons to remain cautious about the future, we expect demand to remain solid, especially from key industries including technology [and] financial services companies," the report states. Despite vacancy increases, suburban Long Beach lease rates increased seven cents to \$2.93 per square foot, while Downtown Long Beach rents increased five cents to \$2.68 per square foot. Key first quarter transactions included the renewal of nearly 43,000 square feet at 1500 Hughes Way by Fluor Enterprise, Inc. and a more than 19,500-square-foot renewal by Daylight Transport at 1501 Hughes Way.

Study Finds Median Income Does Not Go A Long Way For Long Beach Renters

In a recent study to determine how much space one can rent for 30% of the area's median income in the 100 largest U.S. cities, apartment research website RentCafé found that Long Beach is in the bottom four cities in terms of affordable square footage in California. In Long Beach, 30% of the area median income affords an apartment that is approximately 443 square feet, which is more than 150 square feet smaller than what the city's current building regulations allow. Long Beach is in a better

position than San Francisco, Oakland and Los Angeles, whose residents can afford 407 square feet, 340 square feet and 333 square feet, respectively.

Recent Transactions By Local Firms

The following is a list of recent multi-family and office property transactions by the teams at O'Healy Commercial Real Estate (OC) and William Morris Commercial (WMC):

- 111 W. Ocean Blvd. – Toliver Morris of WMC represented the landlord in this 1,663-square-foot lease in the Landmark Square office tower to AT&T.
- 195 E. 4th St. – Catherine Morris of WMC represented the landlord in this 10-year, 6,026-square-foot lease at The Streets to Salon Row.
- 230 E. 3rd St. – Jen Long of WMC represented Mike Hong Architects in this 1,555-square-foot lease in the Arts Building.
- 2850 Orange Ave., Signal Hill – Pigeon Skates leased 2,850 square feet of office and warehouse space in Signal Hill Technology Park to expand its business. The lease was signed on April 10, with an expected move-in date of May 1. Patrick O'Healy was the agent overseeing the lease.
- 2896 Orange Ave., Suite 210, Signal Hill – PCI, a parking and highway improvement contractor, signed a 1,901-square-foot lease in the Signal Hill Technology Park to expand its business. The lease was signed on March 21, with an expected move-in date of May 1. O'Healy oversaw the lease. ■

Building A Better Long Beach: First Homeowners To Begin Moving In At Dorado Development

■ By **BRANDON RICHARDSON**
Senior Writer

The first homeowners at Dorado, the city’s newest detached single-family development, are preparing to move in during the coming weeks, according to Arturo Lucero and Theresa Bichlmeier, the sales team for developer Pulte Homes.

The development includes 40 single-family homes at 3655 Norwalk Blvd., near the City of Hawaiian Gardens which borders Long Beach at the city’s north-easternmost point. Newport Beach-based community planning firm Preface originally had entitlements approved in February 2017, but before the construction of homes could begin, the long-standing El Dorado Park Community Church had to be razed.

The site served as the home of the church for 55 years. The sanctuary was erected in 1963, two years after the church purchased the vacant lot. Preface purchased the property in 2014, and the church continued to operate for two more years before it was demolished. Pulte Homes acquired the project site and entitlements from Preface in January 2018, making it the company’s first project in Long Beach, despite having developed upward of 100 sites in Southern California, according to Sohail Bokhari, Pulte Homes’ vice president of land.

“It was a nice baton pass,” Lucero said of Pulte’s acquisition of the project. “It’s a nice central location right on the boundary of L.A. County and Orange County . . . with two or three highway arteries [nearby]. And when you look at a good four [to] six-mile radius, there really isn’t anything as it pertains to new, gated, single-family detached [homes].”

The cultural aspect of the site’s proximity to California State University, Long Beach, El Dorado Park, the Cerritos Center for the Performing Arts, and entertainment and dining at the Los Cerritos Mall were other contributing factors to Pulte’s decision to acquire the project, Lucero noted.

The Dorado neighborhood features three floor plans ranging from four to five bedrooms and 2,465 square feet to 2,901 square feet in size, with a price range of \$914,000 to under \$1.1 million. Construction on two model homes commenced in September of last year. The models were completed on time for a November grand opening event, around which time construction began on for-sale homes.

“During our grand opening we had over 300 visitors that toured, and our reception has been nothing but positive,” Bichlmeier said. “People are excited that



we’re here. People are excited to see new homes going in the area.”

Twenty of the 40 homes have been listed for sale, 13 of which have already closed, with two more being finalized. To date, two livable homes have been completed at Dorado, with six more homes being framed and trenches being dug for four others. Lucero said the gated community is expected to be completed during the first quarter of next year. The completed community also will feature two pocket parks, including a playground area and a “meandering” walkway. Upkeep of all community spaces and front yards is included in the \$190 homeowner’s association fee.

Lucero and Bichlmeier explained that Pulte Homes takes pride in customizing homes for buyers, as opposed to other developers that construct tract housing with several unchanging interior and exterior designs. Dorado homebuyers have the ability to customize interior and exterior designs, including an array of finishes, during a meeting with designers at Pulte’s Irvine showroom, or utilizing online tools, Bichlmeier explained.

“They’re empowered to personalize their home both on the structural aspect as well as the design aspect,” Lucero said. “We let them know, ‘you put in what your heart desires; content is based on what your needs are and, most importantly, what your budget is.’”

Lucero explained that comparable homes in the surrounding area have price points that are equal to or above Dorado, often reaching between \$1.1 million to \$1.3 million. However, he noted that those homes are decades old and may need work to fit a family’s specific needs. Dorado homes come with a buyers’ warranty. “It gives them a little more peace of mind and it’s not as stressful as remodeling a 40-year-old house,” he added. ■

The first homeowners will begin moving into their new home at the Dorado housing development in the coming weeks, according to Arturo Lucero and Theresa Bichlmeier, the sales team for developer Pulte Homes, pictured at the project site. (Photograph by Brandon Richardson.)

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Realty Views: Let's Tear Up Proposition 13 – Again!

■ Perspective By **TERRY ROSS**

In the 40-plus years since Proposition 13 was passed in California to reform the state's property tax structure, there seems to have been no end to the attempts to reverse it, alter it or simply work around it.

Despite the decades long attempt to totally scrap it, Prop 13 has withstood all onslaughts as California voters have stood firm in keeping the 1978 measure on the books as it was originally written. Those who have tried and failed to reverse the electorate's decision are now taking a different tactic: pitting the average homeowner against businesses in an attempt to alter the law to gain more revenue for the state.

Under Prop 13, all real estate was assessed at 1976 levels and then taxed at 1% of that appraised value – plus an increase of not more than 2% annually. The only major reassessment under Prop 13 comes when there is a transfer of ownership – the market value (sales price), for tax purposes, then becomes the assessed value. Over the years, critics have pointed out that the property tax system has become unfair because those who have kept their properties long term are paying a much lower tax rate than recent purchasers. Proposition 13 was enacted for that very purpose. During the 1970's rapid appreciation in property values caused the tax burden to become so onerous for long-time owners that they could no longer afford their property taxes. Prop 13 established a degree of predictability for owners who knew that if they sold and bought another property, the tax could increase dramatically; but if they held on and did not change ownership, the 2% annual cap would help keep proper-

ty taxes in check.

Despite the many attempts to alter or repeal this law, it has become evident that the average homeowner – including many long time owners – are not going to readily vote themselves a massive increase in property taxes that few can afford. The current effort to derail Prop 13 will not only to split the tax roll, but will split the voters into economic classes. This new initiative has qualified for the 2020 ballot in California.

Although homeowners will retain their current status under Prop 13, commercial and industrial property owners will have their properties reassessed at full market value at least once every three years. Proponents of the measure hope to raise an additional \$12 billion annually in commercial property taxes during the first several years, according to some estimates.

"How long should we allow commercial properties to be assessed at 1975 values, costing local governments and schools billions of dollars?" said Lenny Goldberg, a veteran critic of Proposition 13 who helped craft the new initiative. "That's a ridiculous, outdated, irrational system which causes damage in many different ways. We have this huge hole in the heart of our tax system."

What seems more irrational is the idea that you should tax any business whatever amount you think you can. Businesses have owners and shareholders, and are in the business of making money so they can stay in business. Additional costs like this will be passed on to customers. Most commercial leases pass on costs like property taxes

as an expense to tenants, and they will in turn pass the costs down to customers. This raises costs for everyone.

