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## A Grand History: Jim Choura's Journey From Meat Markets To A Local Catering Empire

By **SAMANTHA MEHLINGER**  
ASSISTANT EDITOR

**G**rand Food & Beverage, the catering company that operates and manages the events venue, The Grand Long Beach, is a family-owned, local business with a long history and

deep roots in the community. As owner Jim Choura put it, "My whole life has been right here."

Choura was brought to Long Beach in 1947 by his parents, who decided to relocate from the Chicago area where for two generations the family had found success operating several meat markets.

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Jim Choura, founder and owner of Grand Food and Beverage, stands in front of a wall in his office that is covered floor to ceiling with awards he and his business have amassed over the years. Choura's company manages and operates The Grand Long Beach. (Photograph by the Business Journal's Samantha Mehlinger)

## Economic Outlook

### Tax Reform Expected To Drive Growth In '18

By **SAMANTHA MEHLINGER**  
ASSISTANT EDITOR

**S**tronger economic growth is expected both at a national and regional level this year, in part due to tax reform, according to economists interviewed by the Business Journal.

"We're looking for a bit of an acceleration in the economy," Steve Cochrane, managing director for Pennsylvania-based Moody's Analytics, said. "If 2017 comes in at 2.3% growth for real GDP – and that's still an estimate because we don't have fourth quarter [figures] yet – in 2018, we're looking at something closer to 2.8% [growth]."

Cochrane's projection for increased economic growth in 2018 is related both to policy and cyclical

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## City Auditor: More City Oversight Needed For Business Improvement Districts

By **BRANDON RICHARDSON**  
SENIOR WRITER

**A**n audit of Long Beach's 10 business improvement districts (BIDs) found that lax oversight on the part of the city resulted in subpar annual reports, a lack of understanding of agreements and mishandling of funds. The audit was conducted by Long Beach City Auditor Laura Doud and her staff and released earlier this month.

"We wanted to look at some

best practices and we wanted to make sure the city was doing its role. This was really just kind of a first step and we found that the city was lax in their oversight," Doud told the Business Journal. "The BIDs now know we are actively watching. We found that several of the BIDs didn't even know agreements existed."

The audit did not include an in-depth review of operations or services provided by each BID, nor if BID members were receiving a return on their investment (each

business within a BID boundary is charged an assessment).

Doud's staff analyzed financial records and other data exchanged between the city and its BIDs from October 1, 2015, to March 31, 2017. The audit's key findings included:

- BIDs were not aware that agreements existed or were not knowledgeable of their content because the city did not emphasize or enforce the terms.
- Annual reports submitted by

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### POLITICAL WIRE

## Local Unions Take Aim At City's Last Conservative

By **GEORGE ECONOMIDES**  
PUBLISHER'S PERSPECTIVE

**I**t's safe to say that conservatives elected to local, state or federal offices are part of Long Beach's past and not its future.

Years ago, unions took advantage of a politically weak and disconnected business community and a less involved electorate, and began flexing their collective political muscle. Today, unions and union

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**MILLENNIAL PULSE**  
By Assistant Editor Samantha Mehlinger  
**A How-To Guide For Millennials In 2018**

What's true for one isn't true for all, but it seems pretty clear that life in 2018 just isn't going the way many of us Millennials had planned. There's a guy running our country who most Millennials didn't

vote for or expect to win, and, well, as a result, a lot of stuff isn't panning out the way we thought it would. So, if 2017 was about melting our Millennial snowflake exteriors, what's 2018 about?

# PortSide Keeping Up With The Port Of Long Beach

Rose Siengsubcharti is one of 25 employees within the Port of Long Beach's Environmental Planning Division. As an environmental specialist in the division's air quality group, she works every day to identify new technologies to reduce air emissions from port operations. "We have five sources of pollutants here at the port," she said, referring to heavy duty trucks, ocean-going vessels, cargo handling equipment, harbor craft and locomotives. "We try to find technology that will reduce emissions from any of those five source categories." Siengsubcharti is a program manager for the Technology Advancement Program (TAP), a joint initiative between the ports of Long Beach and Los Angeles that awards grants to demonstrate near-zero and zero-emission technologies. The hope is that such technologies would eventually replace diesel-fueled equipment. For example, Siengsubcharti is currently working with a technology provider on a demonstration of battery-electric, zero-emission yard tractors – equipment used to move containers within terminals. "A lot of times, with new technologies, there is still that skepticism about it because we haven't really seen it in action yet," she said. "And that's what I am hoping to change with our demonstration projects, is to show these terminal operators that it actually will work." The hope with TAP projects is that, when technologies are proven to be effective, they would be commercialized for cost-effective implementation, she explained. These are changes that will not occur overnight, but will take time, she noted. Siengsubcharti's educational background is in environmental health, "because I have always wanted to help people," she said. "Being able to help clean the air so that air becomes more breathable for the Long Beach residents is rewarding to me." She added, "Not only do I work on projects to reduce air emissions, one of my favorite activities is to teach both high school and college students about environmental health."

– Samantha Mehlinger, Assistant Editor



# Long Beach Convention & Visitors Bureau Named Best In The West



Long Beach has again been recognized on a national stage thanks to the Long Beach Area Convention & Visitors Bureau (CVB), which beat out steep competition to take home the 2017 Stella Award for Best Convention & Visitors Bureau in the West. The CVB bested the Las Vegas Convention & Visitors Authority and the San Diego Tourism Authority to win the award, which is considered the most prestigious in the meetings industry. The 2017 Stella Awards combined two previous awards for the industry: Successful Meetings Magazine's Pinnacle Award and Meetings & Conventions Magazine's Gold Service Award. "We are really excited that meeting planners across the U.S. voted us as best of the west," CVB President and CEO Steve Goodling said. "We were also really pleased to see that we were in such great company as Las Vegas and San Diego, which have terrific bureaus. For us, it was kind of like winning the Super Bowl." Goodling added that the award was also a reflection of the work of the CVB's partners in the city, including the Long Beach Convention & Entertainment Center, the city government, hotels, restaurants and others. "This award is a huge due for our city," Goodling said. He is pictured with the award, which has an inscription that reads: "The Stella Award: Honoring Excellence In The Meetings Industry, Best CVB/DMO For West Winner, The Long Beach Convention & Visitors Bureau." (Photograph by the Business Journal's Pat Flynn)

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The Aquarium's exhibits and programs all deliver conservation messages, encouraging visitors to become ocean stewards. The Aquarium also engages in a variety of conservation projects, both on site and off.

Aquarium staff members regularly participate in conservation work in the field. Ongoing projects include efforts to preserve native birds in the Mariana archipelago, to restore coral reefs in Guam, and to identify whales in our local area.

Research conducted by Aquarium staff includes work with the National Atmospheric Administration's National Marine Fisheries Service to breed abalone for their eventual release and the artificial insemination of sharks.

The Aquarium's staff has developed expertise in breeding many species of animals, including endangered birds like the Guam kingfisher and Magellanic penguin and the endangered giant sea bass, a local fish. These efforts ensure the survival of these species and help build knowledge about what they need to thrive.

The Aquarium also collaborates with zoos and aquariums across the country and around the world to raise awareness of conservation issues and animals facing extinction, such as the vaquita, a porpoise native to the Gulf of California in Baja.

To read more about these and other conservation programs, visit [aquariumofpacific.org/conservation](http://aquariumofpacific.org/conservation).



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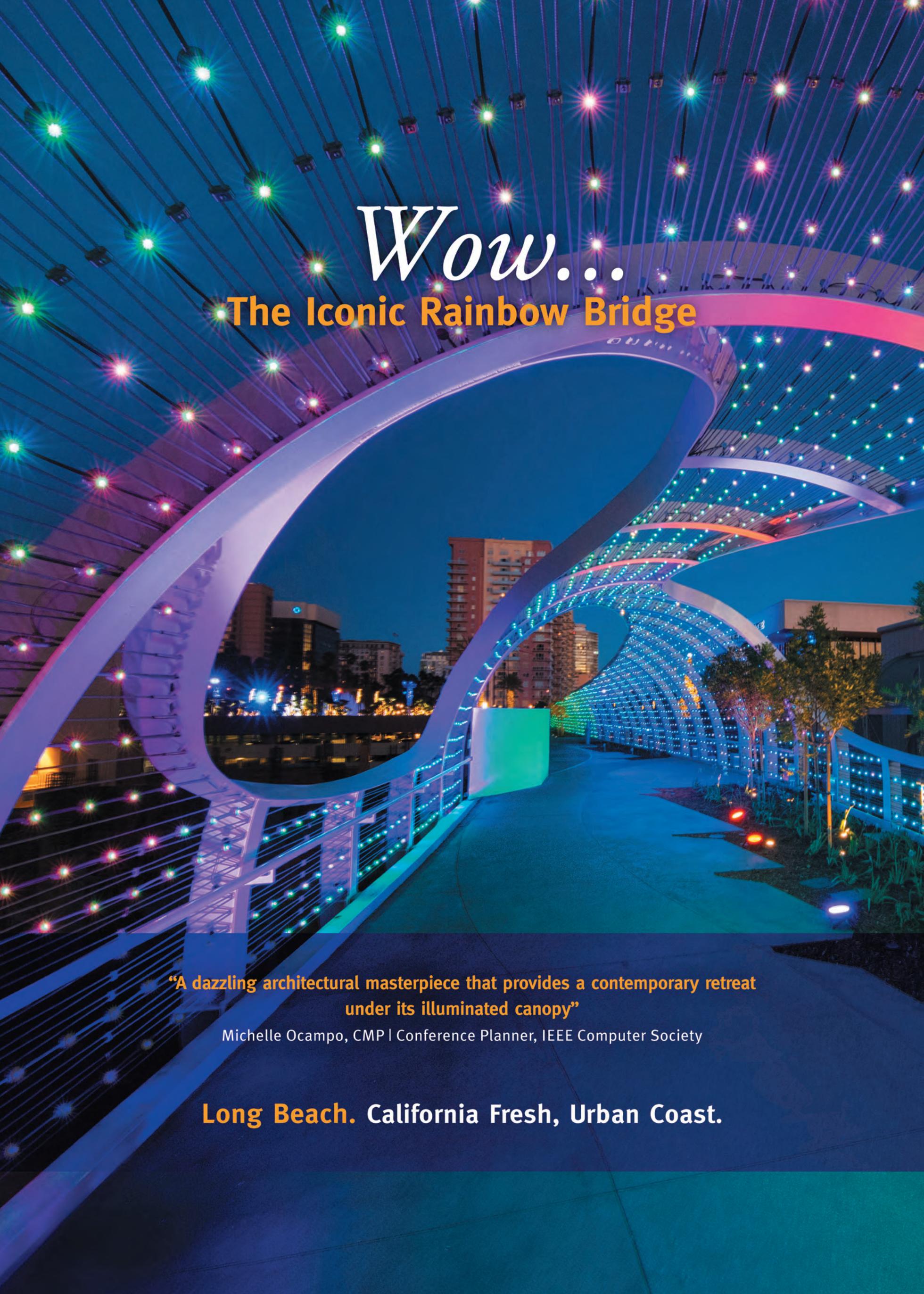
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# **Don't Box Me In** **An Intimate Evening with Rockstar Stewart Copeland**

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Michelle Ocampo, CMP | Conference Planner, IEEE Computer Society

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A photograph of the Rainbow Bridge walkway at night. The walkway features a series of parallel metal cables supported by a curved structure, with numerous small, bright blue lights attached to the cables. The walkway is illuminated, and the background shows a building with a large arched window and some trees. The overall scene is dark, with the lights providing the primary illumination.

**“The Rainbow Bridge greatly improved our ability to connect our conference goers between the convention center and the hotels in downtown Long Beach,”**

Stacey Gordon, PIHRA Programs Manager.

**City Lights. Ocean Views.** The latest buzz in Long Beach is the new public art walkway – **Rainbow Bridge**, an iconic design enhancing your city stroll with an easy, breezy walk to everything Downtown. With cool visual surroundings for selfies and reflection as well as a place to gather for networking and connecting with our community — adding to our highly walkable downtown of award-winning restaurants, metropolitan hotels, electrifying nightspots, and fun-filled entertainment. Convention planners love it. A new landmark transforms our skyline, stimulating the senses and our economy.



Most of the new jobs created in Long Beach during the past few years are due to the Douglas Park project north of the Long Beach Airport and along Lakewood Boulevard. This photograph – taken in December for the Business Journal by Evan Patrick Kelly – shows most of the project area, which includes the massive Mercedes processing facilities (A). The most recently completed projects are two of the four 25,000-square-foot buildings that make up The Terminal at Douglas Park (B), and the Hampton Inn & Homewood Suites 241-room dual-brand hotel (C). The 265,000-square-foot Long Beach Exchange at Douglas Park retail center (D) is expected to be a major retail destination. Its opening is pegged for May 12.

(Continued From Page 1)

economic momentum. “First of all, the labor market is very tight. We have got the unemployment rate down at almost 4%,” he said, noting that this is considered equivalent to full employment. “The labor market will get tighter, and we will get an acceleration in wage rates. So consumer spending should be a good force to drive the economy next year.”

Regionally, the industries that led the economic recovery – trade-related sectors, health care and leisure and hospitality chief among them – are expected to continue faring well. But there have been some job losses in sectors that are actually on strong footing, due in part to automation, according to Robert Kleinhenz, economist and executive director of research at Los Angeles-based Beacon Economics.

Despite a strong year for the San Pedro Bay ports, transportation and warehousing employment decreased in Long Beach last year, Kleinhenz noted. And although the financial markets are doing well, financial services jobs decreased too. “In both of those cases, I think we have to recognize that automation is playing a role as these sectors try to be more efficient,” he said.

Overall, however, the Long Beach labor market is strong, having grown by 1.6% last year, according to Kleinhenz. “I think we’re looking at growth rates in the labor force of about 1% for the region, including Long Beach,” he said. “And what that means is that the unemployment rate will probably continue to edge down, and we’ll see continued growth in job counts.”

Steven Banks, newly appointed chief economist for the Los Angeles County Economic Development Corporation, noted that there is some disconnect between the skills of the labor force and those required to fill open positions. “There are a lot of job openings in Southern California where there simply aren’t the workers who have the technical and vocational skills to fill those jobs,” he said. “What does it mean for things like vocational schools, technical schools and community colleges? There are huge opportunities there to align the skills that an employer wants with the development of the labor force.”

Mark Vitner, senior economist for Wells Fargo, said he expects wages to increase by as much as 4% this year. Effective January 1, the minimum wage in California increased to \$10.50 for employers with 25 employees or fewer and to \$11 an hour for employers with 25 employees or more.

The increasing minimum wage – which is slated to reach \$15 per hour in 2023 – has had some impact on hiring, according to Vitner. “One of the things that we have seen is much less hiring in retailing,” he said. “Employers in industries that tend to hire a lot of workers at the minimum wage are trying to find ways to conduct business with fewer workers.”

New tax legislation passed in December increased the standard individual deduction by nearly double, to \$12,000. “For many people who don’t itemize, they are probably going to see things improve bottom line as far as their federal taxes are concerned,” Kleinhenz said.

“The tax change is going to allow a lot of households to get a tax break if they’re lower and middle-income households,” Kleinhenz explained. “Upper middle-income households will be the group that gets caught in the bind and are likely going to have to pay more taxes. And then high and very high-income households are going to see some huge tax breaks.”

The business community is a clear beneficiary of tax reform – the new corporate tax rate is 21%, reduced from 35%. Following the passage of the tax bill, companies across the nation announced wage increases and bonuses for employees.

“The bottom line on tax reform is that the U.S. economy has been operating with an antiquated tax system that was last updated in 1987, well before we had Internet and before the Berlin Wall came down,” Vitner said. “The tax system needed to become competitive with the rest of the world. And this [reform] largely does that through the lower corporate tax rate.”

The equity markets continue to reflect business optimism. “The Dow [Jones Industrial Average] went over 25,000 yesterday [January 4] – yet another record high,” Cochrane said. “The wealth effect is pretty strong these days. It’s seemingly an important driver for housing markets and for consumer spending, more than we have seen in the past.” (Note: By January 12, the Dow had exceeded 25,800.)

There is one glaring caveat to tax reform, however. “We’re anticipating a huge increase in both the budget deficit and in turn the national debt over the next 10 years, if the tax plan survives over that time span,” Kleinhenz said. “When the economy is doing well, many economists would argue that this is the time when you should be trying to rein in the deficit and reduce the debt service that is required on the national debt.”

While tax reform is expected to have a mostly positive effect on the economy, it is going to hurt the pocketbooks of some California homeowners. “The lowering of the mortgage interest deduction and the cap on state and local taxes is going to hurt homeowners who are in that \$750,000 to \$1.5 million range,” Vitner said.

Economic growth in California is now starting to increase more rapidly in inland areas where housing is more affordable, according to Vitner. Tax reform should encourage movement toward inland areas due to the cap on property tax, he noted.

“One of the challenges is that housing has become so much more expensive. Housing costs have increased so much faster than income growth,” Vitner said. As of the third quarter of 2017 – the latest data available – only 28% of Californians could afford a median priced \$555,680 home, the lowest rate of affordability seen in a decade, according to the California Association of Realtors.

Renters don’t have it much better. According to Banks, Southern California has the highest rental rate in the country.

While construction of apartments is ramping up in California, much of the new construction is high-end, according to Vitner. And, in many cases, older, mid-priced apartment buildings are being torn down to make way for these new developments, he added. “Nobody is building mid-priced apartments. There’s no added supply there,” he said. “It’s a real challenge for folks.”

In Long Beach, affordable housing is the hot button topic of the day, according to Kleinhenz. In February, the city council is expected to debate and pass an update to the city’s Land Use Element, a proposed document that initially included increased densities and building heights but has since been whittled down, due to community pushback. Kleinhenz noted that population growth in the city is very slow due to a lack of new housing.

“For all intents and purposes, the Millennials are now a part of our labor force going forward. And the City of Long Beach has to think long and hard about how attractive it is as a place for people who are of age to enter that workforce and grow the economy,” Kleinhenz said. “If we’re not building sufficient housing or the kind of housing that they want to live in, then I’d say we’re running the risk of choking off economic growth in this city.” ■

**Perspectives On The Economy**  
Industry Executives Present Their Views – Beginning On Page 8

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# Perspectives On The Economy 2018

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# Financial Services

## Trump Policies Creating A Positive Outlook For Financial Services



According to industry experts, Trump policies, such as the new tax code, are underpinning a positive 2018 for financial services. However, Wells Fargo Financial Advisor David Ko (pictured) recommends investors not become complacent with the historically high stock market, as a downturn is inevitable. (Photograph by the Business Journal's Pat Flynn)

■ By **BRANDON RICHARDSON**  
SENIOR WRITER

Several fundamental catalysts are underpinning a positive outlook for financial services in 2018, according to experts. Quincy Krosby, chief market strategist at Prudential Financial, explained that the sector as a whole – from wealth management to banks of all sizes to insurance companies – will benefit from policies pushed by the Trump administration, as well as global growth.

“You have the tax cuts, and that has been very positive for financial companies because they are the direct beneficiaries of a lower tax rate,” Krosby said. “In addition to that, you have deregulation – not expunging all the regulatory safeguards that were put in place because of the economic crisis, but scaling back those regulations that perhaps don’t seem appropriate at this point.”

When it comes to the new tax code, Krosby explained that media headlines portray it as simple, but that it is anything but. In order to fully understand and navigate the new policy, businesses and individuals will need more help from accountants, who themselves are still figuring out the ramifications of the code, she said.

“If the president and the Republican Party continue with the Trump agenda that was outlined during his campaign, we should see infrastructure spending gaining strength,” Krosby said. “The reason this is important for the banks, especially the small and mid-sized banks, is because we would expect to see lending pick up.”

Krosby explained that she expects to see mergers and acquisitions gain momentum in 2018. She said arguments have been made that there are too many small to mid-sized banks, and that this may be an appropriate business environment for consolidation. Even outside the financial services sector, mergers and acquisitions are strengthening across all sectors, which in turn will increase the need for accounting firms, she noted.

Other trends Krosby expects to see in 2018 include upward movement on inflation and wages gaining strength as the job market continues to tighten. Additionally, potentially steeper yield curves would mean that money could be lent at a lower rate and produce a higher return, increasing the lender’s net margin.

“Overall, we’re seeing a rebalancing of portfolios [and] new money coming in, and we’re seeing investor interest in financial services,” Krosby said. “Financial services were dormant since the financial crisis, but we are seeing an increase in interest in the sector.”

### Kris Allen

Vice President, Senior Bank Manager - Bixby Knolls



Our economic outlook for 2018 is broadly positive, and with the recently enacted tax legislation we expect to see accelerating economic growth into 2018 and 2019. Although the level of boost to GDP is uncertain, estimates range from 0.3% per year to potentially up to an additional 2% per year of growth. One of the goals of the new tax legislation is to make the U.S. corporate tax rate more competitive globally and to incentivize U.S. firms to invest at home rather than overseas. The new tax law lowers the tax rate for corporations from 35% to 21%. This is positive for profitability especially for companies, like regional banks, who are domestically focused with little overseas revenue. Many large global firms that are doing business internationally already have a much lower effective tax rate, so the boost to profitability will likely be lower than for those domestically focused businesses.

With our labor force being at a level considered to be full employment, and with the anticipated boost to growth from the new tax law and from potential infrastructure spending, we also expect to see interest rates rise in 2018. The Fed is poised to raise short term rates at least three times in 2018 in their effort to normalize rates and to stave off inflation, should it rear its head as a result of our economy heating up. A rise in interest rates will, however, likely be positive for banks and financial institutions with a respite from the very low interest rates we have seen for the last decade and increased margins on lending.