California has earned a reputation in the past few years as a state that is expensive, over-regulated and anti-business. An increase in property taxes like this will drive even more businesses out of state, taking jobs with them. Toyota's North American headquarters, located in Torrance since 1957, left Southern California for Texas a few years ago, and its thousands of jobs went with it. The list of companies leaving or planning to leave California continues to grow.

As a practical matter, changing the tax system is something that this state is ill-equipped to handle in an efficient manner. The California Assessors Association has estimated that the cost of implementing a new property taxation system could cost the state \$470 million a year for 10 years, and that for many years the costs of the change-over could exceed the projected additional revenue, resulting in a net loss for the state. In Los Angeles County, for instance, the assessor's office has said that the department couldn't implement the change in three years' time.

Then there is the basic question

of how these additional tax revenues, should they materialize, will be used. In November 2017, California instituted a controversial hike in the state's gasoline tax of 12 cents per gallon, which has brought in \$3 billion in new revenues to improve and repair our roads and infrastructure. So far, the state has spent only \$121 million of this revenue on bridge and culvert projects. And what do we have to show for it? According to a federal report, the number of California bridges that are in "poor" condition has increased from 1,204 to 1,812 during this time and the number of bridges in "good" condition has decreased from 16,788 to 14,779. An additional 5.6 cents will be added to the gas tax this summer.

It might be time for Californians – especially those charged with running this state – to start implementing more efficiencies and living within the current budget, rather than treating property owners and businesses, who are making California's economy a robust national leader, as some kind of endless piggy bank.

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 terry-ross1@cs.com or call (949) 457-4922. ■



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LOCAL EXPERIENCE | GLOBAL STRENGTH

Immigrant-Owned Small Businesses

(Continued from Page 1)

their home, and who continue to help the local economy thrive.

In the Port of Long Beach, the Maehara family has been serving fresh fish and cold beer at Queen’s Wharf Restaurant since 1988. The restaurant, and the adjoining Berth 55 Fish Market & Seafood, was owned by Sam Maehara until his death in 2008. The business passed to his wife Rebeca, who was born in Panama, and she has run it with her son Lawrence ever since.

“She’s always been the glue around here,” Lawrence said of his mother. “She’s always been in the background, even when dad owned it.” In addition to being a restaurateur, Sam Maehara also ran a dental practice. This left him scant time to manage day-to-day operations himself, which necessitated Rebeca taking the lead, Lawrence said. “I’m more the face [of the business] but she’s responsible for everything. She’s doing the paperwork and the insurance and the taxes.”

Popular among families and port workers alike, Queen’s Wharf has been serving the area for over three decades. “It is a family business, and this is how we want to keep it,” Rebeca said. “We have been fortunate to be in the port. The attraction is the boats, of course, and the water. People like to come in and sit down and watch the boats go in and out.”

“I think they also come here because of the quality,” Lawrence said. “All the restaurants . . . here [are] getting fish from the same places, but my place is by far the best value. I guarantee our prices are the most competitive.”

Rebeca also praised the loyalty of their long-time employees, some of whom have worked at the market and restaurant for decades. “Everybody’s so familiar with [them],” Lawrence said of the staff. “They’re like family, so when

[our customers] come here it’s like seeing your family.”

The testament to Berth 55’s staying power arrived in 2012, when Long Beach residents rallied on the Maeharas’ behalf to keep it from being shut down by the Port of Long Beach. The port, which leases Berth 55 to the Maeharas, originally planned to evict the business to build a new fire station. “They actually gave us a letter to close the business,” Rebeca said. “It was the public that kept us alive.”

Community leaders came to the Maeharas’ aid, pledging to “Keep 55 Alive.” Following discussions at city hall with civic, port and community stakeholders, the port ultimately rescinded its eviction request. A new location was selected for Fire Station No. 20 in the port’s inner harbor, to be completed in 2021.

Lawrence said that, through it all, he and his family have maintained a good relationship with the port. “They’ve been letting us continue on and negotiate for a longer-term lease,” he said. The family is now planning to renovate their property with a new paint job and fixtures, replace the wood on the outside of the building, and put in new floors and bathrooms.

“He’s been involved almost since the very beginning and now he’s in charge of it,” Rebeca said of her son. “He’s the one who has been pushing forward and . . . has [made it] a better place than it used to be.”

Located on 4th Street’s Retro Row, Portfolio Coffeehouse was founded by Kerstin Kansteiner almost 30 years ago. Born in Bielefeld, Germany, Kansteiner first came to the United States as a business student on a study abroad program. “In the beginning, I did not mean to stay,” she told the Business Journal. Used to public transportation and without a car of her own, Kansteiner found it difficult to get around or meet new people. That changed after she opened her first business.

The ease of starting a business in the



Lawrence Maehara runs the day-to-day operations at Berth 55. His mother, Rebeca, owns the business. Lawrence told the Business Journal that Rebeca, originally from Panama, has a great rapport with the Spanish-speaking employees. Rebeca said that, without their hardworking employees, the business would not be there today. (Photograph by Brandon Richardson.)



Maintaining and growing a business requires adaptation, Kerstin Kansteiner, owner of Portfolio Coffeehouse, told the Business Journal. Though originally from Germany, Kansteiner has now lived longer in the United States than her native country. “Home is definitely here,” she said. “I speak German with an American accent. My family laughs.” (Photograph by Brandon Richardson.)



Sophy Khut, former owner of Sophy’s Signature Dishes Thai and Cambodian Cuisine, said moving to Long Beach from Portland was “the right choice,” and enabled her to more fully connect with her Cambodian culture. (Photograph by Brandon Richardson.)

U.S. compared to her native Germany appealed to Kansteiner. “The process in general is a lot simpler,” she said. With Portfolio, Kansteiner hoped to create a place where people could meet and interact, just as she’d wanted to do when she first arrived in Long Beach. “When we opened Portfolio, back then the entire culture of coffee and community didn’t exist,” she explained. “It’s so integral in Europe anywhere you go. If you want to meet anybody or connect with the city you’re in, you go to the town center, the cafés, and that’s where you hang out.”

Portfolio has been remodeled twice in the last 30 years and undergone several internal transformations, which Kansteiner said helps to keep the business thriving. “For any café, and quite possibly for any business . . . you have to reinvent yourself a few times. We’ve

been an internet café, we used to have live music, we had poetry readings. There’s always things you have to be open to and see if it works.” Kansteiner said that Portfolio is still reinventing itself today.

The former president of the 4th Street Business Association, Kansteiner has gone on to open more businesses, including Berlin Bistro at 420 E. 4th St. and Portfolio FIT located near Olympic Fitness in Olympic Plaza. With her husband, Jan Van Dijs, Kansteiner manages the nonprofit Art Theatre at 2025 E. 4th St. “We enjoy that, and we enjoy that Long Beach is very diverse and that we can add to that with events we’re creating,” she said.

Long Beach is home to many diverse communities, including its Cam-



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CITY OF
LONG BEACH

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bodia Town business corridor on Anaheim Street. Chair of Cambodia Town, Inc., Pasin Chanou, said the origins of the district date back to the 1940s when exchange students from Cambodia stayed in Long Beach to start businesses. These expatriates welcomed refugees fleeing from the Khmer Rouge in the 1970s. Today, the area boasts the largest population of Cambodians in the United States.

The integration of Cambodians into Long Beach was not always a smooth process, according to Sithea San, secretary for the Cambodian Coordinating Council and a member of Cambodia Town's board of directors. San experienced discrimination from Long Beach residents in the early 1980s. "They couldn't distinguish us from Vietnamese," San recalled. "They said, 'You boat people, go back.'"

Chanou said that Vice Mayor and 6th District Councilmember Dee Andrews was an early advocate for the community. "Any immigrant who comes to a new town . . . usually gets picked on. Dee Andrews took care of us," he said. "He took care of the students there."

Those working in the neighborhood are striving to enhance its commercial appeal, Midtown Business Improvement District (MBID) Executive Director Monorom Neth said. Assessments from property owners in the MBID pay for Platt Security to patrol the area six days per week, as well as steam cleaning for the sidewalks. "We're doing a lot of improvement," Neth commented. "We do what we can to make the place clean, safe and beautiful."

Sophy Khut, the former owner of Sophy's Signature Dishes Thai and Cambodian Cuisine, moved to Long Beach in part to be closer to that culture. Her family settled in Portland after escaping from Cambodia in 1976, but Khut said their fellow Cambodians were more spread out in the city, making it harder to connect. A few years after opening her first restaurant in Portland, Khut became interested in moving to Long Beach.

The decision to leave her family was difficult, Khut said, but the opportunity to live and work with so many fellow Cambodians, and bring her signature cooking to the neighborhood, was irresistible. She opened Sophy's in January 2000 with help from the Long Beach Area Chamber of Commerce and Joe Picarelli, owner of Picarelli's Cucina Italiana. "[Joe] helped me out a lot in introducing me to the locals and what I needed. That's a big plus, and made me feel very comforted," she said. Khut focuses her menu on dishes that might take too long to prepare at home.

Following a diagnosis of breast cancer in 2012, Khut gave up her business to take care of her health. However, she still helps out in the kitchen of Cambodia Town Food and Music, which has replaced Sophy's at 3240 E. Pacific Coast Hwy. "I love cooking, and that's why I went back and helped Cambodia Town use my recipes," she said. ■

Ritual Design's Small Business Model Lends To Creativity

■ By **ALENA MASCHKE**
Staff Writer



Ritual Design co-founders Andrew Robinson and Chris Schott say their company's work goes beyond copywriting and design. "It's a full experience for a brand, that's the way we look at it," Robinson explained. (Photograph by Brandon Richardson.)

After years of working in creative agencies in Los Angeles and Orange County, Andrew Robinson and Chris Schott felt like their successful careers had begun to deprive them of what they loved the most: designing. In 2016, the two founded Ritual Design, a full-service branding agency that has since gained recognition for its work with large corporations like Acura, as well as the design of an Aretha Franklin album cover that was released shortly after the singer's passing.

The company's intimate office overlooking 1st Street in the East Village emits a comforting calm seldomly found in the busy halls of larger agencies. Colorful prints – samples from previous projects – line the exposed brick walls. "When you get to the managerial level at agencies, you don't do as much design. And that's what we both love to do," Schott said of the duo's decision to start their own business. "That's where the name 'Ritual' comes from: design is our ritual." Robinson agreed. "We just knew we had a lot more design and a lot more creativity to let loose," he said.

Downtown Long Beach, and the East Village in particular, have contributed to Ritual Design's success, the two founders noted. "Being in this area, in this location – it's just filled with people who are creative and there's so many

people just walking around the neighborhood. We meet photographers, illustrators that we end up using and collaborating with," Schott said. "We love being down here."

Schott and Robinson are Ritual Design's only full-time staff members, but the two work with a team of freelancers to fulfill client requests of varying scope and size. "We really build the perfect team for whatever project it is," Schott said. Depending on the size of the project, those teams can include up to 10 freelancers, including writers, photographers and web designers. "Our client base is really versatile. So is our work. So we really have to customize projects for each client," Robinson added.

The company's work covers a broad spectrum of projects. In a continuous engagement with the Rhino Entertainment Company, Ritual Design has crafted a 12-inch double vinyl album with songs by Aretha Franklin, titled "The Atlantic Singles Collection 1967-1970," and another design showcasing the legendary singer's work is underway. Franklin passed away shortly before the album release in late 2018. "That was definitely an experience, design-wise, that will stick with us for a long time," Robinson said.

Other projects include a complete rebranding for the City of Aliso Vie-

jo – city signs, official letterheads, branding concepts for local restaurants and communication materials for big corporations like the commercial real estate firm CBRE Group. "We really are proud of our versatility," Schott said. Whenever possible, the duo also offers pro bono work to charitable organizations like Long Beach's Precious Lamb Preschool, which offers free education and care for children living in local shelters or rehabilitation facilities. "Design is something that people need," Schott noted. "We can't always be there to help out in certain ways, but we can definitely give our time and design things to make that part of it easier and free."

Robinson and Schott both grew up in Long Beach, and said they're happy to be back. "One thing we both like is that we're in our own community, we're in Long Beach. We like to be a part of that. We live here, we grew up here, went to school here and now we work here," Robinson said. The two hope to grow their company further and possibly hire more staff down the line, but said they don't want to create a local replica of the larger agencies they worked for in the past. "We don't want to be a big agency, that was never our goal. We always want to be intimate with the work," Schott said. ■



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Port Executives

(Continued from Page 1)

imports eased.

As a result of this cargo influx, Sero-ka said local warehouses are “bursting at the seams,” with a vacancy rate of below 1% both within the harbor area and in the Inland Empire, where many goods are trucked or sent by rail to distribution centers. “What [happens] is, before a container can get an appointment to unload and go into the warehouse, they are sitting a little bit longer – whether it be directly outside the warehouse or right here on the docks,” he explained.

Exports, on the other hand, have suffered as a result of trade tensions with China. “On the export side, we’ve seen our business to China drop by 22% year over year. That has pretty much mirrored what’s happening nationally,” Sero-ka said. Moving forward this year, he is expecting a “soft second quarter for trans-Pacific import trade,” but a rebound in the third quarter, which is traditionally the busy season for the San Pedro Bay ports. “We continue in Los Angeles to have a chance to outperform the market. And I think our first quarter numbers were pretty competitive with overall market growth,” he said.

For the Port of Long Beach (POLB), similar dynamics are at play. Mario Cordero, the port’s executive director, said that 2018 ended with a historic 8.1 million containers moving through the port. “Going forward, we have continued optimism that there will be a resolution,” he said, referring to the White House’s dispute with China over issues such as intellectual property theft and an imbalance of trade. “Right now there is no signal of any date of application with regard to the tariffs. . . . I think that is a positive signal,” he said.

When it comes to imports, Cordero said he expects POLB to outpace other ports in the nation this year. “The forecasts for import growth in the United States is somewhere around 1.8% overall . . . I foresee that we could exceed that,” he said. Exports might be different story.

“Right now, one of the other aspects with regard to the trade and tariff discussion is the overall impact to the U.S. exporter. It has been a negative impact,” Cordero said. “As an example, a year ago at this time we were talking about the tremendous hit that the American farmer took, particularly with commodities like soybeans.” However, China has agreed to purchase more U.S. agricultural goods, so that could turn around, he noted.

“At the end of the day what we need is a predictable trade policy. Until we have that, I think there’s still uncertainty in this business,” Cordero said. “We need to calm the fears of the investors, the shippers and the whole supply chain.”

To do that, Cordero is concentrating on operational excellence. “The more we focus on that, the more we create efficiencies,” he said. “There is no better example [than] what we did last month in March – the closing of the 9th Street junction,” he said, referring to a rail junction that caused congestion along adjoining truck routes. The closure also prepares for an



Mario Cordero, executive director of the Port of Long Beach, is pictured atop the port’s interim headquarters at 4801 Airport Plaza Dr. Cordero believes that an upcoming global rule requiring cleaner shipping fuels could benefit the Port of Long Beach, as trans-Pacific shippers could opt to send their goods to POLB rather than through the Panama Canal to the East or Gulf Coast ports in an effort to save money. (Photograph by Brandon Richardson.)



Gene Sero-ka, executive director of the Port of Los Angeles, is skeptical about the White House’s plan to boost manufacturing by putting pressure on China to create more balanced trade. “I think it’s been terribly counterproductive,” he said of tariffs levied against China. (Photograph by Brandon Richardson.)

eventual expansion of on-dock rail at Pier B, a capital improvement project intended to help move containers directly from ships to rail. For now, the closure has already streamlined the movement of goods, he explained.

Sero-ka is also guiding projects to streamline the movement of goods through POLA. One upcoming project is a new model to manage chassis, the wheeled trailers used by trucks to haul containers. “We’re going to try to pull all those chassis off the terminals and have some neutral locations on port property to make it easier for the truck community to get a chassis that has already been inspected and meets both federal and state regulations for roadability,” Sero-ka said. Existing chassis management models require truckers to pick the equipment up and drop it off at specific locations, which impacts the speed with which they are able to complete deliveries. Additionally, the port is soon rolling out a pilot program in which chassis will be affixed with sensors to monitor their locations and maintenance needs.