Although we may be in the late stages of the business cycle, there appears to be more room to grow, and First Bank is strong and here to partner with and support our community’s businesses. ■

### Blake Christian

Partner, *Holthouse Carlin & Van Trigt*



We continue to see solid growth in all 11 of our offices. Our revenue increased double digits and so did our headcount – with over 150 new hires firm-wide. The late passage of the 2017 Tax Cut and Jobs Act created significant demand for year-end tax planning and we are seeing an extremely busy January in all of our departments. As businesses grow, their need for bank and other third-party financing also increases and this expands the number of financial reviews and audits required.

With lower tax rates on businesses and most individuals, we anticipate a very strong economy in 2018, which will naturally increase demand for accounting and tax services. Businesses are reviewing their legal structures and state and local tax exposures to ensure a tax efficient future as worldwide competition continues to increase.

Despite the dire predictions that robots will taking over many accounting jobs, demand for employees – particularly experienced professionals within the accounting profession – continues to rise. We believe that an android takeover is years off, and will mainly be in the lower end service areas such as bookkeeping and payroll. The fact that Siri only understands 20% of what I ask her gives me confidence that I will be retired before robots become a real threat.

With the expansion of our client base – in terms of client size, industries served and geographic coverage – our employees are also rapidly expanding their professional skills. The industry is looking for new and experienced professionals with broader skill sets, including data analytics, programming skills and language/diversity characteristics.

2017 saw continuing consolidation/mergers amongst large regional CPA firms and we expect that trend to continue. ■

### David B. Ko

Senior Vice President Investments, *Wells Fargo Advisors*



The current stock market’s historical high is leading many experts to anticipate an end to this long running bull market. Are investors prepared? A 2017 Wells Fargo/Gallup Investor and Retirement Optimism Index revealed that most investors are not proactively shielding their portfolio from a market correction. While portfolio rebalancing is one way to prepare, just 40% of investors said they’re currently rebalancing their portfolio in anticipation of a correction. Even fewer say they are selling stocks to help protect from future losses (18%) or buying bonds to help reduce their exposure to market risk (20%).<sup>1</sup>

One of the consequences of a protracted bull market is, unfortunately, investor complacency. With a market correction inevitable at some point, it’s important investors check their confidence with a comprehensive risk assessment to determine how a market correction could affect their overall investment strategies.

If you’re unsure about how to manage your portfolio in light of a market correction or invest in the market for the first time, a good place to begin is by determining what type of investor you are.

If you already have a solid understanding of the investment markets, you may have what it takes to manage your own investments online. Perhaps you don’t have the time or confidence in your ability to choose the right investments, and if that’s the case, you may want to turn to a professional financial advisor.

A hot trend for 2018 is hybrid investing solutions that blend convenient technology with customized advice. These low-cost services help investors create diversified portfolios, tailored to their long-term goals and risk tolerances, based on responses to a personal questionnaire. Wells Fargo recently launched its Intuitive Investor solution which offers daily portfolio monitoring, automatic rebalancing and optional tax-loss harvesting, with registered financial advisors just a phone call away.

<sup>1</sup>Gallup.com, “U.S. Investors Expect Market Correction, Take It in Stride,” Oct. 2, 2017. ■

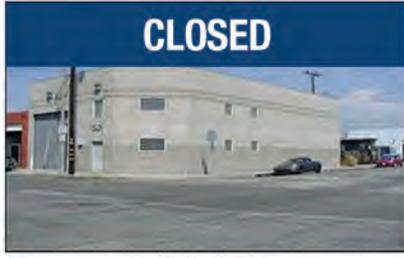
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**CLOSED**

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## Financial Services Continued

### Michael Miller

President & CEO, International City Bank



**2**017 saw improved performance in return on average assets and return on average equity for a large number of banks in California. Recent increases in interest rates and the continued reduction in problem assets put the majority of small to large banks in an excellent position to move forward in 2018 and anticipate equal results, if not improved performance, with the anticipation of further rate increases in 2018 as predicted by the Fed.

One would say all looks well for 2018 if it were not for the same changes in regulatory leadership combined with economic uncertainty and challenges around the world. Overall, the Federal

Open Market Committee predicts three to four 25 basis point increases in 2018 based on current signs that the economy reflects positive growth for the year. We anticipate that the current regulatory environment will not change substantially for 2018 with the current focus on such things as cybersecurity, and the anticipated changes to how banks calculate their loan loss reserves not to take effect until 2020. While we continue to see our industry shrink in the number of total banks, and in particular community banks, International City Bank is committed to remain an independent community-based bank focused on serving its local market.

We remain committed to the greater Los Angeles and Orange County area with respect to small to medium business, including many nonprofits in our local community. We are very optimistic for 2018 and look forward to continued growth in all aspects of the banks current product mix. ■

### W. Henry Walker

President, Farmers & Merchants Bank



**T**he industry as a whole is going to have a fairly good year. Banking is reflective of other industries. It's not as though we drive the business; we reflect what's going on in the marketplace. I think that is important to acknowledge. In the marketplace, currently, businesses are doing well. The interest rates continue to be low, although slightly rising, and we're at basically full employment. So the industry as a whole is doing well. I would suspect that credit quality will stay good, which is important for banking.

The overall world economy seems stable today. We have been supported by tax cuts, which will be helpful to business as a whole and will put more money back in the economy – which is a good thing – as tax cuts usually do. California may see some issues arising with the unfriendly marketplace that we have here in which to do business. That can of course be damaging to business, but we'll see what the long-term effects are of the new tax laws relative to business in California.

It depends on where in the tax code you fall, but it's going to be interesting to see what the lack of deductibility of state and local taxes are against your federal tax return, and what the long-term effects are for California and driving wealthy people out of state. California has already driven a significant amount of wealth out of state to places like Wyoming, Florida and many other states. We sit at a 13.9% tax bracket on the wealthy, and it's not deductible from federal taxes, which is significant. It was supposed to be a temporary tax, but it was recently put back in as another 10-year tax. California has a lot of issues – a high fuel tax, high sales tax, high personal income tax. We get hit in a lot of different places. So, this is yet another slam to individuals who earn high incomes within the state. We'll see what the effect is.

Again, the outlook should be stable. At some point, we will have a significant change in interest rates. Some banks are starting to chase yield again. While that may not present an immediate problem, when things turn, it creates problems for the banks that spend a lot of time chasing yield and disregarding traditional practices of safety and soundness, like the practices Farmers & Merchants Bank is known for. ■

## Health Care

### Despite Some Shakeups, Health Care Outlook Mostly Positive



Dr. J. Mario Molina, former CEO of Molina Healthcare, recently took ownership of 17 Molina Healthcare clinics. They are now operating under his new company, Golden Shore Medical. He is pictured at the Golden Shore Medical clinic at 1900 Atlantic Ave. with clinic staffers (from left) Helen Eang, Dr. Smita Soans and Blanco Velasco. (Photograph by the Business Journal's Pat Flynn)

■ By **SAMANTHA MEHLINGER**

ASSISTANT EDITOR

**A** number of legislative uncertainties that had hung over the health care sector last year have dissipated in 2018. Unable to pass comprehensive health care reform to repeal and replace the Affordable Care Act (ACA), Congress settled for eliminating the federal mandate for individuals to purchase health care, a provision that was included in recently passed tax reform.

In California, last year there was speculation about whether or not the state would move to a single-payer system after Long Beach's own state senator, Ricardo Lara, tried to pass a bill to that effect. That bill is still on hold, however. Last year, the speaker of the assembly removed it from the floor because he felt it was incomplete. It remains in limbo.

With these clouds of uncertainty having parted, the outlook for the health care industry is positive, overall, according to several executives who contributed to this report.

Innovative or unusual business partnerships among health care providers and nontraditional firms are a theme to watch this year, according to multiple sources. As an example, CVS, a national pharmacy, may merge with Aetna, a national health plan provider.

Health care costs may continue to rise, according to some sources. Still, top-ranking health care executives exhibited optimism that government health care benefits, particularly through Medicare and for seniors, may be expanded this year.

Last year saw a major shakeup in the Long Beach health care industry with longtime local leadership ousted from a top employer, Molina Healthcare, which subsequently cut jobs and reduced office space in the area. But local health care employers report that they continue to make investments. Former Molina Healthcare CEO Dr. J. Mario Molina, for example, recently took ownership of Molina Healthcare's 17 medical clinics in California under his new company, Golden Shore Medical.

MemorialCare Health System has continued to expand its outpatient presence in Long Beach through multiple partnerships with imaging centers, and continues to update its hospital facilities. While MemorialCare Community Hospital Long Beach isn't going away this year, it is slated to close in mid-2019 due to noncompliance with seismic regulations. In the meantime, the City of Long Beach is investigating whether there are any alternative options to closing down the hospital.

Other health care presences in the area, including Dignity Health – St. Mary Medical Center, Kaiser Permanente and HealthCare Partners, have expressed a commitment to providing and expanding care through new programs, services and investments.

### John Bishop

CEO, MemorialCare Long Beach Medical Center,  
MemorialCare Miller Children's & Women's Hospital Long Beach  
and MemorialCare Community Medical Center



**H**ospitals and health systems face many challenges. Uncertainty over policy changes, skyrocketing costs, inadequate reimbursement, burdensome regulations, seismic deadlines and changing technologies challenge us all. Yet there's much reason for hope. We're constantly improving our clinical and operational processes with a vision to the future, thanks to thousands of dedicated employees, physicians and volunteers offering the highest quality, most compassionate care. And medical advances and new programs are making a difference.