POLA has also adopted General Electric Transportation’s Port Optimizer program, which it tested in a pilot project over the course of several months in 2018 and 2017. The program provides a digital platform for entities in the supply chain to share data and track cargo, allowing for

better coordination among stakeholders. “All seven of our terminals are onboard sharing data, and I think 10 of the top 11 shipping lines are also on board,” Sero-ka said. “We have recently reached an agreement with the railroads, and the trucking community has been a longtime supporter of the concept and now is deep into the first version of the Port Optimizer. I think 95% of all the containers moving through the Port of L.A. will be attached to this software portal.”

Sero-ka hopes the program will ultimately help reduce truck turn times, the time it takes for a truck to pick up or deliver a container. “The most recent published stats show our turn times were 98 minutes. And that absolutely has to improve,” he said.

POLB also tested the Port Optimizer last year, and Cordero said it is up to the Long Beach Board of Harbor Commissioners whether to adopt it permanently. “I definitely support the concept of a single window platform . . . not only for the Port of Long Beach but for the San Pedro Bay complex overall,” he said.

Multiple rail expansion projects are planned at the Port of Long Beach to boost supply chain efficiencies, including on Piers B, G and J. “Between . . . 2020 and 2022, three rail projects are going to start moving. That’s going to be key to our effectiveness in terms of creating efficiencies in rail movement of cars and containers,” Cordero said.

Both ports continue to make significant investments in infrastructure. This year, the Port of Long Beach is moving into its 11-story headquarters at the new Long Beach Civic Center. It is also nearing completion of its replacement of the Gerald Desmond Bridge with a new cable-stayed structure featuring three lanes of traffic in each direction and a higher main span. “That’s a \$1.467 billion investment,” Cordero said. Meanwhile, the modernization of the port’s Long Beach Container Terminal is about two-thirds of the way complete, with 205 acres out of 305 now built out, he noted.

The Port of Los Angeles has multiple berth improvement projects underway and is in the planning stages for capital projects that will improve Evergreen Container Terminal, expand rail storage

tracks, reconfigure roadways and revamp the waterfront. Sero-ka estimates the port will spend between \$150-170 million on capital improvement projects in the next fiscal year.

Security remains a key point of focus for both executives. At the Port of Los Angeles, a cyber security operations center stops nearly 20 million cyber threats per month, Sero-ka said. Discussions are soon being held with port customers to discuss ways to share information about cyber security threats to help better protect the supply chain at large, he noted. “Thus far . . . receptivity [of] this idea has been really good,” he said, adding that he has spoken with representatives from the Department of Homeland Security, U.S. Customs & Border Protection and other federal agencies about the project. Cordero emphasized that the Port of Long Beach continues to elevate its cyber security technology as well.

Executives at the twin ports are watching economic conditions to gauge their expectations for trade for the balance of 2019. The forecast for U.S. gross domestic product (GDP) growth in 2019 is 2.9%, Cordero said, referring to the estimate as “a challenging number.” This would be the same percentage GDP increase as 2018. He explained, “That’s important to us because at the end of the day, the demand for cargo and the demand of the American consumer is key to our growth.”

Because most of the trade through the San Pedro Bay ports comes from and goes to China, the Chinese economy is of great interest. Sero-ka said that China’s economy appears to be slowing. “The [Chinese] stock market . . . is struggling quite a bit. There are some analysts that [think that may be] coming to a bottom, but we’ll watch that real closely too,” he said.

Beyond this year, the ports are focused on reaching the environmental goals laid out in their joint Clean Air Action Plan, which calls for all zero-emission terminal equipment by 2030 and zero-emission trucks by 2035. A report assessing the current pace of technology development for such trucks was released by the ports in April, and found that natural gas and electric-powered vehicles are the closest to reaching commercial viability. “The very good news, in my opinion, is that the technology is there and has been identified,” Cordero said.

“As we continue to move forward, I think it’s incumbent upon the Port of Long Beach to continue to operate this port as a business in a way that we’re thinking ahead,” Cordero continued. But he isn’t just talking about green technology – he is also proposing moving the port to 24-hour operations. Why? “The forecast for 2040 is the movement of maybe 30 million-plus containers. For 2030, which is only 11 years away, [it’s possibly] 25 million,” he said, reiterating that last year, by comparison, 8.1 million containers moved through the port. “How are you going to do that unless you maximize efficiencies, [including] maximizing the hours of operation? . . . And that’s why I am firm and steadfast that we need to move to a 24/7 operation.” ■

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Economists Weigh In On Challenges To Twin Ports' Marketshare

■ By **SAMANTHA MEHLINGER**
Editor

The past few years have marked growth for the San Pedro Bay ports. But even as the ports garner an increasing number of containers crossing their docks each year, economists and industry professionals point out that challenges remain – unpredictable trade policy, loss of marketshare, ever-expanding environmental regulations and the likelihood of future labor disputes related to terminal automation chief among them.

“The constant uncertainty of trade policy at the White House throws a tremendous shadow on any forecast for what’s happening over the next year or so,” Jock O’Connell, international trade advisor for Los Angeles-based Beacon Economics, told the Business Journal. “It’s a difficult period in which to forecast anything.”

O’Connell was referring to the Trump administration’s tactics in negotiating a trade agreement that would address U.S. government concerns about intellectual property theft by the Chinese government and corporations, as well as create a more balanced flow of trade between the two countries. Last year, the White House levied tariffs on billions of dollars worth of Chinese imports and threatened to raise them by another 25% by January 1 if a deal could not be reached. President Trump and China’s president, Xi Jinping, agreed to push that deadline to March 1. Trump decided to allow the date to pass without raising tariffs as the countries’ trade representatives continued to hash out their differences.

As a result of these anticipated deadlines, Chinese shippers sent imports to the United States in large quantities

ahead of schedule in order to beat out expected tariffs, O’Connell explained. “There was a surge during the last quarter of 2018 as importers realized they might, beginning the first of this year, be faced with a dramatic increase in tariffs,” he said. “The surge continued through December, and very abruptly started to end in January and February.” Additionally, he noted, “While we saw an import surge in anticipation of higher tariffs being imposed here, we have seen a decline in exports going to China because of the retaliatory tariffs that the Chinese have erected.”

Michele Grubbs, vice president of the Pacific Merchant Shipping Association (PMSA), pointed out that the ports of Long Beach and Los Angeles are doing well despite uncertainties surrounding trade policy. “We see a positive [growth in cargo volumes] of maybe a 2-4% this year, which is good news. Last year we handled over 17 million TEUs here in San Pedro Bay, which was an all-time record,” she said. The PMSA is a nonprofit organization representing the interest of West Coast terminal operators and shipping lines serving them.

When it comes to forecasting the outcome of the trade dispute between the U.S. and China, few claim to hold the crystal ball. “We’re anticipating that at some point in the next seven days or few weeks that the U.S. trade representative and his [counterpart] in China will release an agreement. And then it’s a matter of, well, does this satisfy the president? And does it satisfy his mood today, or his mood after watching a report on Fox News?” O’Connell mused.



Cargo volumes through the Port of Los Angeles increased by 4.6% in the first quarter of 2019, with a total of 650,977 twenty-foot equivalent units passing across the docks. (Photograph provided by the Port of Los Angeles.)

John Husing, chief economist for the Inland Empire Economic Partnership, laughed when asked whether he thought the United States and China would come to a resolution any time soon. “You’re asking me what I think the president’s going to do? I haven’t a clue,” he said. “I think his tariff policy, frankly, is crazy and certainly not in the best interest of the United States much less just about anybody else.” Husing argued that the tariffs imposed by both countries last year are starting to hurt their economies at a time when the global economy’s growth is already slowing.

A report released by Beacon Economics on April 17 analyzing newly released trade figures by the U.S. Census Bureau pointed to some negative impacts. Exports by California businesses declined 2.2% in February compared to the same month last year, with shipments of manufactured goods remaining roughly unchanged and non-manufactured exports such as agricultural goods declining, according to the analysis.

But when it comes to these figures, there were factors at play beyond the tariffs. The strength of the U.S. dollar gained 5.6% over the Chinese yuan,

Beacon Economics estimated.

Specific to the San Pedro Bay ports, challenges identified by O’Connell and Husing relate to their marketshare of containerized trade among the other ports in the nation and those along the West Coast of Canada. “We have seen a declining marketshare for the West Coast ports generally, and particularly for the ports of L.A. and Long Beach, which does not bode well for the ports long term,” O’Connell said. “They will likely continue to see year-over-year increases in container volumes, but their share of the trade will continue to diminish as more and more vessels take all-water routes to East and Gulf Coast ports.”