For example, Supervisor Janice Hahn just unveiled a partner-



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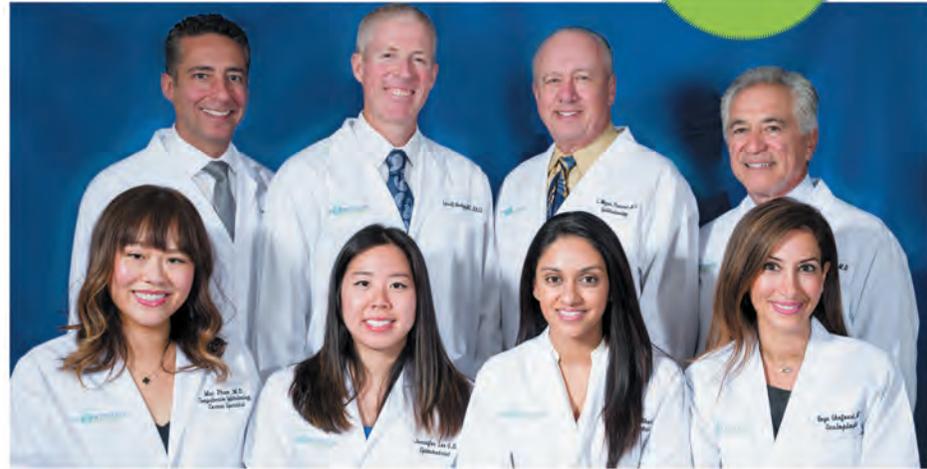
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## CITY OF LONG BEACH

### BID OPPORTUNITIES

| TITLE  | BID NUMBER   | DATE       |
|--|--------------|------------|
| Agriculture Tractors Qty. 2 REBID  | ITB FS18-011 | 01/17/2018 |
| Sanitary Sewer Rehab & Replacement Program<br>Phase 2 (SSRRP-2) Project (SC-0304)            | WD-11-17     | 01/18/2018 |
| Furnish and Deliver Two (2) Compressor Trucks  | WD-08-18     | 01/22/2018 |
| AP CNG Regenerative Air Sweeper - Airport  | ITB FS18-055 | 01/24/2018 |
| Furnish and Deliver One (1) Six-Wheel Dump Truck   | WD-04-18     | 01/25/2018 |
| Furnish and Deliver One (1) Service Rig  | WD-07-18     | 01/25/2018 |
| Promotional Items  | RFQ LS18-056 | 01/25/2018 |
| Purchasing & Development Opportunity at<br>Magnolia Ave, 17th Street, Pacific Coast Highway  | RFP DV18-052 | 02/05/2018 |
| Grounds Maintenance Services   | RFP PR17-022 | 02/06/2018 |
| Citywide Printing Paper  | ITB LB18-061 | 02/08/2018 |
| Large Potable Water Valve Replacement Projects-<br>FY2016/2017 Bellflower Blvd. & Steams St. | WD-16-17     | 02/13/2018 |
| Purchase & Dev. Opportunity at 5571 Orange Ave.  | RFP EP18-054 | 03/08/2018 |
| Qualification and Selection of Peer Reviewers  | RFQ DV17-112 | Continuous |

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

#### Bidder Registration

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

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## Health Care Continued

ship among UCLA, MemorialCare Long Beach Medical Center and others for a Mobile Stroke Unit – first of its kind in Western U.S. – that responds to stroke-related emergency calls in Southeastern Los Angeles County, where stroke incidence is among the county’s highest. We’re increasing access to our emergency department at Long Beach Medical Center and MemorialCare Miller Children’s & Women’s Hospital Long Beach, and more patients are utilizing our urgent care centers. Our trauma center, which treats over 1,500 critical patients a year, was again verified a Level II Trauma Center.

A joint venture with RadNet created the largest, most accessible imaging network across Long Beach, Southern Los Angeles and Orange counties. We have also increased access to ambulatory surgery and kidney dialysis. A partnership between Miller Children’s & Women’s and UCLA Mattel Children’s Hospital will expand child health services, while leveraging expertise at both campuses and throughout Southern California.

Newly renovated Miller Children’s Cherese Mari Laulhere Pediatric Intensive Care Unit features private rooms and pull-out beds for parent overnight stays. With Miller Children’s & Women’s among the nation’s best care for high-risk pregnancies, infants and children, 50 Southern California hospitals annually transport about 1,100 women and children to our facilities.

We will continue to collaborate with our communities to offer the highest level of care close to where people live and work. ■

### Carolyn Caldwell

*President & CEO, Dignity Health – St. Mary Medical Center*



**H**ealth care, like many things, is constantly evolving. How a hospital adapts to the ongoing changes is what is crucial to ensuring patients receive the care they need at a level they deserve. Dignity Health – St. Mary Medical Center is not alone in its increased efforts to improve the patient experience. According to the Center for Medicare and Medicaid Services (CMS), value-based programs reward health care providers with incentive payments for the quality of care they provide. These value-based programs are responsible for health care reform, including better care for individuals and better health for populations at a lower cost.

When I first began the role of President and CEO for St. Mary last summer, I shared that I am passionate about serving diverse communities and I’m excited to witness the collaboration from many of our partners to ensure that we are providing the highest level of care in a compassionate environment for our entire community. To do that, we must first identify the various complex needs of our residents, then evaluate our services, and implement a plan for improvement.

As such, St. Mary has appointed a new Chief Medical Officer, Dr. Everett Lyn, who is working closely with the leadership team to enhance our physician affiliations in order to make sure we are meeting the health care needs of our community. We are also working diligently to reduce our patient’s length of stay. We know that patients have better outcomes when they can recover at home and a shorter stay reduces the cost of care.

Additionally, St. Mary has made recent investments in new equipment, such as a second catheterization lab and the start of an electrophysiology program. The program is designed for cardiovascular conditions, such as atrial fibrillation (AFib), which according to the American Heart Association affects 2.7 million Americans. This new specialty is important to meet the health care needs of the aging population that accounts for 12% of the Greater Long Beach area. ■

### Amar Desai, MD, MPH

*Region President, HealthCare Partners, a DaVita Medical Group*



**I**t’s been another exciting year in the world of health care, and the industry shows no sign of slowing in 2018. Looking ahead, there are a few key themes to watch. For instance, many non-traditional companies have recently moved into the space through a flurry of mergers and acquisitions, shifting how consumers will engage with their providers. As a result, medical groups will be highly focused on providing a differentiated patient experience. At HealthCare Partners, a DaVita Medical Group, we aim to create patient-focused clinical interactions that foster retention and loyalty through highly coordinated, personalized care and use of new technology.

Another important theme is leveraging recent advances in technology to close gaps in coverage and more convenient access to care. HealthCare Partners is piloting telehealth solutions that facilitate specialty care, such as dermatology and cardiology, with the goal of expansion across clinicians. This will enable access in real-time, thereby reducing wait times and enabling patients to schedule an appointment in the comfort of their own home.

In addition, we are seeing more senior patients in Southern California opt into value-based coverage plans, such as Medicare Advantage, that may improve care through coordinated efforts. In these plans, patients have the benefit of working with a care team that has all of their health information at their fingertips, seamlessly coordinating across the health care system to take care of their complex health problems.

HealthCare Partners has served the Long Beach and surrounding communities for over 20 years, and has been recognized by local media as the region’s best medical group for three years running. In 2018, we hope to continue to improve the experience and clinical quality we provide for our patients, as well as our commitment to becoming the leading independent medical group in America. ■

### Dr. J. Mario Molina

*Owner and President, Golden Shore Medical*



**2**018 will not mark the end of Obamacare – Reports of the death of Obamacare, much like the famous quote by Mark Twain, will continue to be greatly exaggerated in 2018. While the recently-passed, GOP-led tax bill included the repeal of the Affordable Care Act’s (ACA) individual mandate, discarding this provision won’t kill the ACA. Americans are still widely embracing the ACA, and nearly nine million signed up in the recent marketplace open enrollment, despite a 90% cut in outreach and marketing budgets and an enrollment period halved from previous years.

Americans value the security that comes from being insured, and moreover, Americans are cost-savvy: for the overwhelming majority of participants, being insured costs less than being uninsured.

**Entitlement Reform will hit a wall** – Legislative rhetoric about “entitlement reform” will go nowhere in 2018. It’s an easy target to call for reforms to government benefit programs, which are funded by taxpayers and serve millions of seniors, children, families, mothers, working poor and disabled Americans. But the rhetoric today will trickle away as 2018 midterm elections approach, particularly considering the sheer scale of these programs.

Take Medicaid, for example, which now covers one in five Americans. With expansion under the Affordable Care Act, Medicaid enrollment rose to 71.2 million in 2016, up from 54 million in 2010. Republicans in Congress, citing the growing costs of Medicaid and other programs, have proposed ways to overhaul the program and reduce spending. But when push comes to shove, in an election year they’ll be hard-pressed to make severe revisions to programs on which so many of their constituents rely.

**A Year for Strange Bedfellows** – 2018 will be notable for more non-traditional partnerships and mergers among health care providers. Late last year saw the unusual proposed merger of CVS and Aetna, a \$69 billion deal that could reshape consumer health care delivery. This year will be marked by more unique pairings as companies look to manage care delivery costs, increase margins and improve population health.

One novel thing I’ll be interested in seeing in 2018: as CVS endeavors to reinvent the health care experience, will they radically adjust their sales strategy to move away from products that conflict with putting patients on the path to better health? In 2014, CVS became the first national retail pharmacy chain to end sales of tobacco products. Could a CVS-Aetna merger mean the end of the candy aisle or alcohol sales? We’ll see. ■

### Lesley Wille, RN

*Senior Vice President, Kaiser Foundation Hospitals/Health Plan  
 Kaiser Permanente South Bay Medical Center*



**A**s consumers’ expectations continue to rise, the health care industry must focus on providing health care when and where our customers want it. At Kaiser Permanente, we offer telephone and virtual appointments for patients who do not require a medical examination, and we are offering more outpatient services outside of Monday through Friday daytime hours. Our patients can e-mail their doctors, check lab test results and refill most prescriptions online, when it’s convenient for them.

This consumer focus will require health care organizations to embrace innovation at a faster pace and adopt new technologies that help us prevent and manage disease. Kaiser Permanente has an innovation center that is dedicated to exploring new technologies that can help our patients lead healthier lives.

Second, we must expand our definition of health care to include all the upstream factors that create healthy people and communities. Medical care makes up only 10% of the factors that affect a person’s health, while personal behaviors and environmental factors account for 60% (with genetics accounting for the remaining 30%). We’re looking at factors such as economic security, educational attainment, community safety and access to healthy foods. Many Kaiser Permanente facilities, for example, offer weekly farm stands or farmers’ markets to make healthy fruits and vegetables more accessible to our communities.

Most important, we must continue to make health care more affordable to everyone. The rise in health care costs is unsustainable for individuals and families who are seeing a greater percentage of their budgets going toward health care. We believe that affordable care is high-quality care. For example, we work tirelessly to prevent hospital infections, eliminate delays in hospital testing – which prolong hospital stays – and promote screenings for early detectable diseases such as breast and colorectal cancers. ■



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## Health Care Continued

**Chris Wing**  
*CEO, SCAN Health Plan*



In 2017, media focus was on the turmoil surrounding the Affordable Care Act, or Obamacare. While the press reported on the partisan struggles of Obamacare, behind the scenes there was growing bipartisan efforts to improve Medicare. The Senate actually voted unanimously to add much greater flexibility for health plans to care for the chronically ill in Medicare. They also voted unanimously to authorize Special Needs Plans permanently. That would be great news for seniors with diabetes, heart disease and end stage renal disease, seniors eligible for Medicare and Medicaid and those who receive care through Special Needs Plans.

The House has developed its own bipartisan improvements to Medicare. Hopefully, the House and Senate will come to agreement soon on Medicare reform that adds new benefits, such as telehealth, and greater flexibility for all seniors.

Importantly, both the House and Senate have introduced the Community-Based Independence for Seniors Act, sponsored by U.S. Representative Linda Sanchez (D-CA), which would help frail, low-income Medicare beneficiaries remain in their homes and avoid costly nursing homes. This could potentially save Medicare and Medicaid millions of dollars, while meeting the needs of this vulnerable population.

In the City of Long Beach, I take heart from Mayor Robert Garcia's promise to make our city a center of excellence on aging. Public and private partnerships are a key to the success of these endeavors, and SCAN is pleased to work collaboratively to help meet the needs of our older residents, as we have for 40 years.

As I look closely at all of the communities SCAN serves, I believe that we are well-positioned to deliver on our mission of helping seniors remain healthy and independent as they age. This is what drives us every day and prompts us to roll up our sleeves for the challenging work ahead. ■

## Hospitality And Tourism Industry Executives Bullish On 2018



Local hotels and attractions expect another strong year in 2018 as Long Beach continues to receive positive press across the country as a must-see destination. Rainbow Harbor is pictured in the foreground, home to the Aquarium of the Pacific, which is undergoing an expansion. (Business Journal photograph)

■ By **SAMANTHA MEHLINGER**  
ASSISTANT EDITOR

Long Beach's hospitality and tourism sector continues to be one of the strongest economic drivers for the city. As reported by the Business Journal in December, 2017 was the "best year ever" for tourism in Long Beach, and the outlook for 2018 seems to be just as positive.

Steve Goodling, president and CEO of the Long Beach Area Convention & Visitors Bureau, expects the local hospitality and tourism industry to continue surpassing expectations in 2018. Upgrades to the Long Beach Convention & Entertainment Center are garnering the city a reputation as a top convention destination – and more improvements are on the way. Local hotel managers throughout the city report that their facilities are directly benefiting from the increased convention business.

In addition to bustling convention activity, overall improvements in the Downtown Long Beach area – from upgraded shopping centers to new restaurants and retailers – are also helping drive customers to businesses dependent on tourism, such as Catalina Express, a water-shuttle service to Catalina Island.

Occupancy rates at local hotels are strong, and many report that they have been able to increase room rates. These strong economic underpinnings are perhaps the driver for new hotel developments in the city. Hampton Inn & Homewood Suites, a new 241-room dual-

brand hotel at Douglas Park, recently opened. John Molina, former COO of Molina Healthcare, and a group of investors recently purchased the historic Breakers building on Ocean Boulevard with the intention of converting it to a boutique hotel.

The city's attractions are reporting optimistic outlooks for 2018, and are investing in their facilities with additions and expansions. Carnival Cruise Line's upgraded, expanded terminal is slated to open in February to accommodate larger cruise ships and more passengers. The Aquarium of the Pacific is also expanding, with construction on its new Pacific Visions wing underway.

**Kristi Allen**  
*Vice President Hotel Operations at Hotel Maya – a Doubletree by Hilton*



The Long Beach hospitality industry is poised for moderate growth in 2018. This trajectory is influenced by several factors, including the positive path projected for the Long Beach hospitality and tourism industry and national forecasts.

According to CBRE, the U.S. lodging industry will enjoy continued growth in all major metrics in 2018. CBRE Hotels' Americas Research is forecasting year-over-year increases in occupancy at 0.1%, average daily room rate at a 2.3% rise, and rooms revenue at 2.4%.

The Long Beach market experienced strong growth in 2017 and should continue on that path, though more moderately, into 2018, according to all indicators.

Long Beach is benefiting from resurgence in construction including the new civic center, a 22,000-foot expansion to the Aquarium of the Pacific, and other mixed-use projects in the downtown area. Douglas Park is completing its final parcels, the Long Beach Exchange will open soon, the Second Street and Pacific Coast Highway project is finally underway, and the Queen Mary is now in restoration mode. These projects bring new jobs, new businesses, new residents and tourists – all who can and will enjoy the numerous hotels and restaurants in Long Beach.

With that, the city is investing millions of dollars in upgrading the convention center and its many available unique meeting spaces. These improvements have led to great media coverage and in the long run, good business.

With all of the positive things happening in Long Beach, Hotel Maya continues to attract this growing corporate and leisure business with all of its unique spaces. As Long Beach's only resort-style hotel at the water's edge, Hotel Maya is poised to continue to grow as the city's tourism grows and as the residential and business base grows as well.

All in all, 2018 should be a solid year for hotels in Long Beach. ■

**Greg Bombard**  
*President, Catalina Express*



As a business owner with operations in Downtown Long Beach for over 28 years, we have seen the city reinvent itself as a premier vacation destination. With the extraordinary growth and economic development in Long Beach, tourism overall has increased for all businesses around the area, including Catalina Express.

Thanks to the Long Beach Area Convention & Visitors Bureau (CVB) for their efforts in showcasing Long Beach as a leading destination for conventions and getaways, Long Beach has seen a healthy increase in visitation year after year and a strong presence going into 2018. With continuous improvements to downtown and promotion of attractions and major events like the Queen Mary's Dark Harbor and CHILL, Long Beach draws more tourism to the area, leading to a strong economic impact to surrounding businesses.

With great Southern California weather and further expansion of Catalina Island, 2017 was Catalina Express's record-breaking year as we carried 1.2 million passengers. Catalina has seen new activities springing up with the new Aerial Adventure ropes course at Descanso Beach Club and the evolution of Two Harbors' Harbor Sands with palapas and food and beverage service right on the beach. We have seen an increase in passengers coming from out of state, and even out of the country, especially Canada and the United Kingdom. We are certain this pattern will not stop but only grow in the future.

With 60% of Catalina Express passengers departing from the Long Beach, we have learned more and more tourists are interested in day trips to Catalina Island, which is suitable for everyone from families to couples, and even convention attendees looking to getaway after the meeting. With easily accessible public transportation such as Long Beach Transit, more visitors have the ability to explore the city's attractions or nearby getaways like Catalina.

As these efforts by Long Beach partners expand and come to fruition in 2018, this next year stands to be another strong year for the city and Catalina Express. ■



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# Hospitality And Tourism Continued

## Steve Goodling

*President & CEO, Long Beach Area Convention & Visitors Bureau*



**F**or 2018, we're forecasting, and our hotel partners are forecasting, another great year. Every year has continued to supersede the prior year.

We're forecasting another, on average, 2.5% increase in revenue per available room. The convention center again is running at full capacity. The Arena alone, which is a brand-new space, has grown in usage approximately 45% in four years. We now have very few dates available in the Arena because of demand. The convention center this year has been recognized as a "trailblazer" within a variety of industry publications. This is because we've designed a space that encourages networking – and millennials love spaces that are designed for networking.

They also like unique experiences when it comes to special events or parties.

In addition to our Pacific Room at the Arena, with the new Cove and the upcoming fountains, lighting and music on the Terrace Theater Plaza we now have three very unique spaces for special events. Therefore, the convention center only continues to get more robust in its usage because these spaces are driving convention business.

The CVB just won an award from two major trade publications, *Successful Meetings* and *Meetings & Conventions*, as the best CVB in the West. The runner-up was Las Vegas and the second-runner up was San Diego. Out of the entire west coast, voters who are meeting planners voted for Long Beach as the best CVB in the West. That's really important because it demonstrates the relationship-selling and relationship-servicing that we've executed at the CVB, the convention center and our hotel partners. And that's what continues to make Long Beach really strong. We're cutting edge, we're trailblazing, and we shower people with service. ■

## Greg Keebler

*General Manager, Hilton Long Beach*



**2**018 looks to be a very good year for the Hilton and for hospitality overall. Changes with the convention center continue to attract new types of business to the city because of all the space that has been activated. That in turn puts Long Beach more and more on the map for other types of travel. We're excited about plans that are in the works for the Queen Mary and the Civic Center. The development in those areas continues to add to what will make Long Beach an even more popular destination. We don't see any great growth at the Hilton this coming year. It will be very slim, moderate growth. Our overall occupancy will remain about the same. ■

## Jerry Schubel

*President and CEO, Aquarium of the Pacific*



**W**e're six months into a major expansion that will redefine the Aquarium. When we reopen in the spring of 2019, we will give Long Beach one of the world's great aquariums with new iconic architecture.

We finished 2017 with an attendance of over 1.7 million for the second year in a row. It was the best year financially that we've had in 20 years. This year we'll be in the middle of construction, so we're budgeting down just a little bit, but I think we'll still have close to 1.7 million visitors.

With all the good news about the convention center, I think it's going to be a very good year for conventions. We're getting more reasons for tourists to come and stay, and that's the key for being a great tourist destination. If people just come on day trips, you don't get the hotel revenue. I think we're building up the number of reasons to come to Long Beach and stay overnight or a weekend. ■

## Carlos Torres de Navarra

*Vice President, Strategic and Commercial Port Development, Carnival Cruise Line*



**A**side from the day that Carnival's Long Beach Cruise Terminal opened for business in 2003 and ushered in cruising for the first time from the City of Long Beach, 2018 marks the next major growth spurt for the region. In February, North America's busiest cruise terminal will be reintroduced after a multimillion-dollar expansion project which represents the largest investment in cruising in the State of California in the last decade.

The redesigned terminal will welcome the arrival of the largest cruise ship to be based in Southern California. When Carnival Splendor makes Long Beach home, Carnival will begin carrying more than 700,000 guests annually from Southern California, operating nearly 250 three- to 14-day cruises a year to Mexico, Hawaii and Alaska. In total, Carnival will generate nearly 1.4 million passenger movements a year in and out of Long Beach, along with thousands of crew members who stop in Long Beach for shopping and dining with every call. By occupying and redesigning the entire interior space within what is the world's largest, geodesic dome, Carnival will dramatically enhance the guest experience – providing seamless operational flow for check-in and security processing. The port enhancement project also includes an expansion of portside "cold-ironing" capabilities to enable larger ships to plug into the local electric grid to reduce exhaust emissions while docked.

All of these investments will allow Carnival to deploy larger vessels from Long Beach in the years to come, which further enhances not only Carnival's leadership position, but also the overall economic impact in the region. In addition, Carnival continues to make donations to local charities and non-profit organizations as part of its ongoing commitment to support the homeport communities where we operate. ■

# International Trade

## All Signs Point To A Record Year For International Trade



The Port of Los Angeles (foreground) and the Port of Long Beach (top) continue to break-cargo handling records while working together to reduce emissions at both facilities. (Port of L.A. photograph)

■ By **SAMANTHA MEHLINGER**  
ASSISTANT EDITOR

**A**growing U.S. economy is likely to translate to a good year for the ports of Long Beach and Los Angeles, according to Economist John Husing, who owns Irvine-based Economics & Politics, Inc.

"The key thing here is that the American economy appears to be picking up speed. And as a consequence, or along with it, consumer spending is picking up speed," Husing said. Increased consumer spending is likely to translate to another record year for imports passing through the San Pedro Bay ports, he noted. In 2017, both ports broke their all-time record for imported cargo, last set in 2006.

The amount of U.S. exports leaving through the ports is likely to increase this year, although not dramatically, according to Husing. "Exports may be a little stronger than last year because the dollar weakened quite a bit toward the end of the year, which makes all our goods cheaper to clients around the world," he explained.

The San Pedro Bay ports are losing some of their market share – the amount of U.S. trade they handle compared to other ports in the nation. Until recently, they handled about 40% of all goods entering and leaving the U.S. through ports, but that figure has declined to about 38%, according to Husing. "I suspect they are going to continue to lose market

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## International Trade Continued

share, even as they increase volume,” he said, adding that the expansion of the Panama is in part to blame.