As O’Connell explained it, the ports of L.A. and Long Beach have been at an advantage when it comes to trans-Pacific trade from Asian countries due to their West Coast location and infrastructure capable of handling larger vessels. However, the widening of the Panama Canal in 2016, coupled with congestion issues at the San Pedro Bay ports related both to past labor disputes and changes in shipping trends, have caused some of the trans-Pacific trade destined for the eastern half of the U.S.

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THE SAN PEDRO BAY PORTS

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The first cables connecting the towers of a new bridge to its main span have been strung over the entrance to the Port of Long Beach's inner harbor. The structure is replacing the existing Gerald Desmond Bridge, pictured in the foreground, which is reaching the end of its intended lifespan. (Photograph provided by the Port of Long Beach.)

(Continued from Page 21)

to shift through the Panama Canal to ports along the East and Gulf Coasts, he explained. This is commonly referred to as the “all-water” route, while shipping goods through L.A./Long Beach to the eastern side of the country requires land transit.

“We always have to keep in mind that while the [San Pedro Bay] ports are important and they are big marvelous facilities, [that] most Americans still live on the other side of the Rockies,” O’Connell noted. “Increasingly, decisions are being made to move by all-water routes through Panama, and to some extent through the Suez [Canal], to bring goods directly to East and Gulf Coast ports to bypass West Coast ports in general, and in particular the ports of L.A. and Long Beach.”

Husing said that California’s environmental regulations could also hamper the competitive edge of its ports. “I spend a lot of time looking at the regulatory environment, where no matter what we do, the state keeps twisting the

screws tighter and tighter,” he said. As an example, he cited a rule proposed by the Southern Air Quality Management District (SCAQMD) – a state entity that governs air quality monitoring and regulations in much of Southern California. The proposed indirect source rule, which the agency’s board voted to begin crafting last May, would indirectly regulate emissions and air quality impacts caused by the movement of goods by assessing regulations on their destination points, such as warehouses, rail yards and airports.

An initial concept floated at a SCAQMD working group meeting in August suggested requiring warehouses to do business with trucking companies that have cleaner air emissions than the California Air Resources Board requires. “It’s essentially the air quality management district attempting to do what the law specifically doesn’t allow them to do, and that is to regulate the movement of goods,” Husing said.

O’Connell said that paying for changes required by environmental regulations is another dilemma. “The ports

are going to have to acquire lots of energy efficient, zero-emission vehicles to move containers around . . . and this is going to be a very costly endeavor that has to be financed somehow,” he said. “The fear is that if the ports impose higher fees on container traffic, they will drive the container traffic away.”

Another pressing matter at hand relates to the question of automating terminal operations. While Husing and O’Connell both identified automation as a solution for moving goods more efficiently, the union that represents West Coast dock workers, the International Longshore and Warehouse Union (ILWU), voiced opposition to the idea as recently as last week. Before the Los Angeles Board of Harbor Commissioners prepared to vote on a permit that would have opened the doors to automation at APM Terminal, so many members of the ILWU showed up in protest that the board’s regular meeting location had to be moved. Mayor Eric Garcetti ultimately sent a letter to the board requesting that they postpone their vote, which they did.

O’Connell pointed out that in past agreements with the group representing port employers, the Pacific Maritime Association, the ILWU agreed not to object to automation at the ports. “This is going to be a very contentious issue going forward. In the next round of negotiations, you’ll see a revisiting of the automation issue . . . It’s not going to be a very pleasant issue to negotiate as we get nearer to the expiration of the current contract,” he said. He noted that if labor disruptions occur, cargo owners could choose other ports, further impacting the San Pedro Bay ports’ marketshare.

“One of the big things we’re watching is our marketshare. Even though we’re growing, we are seeing other ports across the US that are growing at a faster rate,” Grubbs said. “We are really focused on right now on the terminals being very efficient, and we are looking to stay as competitive as we can, because this gateway really does produce hundreds of thousands of jobs for the region. It is really critical that we remain competitive.” ■

San Pedro Ports Make Major Investments In Rail Expansion Projects

■ By **PIERCE NAHIGYAN**
Staff Writer

The ports of Long Beach and Los Angeles are pursuing multi-million-dollar projects to enhance their rail systems. As the Port of L.A. increases its staging capacity, Long Beach is investing in four separate projects to expand its on-dock rail infrastructure. Scheduled over the coming years, the rail expansion at the Port of Long Beach (POLB) is an essential component of its 10-year, multi-billion-dollar capital program to develop its economic power and achieve its long-term environmental goals, according to the Long Beach Harbor Department's 2019 budget report.

Creating more on-dock rail at the Port has the potential to not only increase the efficiency of cargo movement but to also significantly reduce the volume of pollutants emitted by drayage trucks, Sean Gamette, managing director of engineering services at POLB, told the Business Journal. On-dock rail means cargo moves from a container ship to a train without ever passing onto a truck. "Basically, every on-dock train has the potential to reduce truck trips in and out of the port by up to 750 total trips [per day]," he said. "The ocean carriers are very much in favor of moving more cargo by on-dock rail because it's so cost effective."

Various factors have improved the cost effectiveness of transport by rail, Gamette continued. In the past, cargo needed to travel at least 500 miles to

justify rail transport. "Recently we've seen that drop closer to 250 miles away for some of the markets," he said. "We're going to lower that further by the improvements we make here in the port complex."

The largest POLB rail project slated for development is the \$870 million expansion of the on-dock rail support facility at Pier B, located southwest of Anaheim Street and the 710 Freeway. Gamette said the port is in the process of contracting a design agency to supplement the work of its staff, and plans to begin the design process this summer. The 180-acre facility could include 90,000 feet of storage tracks and five 10,000-foot storage tracks. Existing tracks would connect docks directly to the Alameda Corridor, which connects the San Pedro ports to the national rail system. Road realignment and utility work is set to begin in 2022, with the entire project tentatively set to be completed in 2032.

The second largest project, the \$40 million Terminal Island Wye Track Realignment, will add a 5,000-foot mainline and two 2,000-foot storage tracks to Pier S, Gamette said. When completed, the project is expected to reduce congestion at terminals for arriving and departing trains. Gamette said the project is scheduled to be completed in 2022.

The Pier G and J Double Track Access Project is a \$25 million project

to remove a bottleneck between Piers G and J and add 1,500 feet of storage track. "The big benefit here is the uninterrupted movement of trains in and out of Piers G and J, the two container terminals," Gamette said. "What that equates to is about an additional train per day that we can get in and out of the Port through that area." This project is slated for completion by 2021.

The last project, what Gamette called "the fourth track at Ocean Boulevard," would add 2,000 feet of lead track to the east end of the new structure replacing the Gerald Desmond Bridge, and eliminate a bottleneck where four tracks become three. "The addition of this fourth track . . . has a huge benefit," Gamette said. "It will allow simultaneous movement of trains in and out of our Middle Harbor container terminal without impacting mainline operations on our Piers G and J container terminals." The \$22 million project is set to be completed in 2022.