Last year, trade and logistics industry organizations expressed concern that goals to convert the ports’ operations to zero emissions by 2035 would further impact their market share. Some groups, such as the Pacific Merchant Shipping Association, objected that the goals outlined in a newly passed version of the ports’ joint Clean Air Action Plan relied upon the adoption of technology that has not been created yet. They also argued that early indicators showed that the batteries required to operate electrified equipment would be cost prohibitive.

However, in a recent interview with the Business Journal, Port of Long Beach Chief Executive Mario Cordero pointed out that there have already been advancements in zero emissions technology since the plan was adopted in November, and that some analysts have indicated that costs might not be as much as previously thought. Time will tell, but Cordero is optimistic. “I think this year is going to be very telling in terms of not only seeing the technology coming into place but the projection that the technology will be less expensive than what people thought,” he said.

Overall, economic factors influencing international trade are positive, Husing said. “I guess if there is a potential fly in the ointment, it is the stupidity coming out of the White House and the Congress,” he added. “And I don’t mind being quoted that way.”

### Mario Cordero

*Executive Director, Port of Long Beach*



**T**he outlook is very positive. Nationwide, we have a projected growth of the economy of 4.3%. The projected growth of containerized trade is at 4.9%. Going back to the period of the presidential election and thereafter, people questioned whether there would be any growth. There was the whole question about isolationism and protectionism that came into play as it relates to international trade. When I look at these numbers from that perspective, they give me a sense of great optimism in terms of continued growth of trade in this particular port.

The good news is that the shipping industry now sees some optimism in terms of their rates. If we go back 10 years to the beginning of the great global recession in 2008, since that time the carriers have had extreme difficulty in sustaining rates. Last year, they were in a profit mode. So that gives them a little bit of optimism that in the year to come. The profitability may be better for them, and the rates more sustainable. Although we’re not there yet, as compared to a year or two ago I think we’re seeing some light at the end of the tunnel here.

On the west coast, the dependency has been upon the Asian market and will continue to be. And, frankly, that’s an advantage for the Port of Long Beach because of our proximity to that market. A year or year and a half ago, people were questioning where the economy in China was going. But now, they are looking at 6% to 7% growth. That’s a very positive number, which equates to our import capability here. The consumer confidence here in the United States is also promising. We had a holiday season for 2017 that superseded 2016 somewhere to the tune of a 4.9% increase in consumer spending.

We are going to shortly announce that 2017, in terms of containerized trade movement at the Port of Long Beach will in fact be a very historic year in our 106 years. We will have the best container throughput year in the port’s history. It will be in excess of 7.4 TEUs (twenty-foot equivalent units).

2018 is exciting because it’s going to put operational issues at the forefront. We talked a lot about the Clean Air Action Plan in 2017 and what that is going to bring forward: the green port of the future. In fact, if you visit the port today, you seem some of that future already in the form of Long Beach Container Terminal. But what also is as important and parallel to that discussion are operational improvements. More specifically, the quest to reduce truck turn times. The quest to increase night gates. And I am talking about in a predictable and efficient manner. Those are very key operational issues that will receive greater attention this year. ■

### Thomas O’Brien

*Executive Director, Center for International Trade and Transportation, California State University, Long Beach*



**2**017 was a year of uncertainty for the trade and transportation sector, both globally and locally. The end of 2016 saw the Hanjin bankruptcy, which ushered in a period of industry realignment and consolidation. Expect that to continue in 2018 with the discussion now incorporating the potential for consolidation in the marine terminal sector.

Political uncertainty also remains. The first year of the Trump administration has seen record stock markets here in the U.S.; and while projections for GDP growth for the coming year are consistently favorable, there are still plenty of disruptions ahead that could impact the environment for trade. The outcome of NAFTA renegotiations will determine the look of trade with two of the U.S.’ largest economic partners, Canada and Mexico.

Locally, policy debates will be dominated by the implementation of the Clean Air Action Plan adopted by the San Pedro Bay ports in 2017. The plan’s objectives are clear, but the

costs of implementation – and who will ultimately bear those costs – are less certain. So are the impacts on broader supply chains, including what the plan means for the total cost of moving goods.

Finally, there is the ever-present impact of changing technology on the trade and transport sector. Expect blockchain, one of 2017’s hot topics, to become the focus of conversations on how to facilitate the secure and efficient transfer of data and resources between the various stakeholders involved in moving goods. The need for new tools comes in the wake of the latest rounds of cyber-attacks, which last year hit ocean carrier Maersk. The rest of the trade sector will also continue to respond to technology-driven disruptions that will take many forms including expanded e-commerce and m-commerce (mobile commerce) platforms, the launch of Uber Freight in the U.S. market and the deployment of electronic driving monitors for the trucking community. ■

### Gene Seroka

*Executive Director, Port of Los Angeles*



**T**he Port of Los Angeles, the nation’s busiest container port, is coming off of back-to-back record-breaking years. In 2017, the Port will have moved approximately 9.3 million twenty-foot equivalent Units (TEUs), a 5.5% improvement over 2016’s record year and more than any port in the Western Hemisphere.

We’ve had an extraordinary run these last two years, and we are optimistic about 2018. While it is difficult to predict consumer confidence and spending, as well as other factors that influence international trade, we are forecasting growth of about 2% to 3% over the next 12 months.

Our cargo growth has been a direct result of a concerted effort over the last three years focusing on supply chain optimization. This unprecedented collaboration with the cargo stakeholder community has paid off in significant ways.

Record cargo numbers are providing us the opportunity to invest more in our port infrastructure, from both brick-and-mortar and technology standpoints. Our “Digital Infrastructure” efforts include a game-changing partnership with GE Transportation to digitize critical data that will help cargo owners, rail and trucking companies track their containers and more effectively plan for land-side transport. Combined with ongoing terminal upgrades, we are making great strides in efficient cargo movement across our port supply chain.

Having new level of insight via data will help port industry stakeholders meet ever-growing marketplace demands for smoother cargo flow through higher levels of planning and coordination. The ability to harness “big data” and enable stakeholders to track their cargo from port of origin to final destination will be a key factor in our 2018 strategy as shipping lines continue to merge operations and cut costs through complex vessel-sharing alliances. ■

### Elizabeth Warren

*Executive Director, FuturePorts*



**T**he year behind us was wrought with change. There are many types of change: technological, operational, economic and political. Change is inevitable and can be very good for business and for our economy.

One of the biggest changes we’ve seen at our ports is the increase in the size of ships calling on a regular basis. Larger vessels of 14,000 TEUs (twenty-foot equivalents) are the “new normal,” and in 2017, two of our local tenants, MSC and CMA CGM, ordered a total of twenty 22,000 TEU mega-ships.

These mega-ships have instigated changes to the supply chain and how the industry maximizes productivity and efficiency. Both ports, along with industry, labor and other stakeholders, have taken steps to ensure our ports are ready to handle their volume in 2018, and in years to come.

By all accounts, consumer confidence in the U.S. is high and is reflected in our container volumes. Last year, the Port of Long Beach handled more 7 million TEUs, and the Port of Los Angeles will report its highest volumes ever recorded, with approximately 9.3 million TEUs. Many analysts are predicting continued and steady growth for the long-term in container volume with around 4.5% growth predicted for 2018.

As the ports and their related businesses continue to grow, they are investing in more technology, equipment and efficient operations to also be “green,” as growing and greening our ports is critical to a strong economy and our ability to maintain our competitive advantage as the gateway to the Pacific Rim.

While there are potential threats to our market share that need to be monitored, such as shipping overcapacity, competition from Gulf and East Coast ports, trade wars and the uncertainty associated with NAFTA, there is a lot of good news for 2018. Oxford Economics reminds us “there is strong trade growth, low inflation, robust emerging markets and resilience to political uncertainty.”

All good news for 2018 indeed. ■



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# Oil

## Growth In Demand And A Balanced Market Promising For Oil In 2018



A more balanced oil market and demand growth should result in a positive year for oil, according to industry experts. Pictured are Signal Hill Petroleum employees conducting maintenance on an oil derrick in Signal Hill. (Business Journal photograph)

■ By **BRANDON RICHARDSON**  
SENIOR WRITER

**A** more balanced market coupled with strong demand growth means 2018 should result in a stable and positive year for oil, according to Matthew Smith, director of commodity research for ClipperData, a crude oil analysis firm.

“The start of this year looks exceptionally different from where we were at the start of 2017,” Smith said. “At the start of 2017, we had the beginning of the OPEC production cut deal. The market was very much out of whack – we were oversupplied, we had burgeoning inventories – but a combination of factors have meant that we start 2018 looking very much more balanced.”

Market growth is typically driven by emerging markets, such as developing countries, rather than developed nations such as the United States, Europe and Japan, according to Smith. However, he said that the market is experiencing much more growth in Europe than in years past. With current demand levels, Smith said growth production is about 1.5 million barrels per day, which is higher than it has been for a number of years.

The balancing of market prices at a sustainable level is being achieved through the efforts by the Organization of the Petroleum Exporting Countries (OPEC), and more specifically Saudi Arabia, to draw down oil inventories. Smith said the region still has some way to go but that it is on the right track. However, a more balanced market means oil prices are more likely to be affected by geopolitical events, such as a power plant explosion in Libya or unrest in Nigeria.

“The downside for the consumer in the U.S. is if prices continue to tick higher, that will translate to prices at the pump,” Smith said. “So, if we do see geopolitical tension rising up and putting a premium on oil prices, those will ripple through to U.S. gasoline prices.”

Smith said U.S. production is going to continue increasing in response to export demands. He noted the increase is due in large part to U.S. oil selling at a discounted rate when compared to global prices. The current global price of oil is around \$67 per barrel, about \$7 per barrel more than U.S. oil.

“We’re right at that \$60 mark now and that has been considered to be the top [price] of the so-called ‘shale band,’” Smith said. “We shouldn’t see prices pushed too much higher here because U.S. production will be incentivized to increase so much that the extra supply that comes to market, in theory, keeps the lid on prices. The last time we were up at this level was in 2015, so we’re going to have to see if that level holds.”

### Robert Barnes

*Executive Vice President Operations  
California Resources Corporation*



**T**he City of Long Beach’s operation of the world-class Wilmington Field has generated \$4.8 billion in revenues for the State Lands Commission, the city and its residents over the past 15 years and sustains a diverse workforce of over 1,000 good paying, middle class jobs from a range of educational backgrounds. California Resources Corporation, the state’s largest oil and natural gas producer on a gross-operated basis, has proudly served the city in developing the field and demonstrated our ability to manage activity levels with fluctuations in commodity prices. Looking ahead, inventories in the oil and

natural gas sector are being drawn down due to solid demand and current global undersupply of crude oil. The recent strengthening of commodity prices provides a boost to the Wilmington Field and the local economy through sustained capital investment, employment and services provided by people from the community.

California’s chronic dependence on energy imports continues, accounting for over half of the net energy imports into the entire United States. California currently imports 67% of its crude oil demand, 90% of its natural gas and even 32% of its electricity. Most of the 25 billion gallons of oil Californians consume annually comes directly from foreign countries that don’t apply California’s safety, labor, environmental or human rights standards. Given Californians’ enormous need for energy as the world’s sixth largest economy, the city and CRC are ideally positioned to continue supplying reliable, affordable and responsibly produced energy for years to come.

In an ever-changing and uncertain world, increasing California’s energy supply is the most sustainable way to ensure that all Californians have access to affordable and reliable energy. By continuing to support California’s energy self-sufficiency in 2018, the City of Long Beach and CRC will be a driver to increase jobs, infrastructure investments and tax revenues. ■

### Ralph E. Combs

*Manager, Regulatory & Government Affairs, The Termo Company*



**W**e are obviously pleased that the oil market has improved over the last year and we expect prices to remain within the high \$50’s to mid \$60’s per barrel range for 2018 (all prices are expressed as West Texas Intermediate or WTI). We need to remain cautiously optimistic and not get too excited, though. There are so many factors that could change the outcome. Will higher prices bring more U.S. drilling or will rising drilling costs curtail it? Will OPEC and Russia hold steady on production curtailment through the end of 2018 per their agreement? What will happen in Iran? Will Venezuela collapse? Is the rising Chinese demand real? And those are just

for the first half of this year!

We do plan on drilling at least one well in California this year, and possibly up to three. We will certainly use this uptick in prices as an opportunity to do work that we have been putting off until prices recovered. We have already restored many of the budget cuts that we made over the last few years, and I think overall, we feel the future is bright. I certainly hope Long Beach feels the same way.

Our projection for the price of oil at the end of 2017 was \$54.10 (so we missed it a bit) and when we surveyed the group last week, the consensus for the end of 2018 is \$68.40. There may be a little bit of cognitive bias going on there though, so ask us again at the end of 2018 and we will see how we did! ■

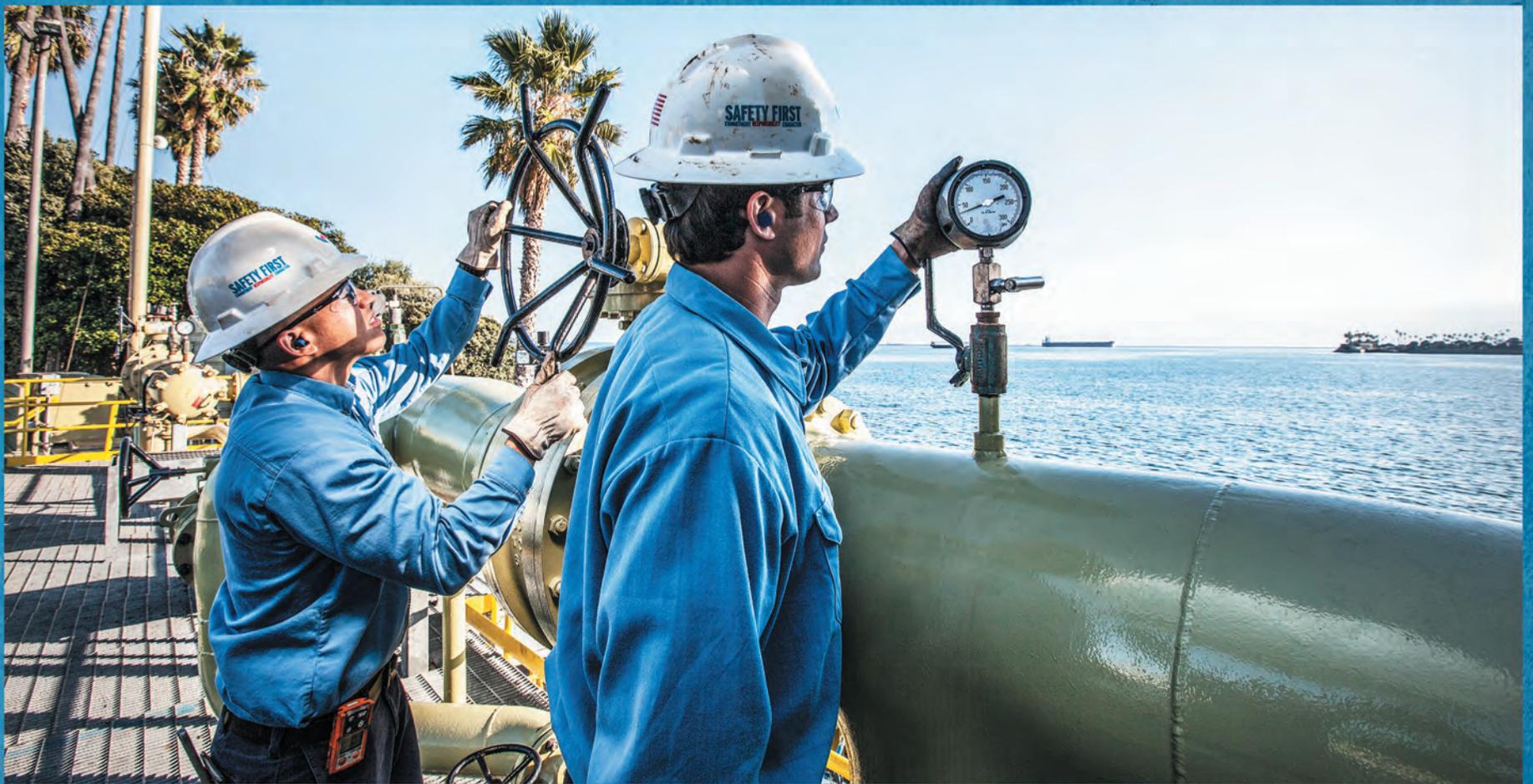
### Bob Dowell

*Director, Long Beach Gas & Oil*



**T**he Long Beach Gas & Oil Department (LBGO) is optimistic for 2018 regarding oil operations and oil price. We oversee the production of about 30,000 barrels of oil per day and anticipate the production volumes to remain level. The fiscal year 2018 city budget price for oil is \$45/barrel, and today oil is selling for approximately \$63/barrel. The improvement in oil price will allow for additional investment in the oil field by drilling new wells and other types of investment well work. We will also maintain investment in infrastructure through capital projects and maintenance programs. In addition, we continue to work together with the Port of Long Beach to help bring to fruition port projects. It is critical to coordinate oilfield operations with the port’s long-term business planning.

LBGO is always looking for ways to innovate the oil operations. Through substantial investment, LBGO has eliminated the use of potable water from downhole operations. The majority of water used in our oil operations is produced water from the oil field and reclaimed water purchased from the city’s water department. We are also exploring battery storage to support alternative energy and lower electrical costs for our operations. LBGO remains committed to working closely with state regulators that approve the projects we conduct. Last year, LBGO completed a thorough review of the oil fields abandonment liability to ensure we are setting aside sufficient funds. As a prudent operator, it is critical to properly plan for the eventual abandonment of the oil field, which we predict could begin in 2035 based on current estimated and forecasted oil prices. Until the end of field life, we will continue to have world class oil operation with an excellent safety and environmental record. ■



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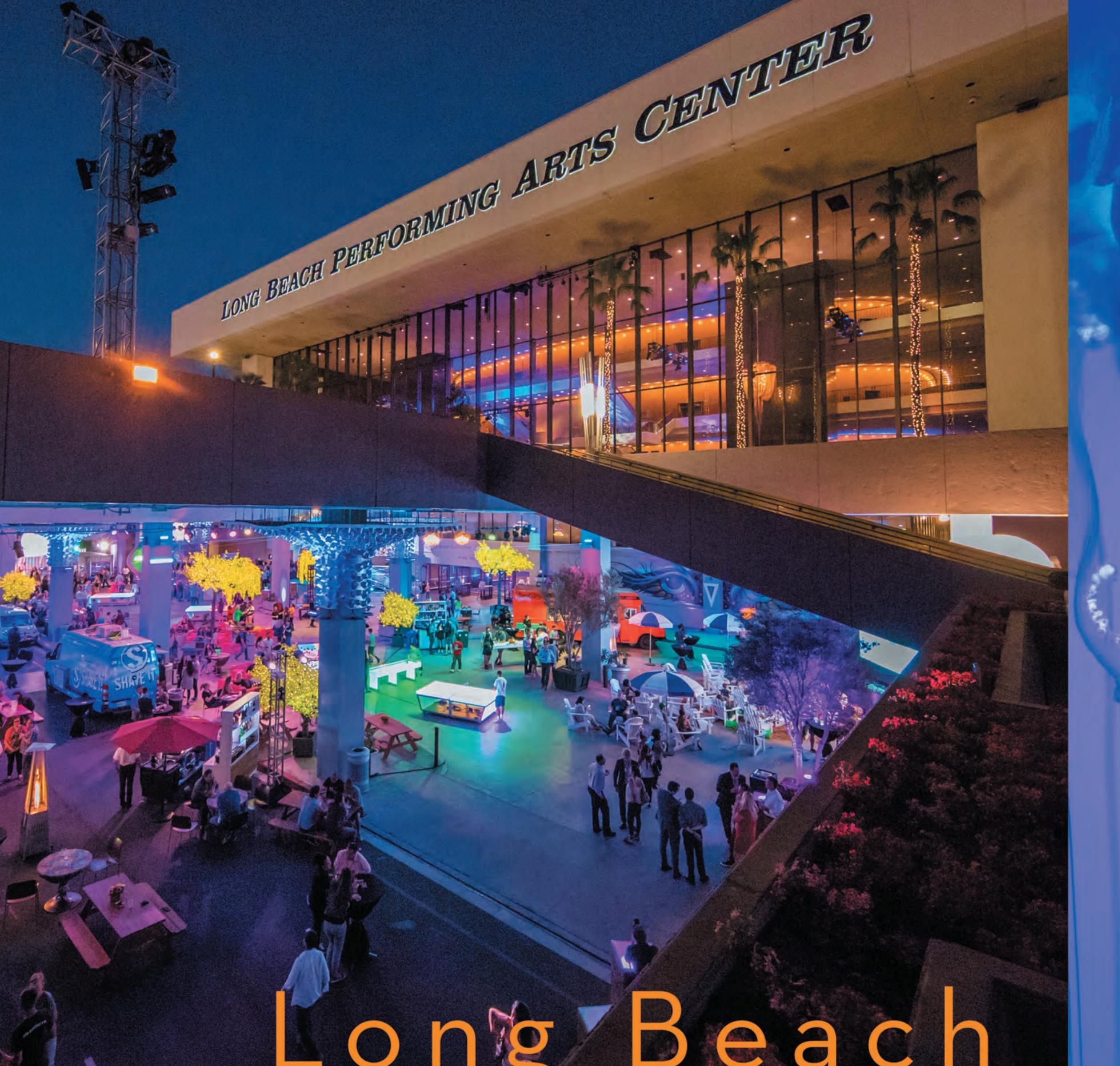
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# Oil Continued

## Catherine Reheis-Boyd

President, Western States Petroleum Association



The oil and gas industry helps power California’s economy, particularly in communities like Long Beach with significant industry footprints. And, while oil and gas will be essential to the energy mix for the foreseeable future, we’re also entering a period of significant changes in the ways energy is produced, distributed, consumed and managed.