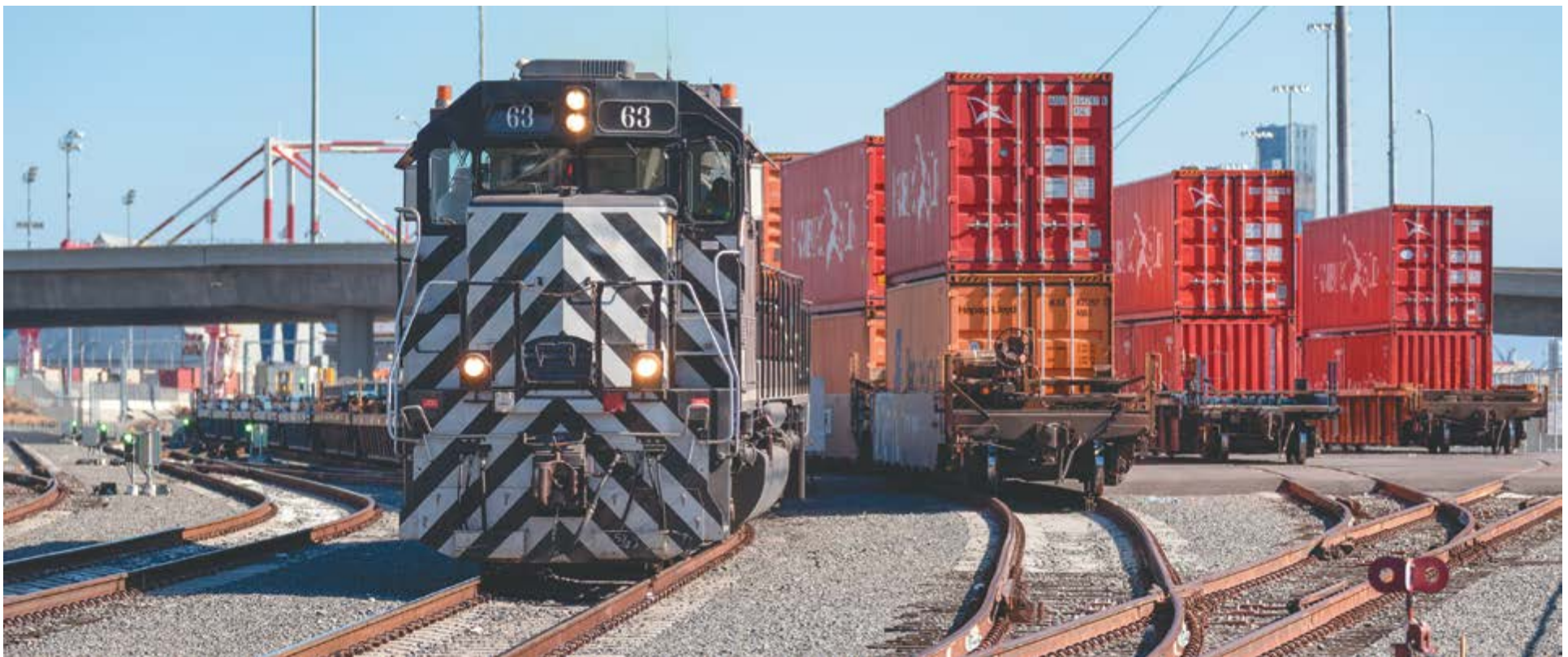
Gamette said that more rail can help the port grow its already expansive marketshare. "We moved eight million twenty-foot-equivalent units [TEUs] through our city's port last year," he said. "Nearly \$200 billion in goods moved through Long Beach [in 2018], supporting more than 51,000 jobs in Long Beach itself, 576,000 jobs throughout Southern California and, based on our economic study, about 2.6 million jobs across our great country." Gamette characterized the port's capital program as one of the large-

est in the United States.

On the other side of the San Pedro Bay port complex, the Port of Los Angeles (POLA) is also beginning a rail expansion project. According to Tony Gioiello, POLA deputy executive director of development, the Pier 400 Corridor Storage Track Expansion is a \$34 million build out of its existing rail system. "These are not working tracks, they're more staging tracks to get trains out of terminals more efficiently," he explained.

POLA Director of Media Relations Phillip Sanfield said L.A. was the first port in the United States to have on-dock rail at every one of its terminals. "We're expanding it and always improving, along with our railroad partners, but a lot of the work has been in place and worked on over the last decade," he commented. POLA ships about 30-45% of its cargo by rail, he added.

Gioiello said the Pier 400 rail expansion is currently in its design phase, which may conclude at the end of the year. Construction is slated to begin before the end of 2020 and be completed by 2022. "Strategically, rail is important to us because the cargo that leaves this port destined for other parts of the country leaves by rail. That's cargo that could be diverted to other ports. So we believe [our investment in] rail infrastructure . . . is why a lot of the cargo comes here," he said. ■



The nearly \$1 billion in rail enhancements could significantly improve efficiency and air quality in the Port of Long Beach, Managing Director of Engineering Services Sean Gamette told the Business Journal. (Photograph provided by the Port of Long Beach.)

PierPass Updates Still Under Review; Trucking Industry Seeks Modernized Appointment Systems

■ By **ALENA MASCHKE**
Staff Writer



The nonprofit organization PierPass, which administers the Off-Peak program at the Long Beach and Los Angeles ports, was established by terminal operators to supervise traffic mitigation efforts at the ports. The program will retain its name, despite a change from peak/off-peak pricing to a flat fee. (Photograph by Brandon Richardson.)

Last year, 17.6 million twenty-foot equivalent cargo containers moved through the ports of Long Beach and Los Angeles combined, positioning them both firmly atop the list of the nation's busiest ports. Every day, hundreds of trucks file through the ports' gates. Reducing the traffic congestion and air pollution they create has been a major task for the port, its operators and vendors.

In 2005, the ports' terminal operators signed the West Coast Marine Terminal Operator Agreement (WC-MTOA) to create a program aimed at spreading truck traffic over two daily shifts in an effort to reduce congestion and pollution around the port complex. Over a decade later, in November 2018, the nonprofit in charge of administering the Off-Peak Program, PierPass, changed its fee schedule from a peak-pricing model to a flat fee of \$31.52 per 20-foot container.

PierPass was set up to administer the collection and distribution of fees collected by the program. The nonprofit's president and chief operating officer, John Cushing, said that before the Off-Peak Program was launched, 90% of containers were picked up and delivered during the daytime shift between 8 a.m. and 5 p.m. "That volume all compressed into that one shift was challenging the infrastructure," Cushing noted. "So the objective was: find a solution to mitigate the traffic." The Off-Peak Program offered reduced fees

for cargo entering and exiting the port during a second shift, from 5 p.m. to 2 a.m., as an incentive for truckers to come to the terminal at night.

Cushing said the efforts to disperse traffic over two shifts were successful in reducing congestion. But in 2016, trucking companies and other stakeholders asked Pierpass and the signatories of WCMTA to review the program. One area of concern was that trucks lining up just prior to off-peak hours to take advantage of lower fees, causing congestion and pollution. PierPass responded by changing the fee system from peak-pricing to a flat fee for both the daytime and evening shifts to prevent trucks from idling at terminal gates while they waited for lower-priced timeslots. This change was implemented in November 2018.

According to Cushing, drivers have continued to utilize both shifts equally, even after the pricing model designed to incentivize drivers to enter and exit the port at night was replaced by a flat fee.

Escalating trade tensions between the U.S. and China, the ports' largest trade partner, caused a spike in cargo volumes ahead of anticipated tariff increases in January 2019 and a subsequent drop in the following months; Cushing said this dynamic has made it challenging to gauge the success of the new Off-Peak system at this point. Still, his take was positive overall. "Given that we got hit with the surge and

then the big lull, we're very impressed with how seamless the transition was," Cushing said.

Weston LeBar, executive director of the Harbor Trucking Association, a coalition of port-area intermodal carriers, reserved judgement on the new fee schedule for the same reason. "We were not operating under normal circumstances and because of that, it's really unfair to try to categorize the effect of anything when you're in a situation that's so extraordinary," LeBar said.

His organization has been supportive of the changes, he said, and will continue to work with WCMTA members to support the success of the program. "It wasn't 100% what we wanted, but it was pretty close," LeBar said. "We want to continue to have dialogue with the marine terminal operators and the PierPass board to make sure that we're not just resting on our laurels, but we continue to finetune and tweak the program."

One of the major sticking points in the discussion between terminal operators and the logistics industry – which includes freight forwarders, customs brokers, trucking companies and other entities – have been the appointment systems used to coordinate the loading and unloading of cargo at the terminals. The increased cargo volumes moving through the port in late 2018 emphasized the need to modernize appointment systems, according to LeBar. "When you have a great surge in cargo, you need to make sure that you have dynamic, effi-

cient appointment systems, and I think there was a lot of exposure to the fact that we could have better technology in the industry," he explained.

The Harbor Trucking Association wants to leverage technology to improve the scheduling process for cargo transfers by directly accessing the terminal operators' application programming interfaces (APIs). By tapping into APIs, trucking companies would be able to access appointment data directly, rather than going through a scheduling portal. "That allows for our members to use their operating systems as a portal, because they'll be getting all of that information directly into the systems that they use to dispatch truck drivers," LeBar said.

This two-way stream of data enables terminal operators to receive information on the location of a specific truck, allowing them to move appointments around if trucks arrive earlier or later than scheduled. "For us, that's the ultimate end goal: to allow the systems to talk to each other and help do that advanced planning," LeBar said. A more dynamic appointment system would increase efficiency, he explained, helping to reduce congestion and pollution. "I think as an industry, we're headed in the right direction, but now is really the time to make sure that [we're] investing in technology, we're getting the best systems out there and we're making sure that we're leveraging the data aspect, so we get that seamless flow of cargo." ■

Long Beach Area Provides Fertile Ground For Growing Logistics Startup Scene

■ By **ALENA MASCHKE**
Staff Writer

On Tuesday, April 16, dockworkers at the Port of Los Angeles protested the potential use of automated trucks at the nation's largest port, causing the L.A. Board of Harbor Commissioners to table a decision that would have allowed terminal operator APM to use driverless cargo vehicles. Autonomous trucks have been a contentious issue in the shipping industry, but automation has already taken hold in other areas of the logistics industry.

Numerous startups across the state have set out to modernize the supply chain through technology, and a number of them have chosen the Long Beach area as their home base. "It's really a prime location for this business," Steve Wen, co-founder and CEO of Lakewood-based Dray Alliance, told the Business Journal. "The L.A. and Long Beach ports are within a few miles of our office," Wen noted. "Having an office, initially, that's really close to where our customers are allows us to quickly resolve any problems in the beginning and do a lot of research, by having a close relationship with our end users."

Dray Alliance is one of two drayage-focused startups with offices in the Long Beach area that provide an online platform connecting small trucking companies with cargo loads in need of transportation. "Their livelihood relies on getting containers out of the ports more efficiently," Wen said. "We provide the right tools for them to engage with customers and we also provide the customers for them." In February, the company announced that it had secured \$3.5 million in seed funding from Craft Ventures, a venture fund.

"I think it's important to take a step back and acknowledge that over the last 20 years or so, the world economy has evolved much faster than the traditional supply chain and has grown much more complex as consumer expectations have shifted and evolved," Stuart Leung, general manager of North America and the Southwest at Flexport, told the Business Journal. "Today, if you go online and you buy something, the expectation is that it's delivered in two days and, in some cases, maybe an hour. For companies to achieve that and deliver on that promise, they need to be really nimble, really flexible, really fast."

Flexport, a company based in San Francisco, has secured massive funding

in recent years. In February, the company announced its most recent fundraising success, a \$1 billion investment from the SoftBank Vision Fund. In a press release, founder Ryan Peterson outlined the company's growth since its inception in 2013: close to \$500 million in revenue, 1,000 employees, 11 offices and warehouses and nearly 10,000 clients and suppliers.

"There are a lot of technology players in this space . . . and I'm really encouraged by that," Leung said. "We're just getting started, and you should expect a lot more exciting things to come."

So far, the company has focused on

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In 2013, Steve Kochan started his logistics tech firm Comfreight in a small studio apartment in Long Beach. He's proud of the growth his company has achieved since then. "Having actually gone out and raised money from Silicon Valley and gotten us on the map as a city more recently, I'm really proud of that," Kochan said. (Photograph by Brandon Richardson.)



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creating “The Operating System for Global Trade,” which weaves together the various steps of the global supply chain on one platform, offering clients real-time tracking, data collection and analysis as their goods move across the world. In addition to automated data collection, clients are assigned a team of operators, which Flexport calls a “squad,” to assist with any challenges that may come up along the way. “Because supply chain and freight forwarding are fairly complicated, challenges and exceptions do come up fairly quickly,” Leung said. “We manage the shipment flow end-to-end.”

Many smaller startups have focused on one element of the supply chain, like drayage, or one geographical area. NEXT Trucking, a Lynwood-based company, seeks to replace traditional freight brokers by directly connecting truck drivers with their cargo through a digital platform, similar to the Uber Freight services launched by transportation giant Uber. But, “different from some other tech startups that are trying to conquer the world, we actually are more regionally driven,” Lidia Yang, co-founder of NEXT Trucking, told the Business Journal. NEXT Trucking, which raised \$97 million in a recent funding round led by Brookfield Ventures and Sequoia Capital, is currently focusing its efforts on California and the Southwest.

“Traditionally, drivers rely on brokers to find them loads via phone calls or text messages. Drivers can spend hours on the phone with a traditional broker, trying to find the ideal load,” Yang explained. By streamlining the process and taking the procurement of cargo to a digital platform, Yang said her company offers lower fees than traditional brokers and increases the visibility of available cargo for trucking companies. “We wanted to provide more clarity and transparency to the truck drivers.”

The ubiquity of personal tech devices has spurred the development of trucker-focused apps and online ser-

vices, Yang explained. “Compared to three years ago, a lot of drivers didn’t even have smartphones. Now, almost all the drivers have downloaded one or two apps.”

The owner-operators who make up a large portion of the trucking industry as well as the small businesses that traditionally broker the exchange of cargo often don’t have the resources to develop operating systems and platforms of their own. For them, the Long Beach-based startup Comfreight offers another alternative to phone calls and fax machines. Rather than cut out freight brokers altogether, Comfreight offers a free digital platform where brokers post available loads for trucking companies to accept. In 2018, the company raised \$3.1 million in a seed funding round led by the San Francisco-based venture capital firm Initialized Capital.

The company’s revenue comes from the financing of payments made to trucking companies. As soon as a truck driver drops off his or her cargo load, Comfreight’s financing service, Haulpay, creates a digital invoice. For a fixed percentage of the billed amount, the company pays the trucking company directly. The company’s leads for this service are created through the free platform, also referred to as a loadboard. “Comfreight’s loadboard is . . . effectively like a freight matching app,” Comfreight founder and CEO Steve Kochan explained. “So you have multiple different brokers interacting with different carriers, interacting with different shippers, rather than the data connection being intercepted on every single load.”

Kochan said services like the one provided by his company will bring automation to the industry in the near future. Comfreight uses automated risk-assessment to vet clients before paying out invoices on their behalf, as well as algorithms that help match trucking companies with available cargo loads. “We fundamentally see transportation and the financing of the movement of that transportation as critical digital infrastructure for the country,” Kochan said. ■

How Long Beach And Los Angeles Work Together To Create Safer, Greener Ports

■ By PIERCE NAHIGYAN
Staff Writer

When it comes to doing business in the San Pedro Bay port complex, the ports of Long Beach and Los Angeles actively compete for trade. But in matters of environment and security, and how these issues impact surrounding communities, representatives from both ports say they’re committed to working together.

“Commercially, we’re pretty strong rivals. There’s a vested interest in getting the most containers into each other’s ports. But from a security standpoint, we’re absolutely in lockstep,” Casey Hehr, director of security services for the Port of Long Beach (POLB), told the Business Journal.

Tim DeMoss, air quality supervisor for the Port of Los Angeles (POLA), made a similar comment. “While we compete with [Long Beach] for business, we do not compete environmentally,” he said. “The staffs of both ports work together very well. We foster that relationship because we know it’s important.”

The environmental partnership between the ports dates back decades, according to Rick Cameron, POLB’s deputy executive director for planning and development. The relationship took a major leap forward in 2005, when the ports’ leadership developed the Clean Air Action Plan (CAAP). Adopted in 2006, the CAAP was a response to increasing pollutant air emissions caused by traffic in the port complex. “From the 1980s to mid-2005, container throughput went up about 10-times,” DeMoss explained.

Sean Gamette, managing director of engineering services at POLB, noted that about 40% of imports to the United States and 25% of its exports pass through the San Pedro Bay each year, making it the nation’s busiest port complex by container volume. Unfortunately, due to the geography of Southern California, pollution emitted by the ships, trucks, equipment and harbor craft that operate in the ports becomes trapped in the Los Angeles Basin. Complaints about air pollution from the ports grew in tandem with their commercial activity, DeMoss said.

But the ports took those complaints to heart, according to POLA Director of Media Relations Phillip Sanfield. “That’s one area where we do work together, reaching out to the entire bay

complex community on environmental issues,” he commented. “We do community meetings that are joined to get input from all members at the same time.”

With CAAP as their guide, the administrations of the twin ports created various incentives and programs to successfully reduce the emissions of their operations. Measured against the ports’ 2005 baseline emissions inventory, sulfur oxides have been reduced by over 95%, diesel particulate matter by 85-87% and nitrogen oxides by 55-60%, according to Cameron. In 2017, the CAAP was updated to establish a new goal: transitioning to zero-emission equipment by 2030 and zero-emission trucks by 2035. The ports have received grants from the California Energy Commission and California Air Resources Board to stage demonstrations and studies of alternative fuel technologies. DeMoss said that if these pilot programs prove that near-zero and zero-emission machines are commercially feasible, new incentives and strategies will be created to convince terminal operators to purchase and use them.

To coordinate the CAAP, joint meetings of the POLB and POLA harbor commissions are held at major phase points in the plan, Sanfield noted. “Behind the scenes, it’s a lot of hard work between the environmental teams spending countless hours together getting feedback from stakeholders, whether they’re terminal operators, truck drivers, railroads, [or] shipping lines,” he said.

Due to the ports’ importance to the economy, there are even more stakeholders involved at the national level, L.A. Port Police Deputy Chief Randy Allen said. That requires collaboration and communication among the many security agencies that operate in the ports. Locally, that includes the Los Angeles and Long Beach police departments, L.A. County Sheriff’s Department, local fire departments and the California Highway Patrol. Federal agencies include the Department of Homeland Security, the Federal Bureau of Investigation and the U.S. Coast Guard, the last of which oversees general operations in the harbor. “As a group, we train together to ensure that when we respond to a major incident, we all have our role,” Allen said.

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Casey Hehr, director of security services at the Port of Long Beach, and Rick Cameron, deputy executive director for planning and development, stand outside the port's Joint Command and Control Center. Cameron told the Business Journal that Los Angeles and Long Beach are committed to improving the environment in and around the dual port complex. "The leadership fundamentally agreed that we need to work together to accomplish these lofty goals that we have for the bay. You can't separate L.A. water from Long Beach water," he said. (Photograph by Brandon Richardson.)

has evolved significantly since the 9/11 attacks, the deputy chief explained. "Law enforcement was given a directive that we shall communicate more, share our resources more, and ensure that there is continuity of operations among all disciplines," Allen said. "We've gotten better at it, but I've never seen it work better than in the maritime world."

In partnership with other law enforcement agencies, the L.A. Port Police established the Los Angeles Regional Maritime Law Enforcement Training Center in Wilmington, which offered its first basic course in 2011. Designed to provide training for all agencies that have jurisdiction on the waterways, Allen said the center has graduated hundreds of officers from the Southern California region. The training center is a major asset, he continued, as it creates a standardized training for law enforcement agents working together in the complex.

In addition to guarding against smuggling and piracy, one of the L.A. port's highest priorities is protecting against cyberattacks, Allen said. "It is a significant factor for us, anything that would cause any kind of slowdown of commerce," he explained. "Because the impact would not only be to the local and regional economy, but literally the nation."

Casey Hehr said that security's top priority is just keeping the ports' stakeholders – employers, laborers and mariners – all working in a safe environment. "Our role is really to prevent something from happening before it happens," he said. To keep operations running

smoothly, agencies work together on exercises and drills, and share information gathered via radar and video.

When asked what security is searching for during its inspections, Hehr answered, "irregularities." Ships that enter the harbor weighing over 250 gross tons are required to give 96 hours' notice, he said. This gives individual agencies more time to prepare for the arrival. Ships measuring below this weight threshold are not required to give as much notice, and there are many such vessels to keep track of. "It's really an open port," Hehr said of the San Pedro complex. "You have ships that are 1,100 or 1,200 feet transiting in and out of there, you have tankers with millions of gallons of oil right next to a jet ski or a speedboat. There have been incidents in the past where small boats have been up to nefarious things."

Allen said the partnership among the various security agencies is critical to ensuring business continuity in the region. "The security of this port complex takes many agencies – federal, state, county, local – and all have assets and personnel involved in securing this port complex."

And while the ports remain commercial rivals, Long Beach and Los Angeles continue to work together to keep the business and civic community informed of their operations, co-hosting seminars and education tours. "Both ports will share the responsibility of a tour of the complex so that our elected officials are up to speed on the nation's business complex," Sanfield said. "We work a lot in that respect." ■



Randy Allen, deputy chief for the Los Angeles Port Police, lives in Long Beach and served with the Long Beach Police Department for 28 years. He told the Business Journal that the size and scope of the San Pedro Bay port complex requires multiple law enforcement agencies. (Photograph by Brandon Richardson.)

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Millennial Pulse

(Continued from Page 1)

but while eating a sandwich at the local deli wondering what I'd just gotten myself into, I saw the news of the Boston Marathon bombing break.

Six years later Notre Dame burned as I transcribed interviews about the same subject. Two disasters, six years apart: enough to make a person ruminate. And I did.

Mourning with the rest of the world, I began to think of what humanity has lost since the coming of age of my generation, the Millennial generation, began. For Millennials, you have to mark the beginning of that process with 9/11. Everything for us falls into two categories: before 9/11 and after 9/11.

While the world media fixated upon France, I began to think about how many other significant sites have been lost in the time since 9/11, an event itself representative of a loss so colossal that is still, in many ways, unfathomable.

Many ancient historic sites and relics were wiped out by ISIS in an effort to control the narrative of history, to, I suspect, wipe out evidence of greater civilizations so that they might seem more venerable. Palmyra, a UNESCO World Heritage site in Syria, was occupied by ISIS periodically between 2011 and 2017, and in that time almost totally destroyed. Before and after photos of the ancient city, which dates back at least as far as the first and second centuries, are gut wrenching. ISIS also had a hand in destroying many other ancient monuments and relics in Syria and Iraq.

Beyond ancient cultural sites and relics, though, humanity has suffered other losses in recent years that stand to impact our collective memory and our culture moving forward.

One that worries me most is the slowly fading generation of Holocaust survivors and World War II veterans who have been so crucial in keeping the memory of one of the darkest periods in recent human history alive. We have photos, we have history books, museums and oral history – but something happens when the last of a generation to remember an event dies. It makes it easier to make revisions as history is retold, or, on the extreme end of the scale, to deny such events occurred entirely.

In my first column of 2019, I wrote about the problem of growing anti-Semitism. Since then, several widely publicized incidents of anti-Semitism have occurred, including in nearby Newport Beach. I decline to rehash the details because I frankly don't want to run the risk of anyone delighting in them. But I will say that my alma mater, Chapman University, was able to step in. The college had invited Eva Schloss, Anne Frank's stepsister, to come speak that same week, and connected her with the Newport Beach high school so that she could visit those involved and put a hu-

man face to their wrongdoing. And now, I have to wonder: what will happen when there are no more Eva Schlosses?

Humanity has suffered some significant intangible losses to our culture as well in recent years. I have a feeling I am going to catch some flak for touching on this first one, but so be it: we seem to have thrown out the concept of due process. We no longer try people by jury – we try them in the court of public opinion, hosted by social media. All it takes is one accusation (no proof required), or one off-color comment made 10 years ago when it was not off-color, for the social media hivemind to ostracize someone from society.

Sometimes, as we all well know, those who are outcast deserve it. But sometimes, the lines are too blurred to know for sure. R. Kelly, as far as I am concerned, belongs in jail. When you have literal throngs of people accusing one person, the adage of "where there's smoke, there's fire" ought to transform to: "there's a whole forest on fire, why has this slow-burning disaster been allowed to continue for so long?!"

On the other hand, you have people like Aziz Ansari, a comedian one woman wrote an essay about that characterized her sexual experience with him as assault. But while her descriptions of the incident depicted a man who was at worst manipulative and domineering, it did not depict a situation that would have met the parameters of sexual assault in any courtroom. Yet society essentially threw him out with the same bathwater that the likes of Bill Cosby are in.

The court of public opinion does not act with thought, does not weigh facts in the balance before issuing a verdict. It is swift and immediate, and, many times, final. Should it be?

Another aspect of our society I fear is on the verge of being lost to time is bipartisanship. The concept seemed to meet its symbolic demise with the death of Senator John McCain, a figure who respected by many individuals from both prevailing political parties in the U.S. in a way few others were in this century and the last. His public viewing and funeral befit an American hero respected by many from different walks of life. Will we see someone like that again, as our politics continue to become more fractured and divisive?

What does the loss of these aspects of our cultural heritage, both tangible and intangible, mean for humanity? I'd say the first people who should be asking themselves this question are the Millennials. We're old enough to remember, yet young enough to forget. It is our responsibility to pass on memories to younger generations as our elders fade. As technology continues to change society at a more rapid pace than ever before, and war and random calamity take away other aspects of history, how will we react? Will we work to save the memories of what we've lost? Or will we allow them to fade? ■

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