Our industry has a responsibility to engage fully in facilitating this energy transformation because millions rely on us to fuel daily life. Oil and gas companies also directly employ 370,000 Californians in good-paying jobs, and support 1.7 million jobs in other industries that need and use our products. We contribute \$148 billion in direct economic activity and \$55 billion in state and local taxes that pay for schools, infrastructure, public safety and many more services. Our commitment is clear.

We can chart the energy horizon successfully only with all parties at the table, setting differences aside, and finding common ground that benefits the people we all serve. Our actions can profoundly impact social justice, the environment, our shared prosperity, our overall health and well-being, as well as important issues like energy independence and national security.

Rather than standing apart in the public policy arena, we can work cooperatively to develop new approaches to energy equality and access to energy for everyone, improve air and water quality, address climate change, support state and local economies, support families and communities, and invest in innovations that make oil and gas cleaner, safer, more usable and more affordable.

Our industry already invests in promising alternative fuels, energy sources and ongoing research and development into truly sustainable energy strategies that will complement the steady access to petroleum we’ve enjoyed and will continue to enjoy for so long.

We can agree to support each other instead of competing, and come together as a community of leaders to shape the energy future. If we miss that opportunity, we’ll face even more challenges to our health, our prosperity and our access to safe, affordable and reliable energy. ■

# Real Estate

## Outlook Is A Mixed Bag For 2018



Real estate experts project a strong year for industrial space but a difficult year for retail, as the model shifts to experiential shopping. Long Beach Exchange at Douglas Park is a 265,000-square-foot retail development that combines conventional retail with experiential concepts and is slated to open on May 12. (Photograph by the Business Journal’s Brandon Richardson)

■ By **BRANDON RICHARDSON**  
SENIOR WRITER

Real estate markets will have varied levels of success and some struggles in 2018, depending on property type, location and shifting demands, according to Richard Green, director of the USC Lusk Center for Real Estate.

“On the [residential] rental side, we think there will be some gains in rents this year, but they will be muted compared to years past,” Green said. “The reason for that is the vacancy rates are still very low despite the fact that there is a fair amount of stuff coming online.”

Over the last several months, Green noted that overall rental rates in Southern California have fallen slightly, but that trend depends greatly on location. In areas such as Orange County, where inventory is low and new development is scarce, Green said he expects rental rates to continue to climb. However, in pockets of Los Angeles County, where development has increased greatly in the past several years, he expects rates to begin to soften or at least flatten out.

Green explained that it is unlikely for values of single-family homes and condominiums

to keep rising. Home prices have surpassed affordability for the average Californian, causing more residents to rent. While home prices increased up to 7% last year, Green said he does not expect to see more than 2% growth in 2018.

“I think [commercial real estate] will be a lot like it has been in the last few years. We expect the industrial [market] to do very well. They just can’t build it fast enough and that reflects how the economy more broadly is changing,” Green said. “Retail I expect to continue to struggle. Office depends very much on location and type.”

The outlook for traditional office space is “ugly,” according to Green, with more and more businesses seeking alternative, creative space to conduct business. He explained that 15 years ago, the average U.S. employee occupied around 230 square feet, but today that number has dropped to around 160 square feet and is expected to continue decrease. Further exacerbating the problem is that job growth has not been enough to offset the decreased need for space, Green said, noting that automation is replacing people in many instances.

A shrinking middle class and a decrease in disposable income – as well as the popularity of Internet retailers like Amazon – has resulted in many stores, such as Sears and Kmart, to begin shuttering locations. Green explained that high- and low-end stores are surviving because those markets are increasing in population as the middle class dissolves.

“Beyond the fact that incomes in the middle haven’t risen, they are spending more of their income on housing, more of their income on health care and, with this new tax bill, the middle class is ultimately going to be spending more in taxes,” Green said. “That means there just isn’t money there to support these stores. People just don’t have money, and retail spending is about money.”

## OFFICE SPACE

### Becky Blair

President, Coldwell Banker Commercial BLAIR WESTMAC



On the national front, 2017 experienced fewer tenant expansions and the supply growth remained unchanged, according to the most recent REIS report. Research from that same report of 79 metropolitan areas showed declining absorption. This is in turn making it hard for landlords to be able to raise rents. However, developers are being very cautious as to where and how much office product they build, allowing for a continued equilibrium of absorption this past year. The Long Beach area averaged about a 2% increase in asking rents and the 3rd quarter showed a 13.3% vacancy rate.

Because Long Beach is a small business market, there is a trend for some office users to purchase their own buildings as opposed to leasing space, which is also negatively impacting office occupancy. Although we are closing in at the top of the market for single-purpose building sales, this trend still has a strong following with business owners and could negatively impact office lease rates in 2018.

Another popular trend continues to be smaller businesses using less office space per employee as well as more creative, open-space plans versus private offices. Because of this trend, several office landlords I’ve talked with recently are renegotiating leases early to secure tenants for longer terms.

Most experts are predicting that office vacancies will remain at around 13% in 2018 or may even edge up depending on likely interest rate increases. Although the outlook may be slow to no growth, Long Beach is having its best development surge since 1990. With a new civic center, infrastructure projects like the Gerald Desmond bridge and major redevelopment and new mixed-use projects throughout the city. Long Beach could surprise the critics and surpass the regional anticipated growth in the coming year. ■

### Dave Smith

Senior Vice President, CBRE



2018 should bring steady progress in leasing activity in both Suburban and Downtown Long Beach. In Downtown Long Beach, recently renovated buildings such as 211 Ocean, The Hubb and One World Trade Center will benefit from their ability to deliver the type of space and amenities that tenants are seeking. With few large blocks of available space, there is very little chance of one or two large transactions substantially impacting the market. Most buildings should see modest improvement to their relatively healthy occupancy. One World Trade Center presents the best opportunity for a large company with the recent renovation of the project and availability of over 200,000 square feet. A steady stream of new companies should be expected to flow into Long Beach, following those from 2017 that included Pacific6 and Altech Electronics at 211 Ocean Blvd., The Children’s Institute at 1500 Hughes Way, and Expeditors at 4900 Airport Plaza Dr.

The management shakeup at Molina Healthcare led to significant layoffs and retrenching of their office footprint. Molina’s downsizing presents near term challenges to the market, but over the long term, it will lead to a healthier and more diversified market.



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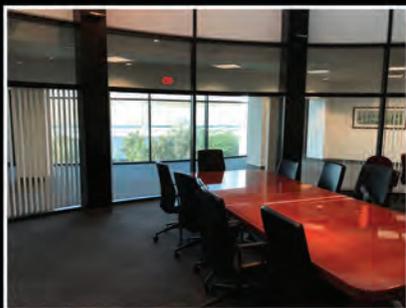
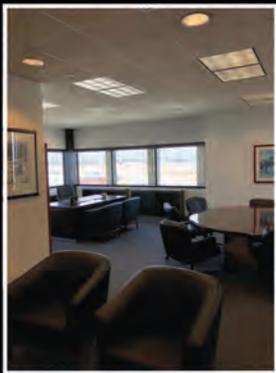
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## Real Estate Continued

Rental rates should continue their steady increase across all classes of buildings. Rates will remain well below levels that would justify new development so it is unlikely there will be any significant new construction over the near term. There is continuing demand from small companies to buy their own buildings so smaller developments of product for sale, similar to The Terminal at Douglas Park, is the only type of development that would make economic sense.

Continuing diversification of the tenant base and ongoing improvement in building and market amenities should make 2018 a good year for the Long Beach office market. It will also continue to provide the building blocks for a healthy market over the long term. ■

### **RESIDENTIAL REAL ESTATE**

#### **Leslie Appleton-Young**

*Vice President & Chief Economist, California Association of Realtors*



**W**ith the economy expected to grow at a slightly faster pace and the labor market remaining solid, housing demand should remain strong. The question is where the supply will be coming from. This issue will not be resolved overnight and the California Association of Realtors (CAR) expects a tight supply condition in the coming year, as concerns about the demographic shift, property taxes and capital gains continue to be factors that prevent homeowners from listing their properties. While CAR expects the economy to have a stronger growth in 2018, tight supply conditions, low housing affordability, the likelihood of an interest rate hike and the ongoing uncertainty in the policy arena provide a less than favorable environment for the housing market. As such, CAR projects that existing home sales in California will have grown at 1.3% in 2017 and 1.0% in 2018.

Home prices also are forecasted to grow next year, as supply shortage and strong housing demand continue to dictate the market and exert upward pressure on prices. Housing affordability will be negatively impacted as a result and could be a force to counterbalance the price appreciation created by the market competition. The tug of war between the two forces will elevate the statewide median home price to a higher level but keep price appreciation under control. CAR is expecting the state median price to have grown 7.2% in 2017, and will continue to rise at a more moderate 4.2% in 2018.

With home prices growing faster than income, housing affordability continues to deteriorate, and fewer Californians are able to make the jump back into owning their own homes. The supply constraints have created an excess-demand situation that is putting further upward pressure on home prices as the economy creates more jobs and incomes start to rise. As interest rates are also expected to rise in 2018, the cost of carrying the typical mortgage will increase, thereby reducing affordability even more in the upcoming year. As such, homeownership may get worse before it gets better. ■

#### **Steve Bogoyevac**

*Senior Vice President Investments, Marcus & Millichap*



**L**ong Beach has seen tremendous growth in rents and values in recent years. Local private investors have pushed Class C apartment returns to sub-three percent yields, with the average price per unit over \$200,000 per door. Developers are underway on nearly 2,500 new units, most of which will come online during 2018. This increase in inventory will influence rates and vacancy in 2018. Long Beach's vacancy rate rose 50 basis points over the past 12 months to 2.9%.

However, relative to other submarkets in the Los Angeles area, Long Beach rent remains affordable despite a 7.3 percent bump in monthly rates.

Velocity may be a future indicator of how the market will react in 2018. In the last market cycle, 2004 presented us with the last clear peak in velocity. This was followed two years later, in 2006, by the last peak in all four pricing indicators: price per square foot, price per unit, cap rate, and GRM. We saw a small decrease in velocity in 2017 from previous years and will be tracking this and its effect on values closely in 2018.

Investors should keep in mind that we're now on Year 11 of the real estate cycle as measured from peak to present. In the hockey world, we'd be in overtime.

The present real estate market is significantly different than the last cycle, however. While interest rates have increased slightly, there is still ample lending for the foreseeable future, and there is plenty of capital available for investment via exchanges and money looking for competitive returns.

Furthermore, apartment values could be significantly impacted if the California Legislature votes to repeal the Costa-Hawkins Act, as proposed in a bill introduced in early January. If Costa-Hawkins is repealed, cities will be authorized to permanently control the rent of all properties. We caution investors to keep in mind that even if

Costa-Hawkins is repealed, cities would still need to have their own votes in order to enact rent control ordinances. ■

#### **Phil Jones**

*Broker/Owner, Coldwell Banker Coastal Alliance*



**F**orecasting the real estate market leaves much to chance and resembles the polling of who will win a Presidential election. Having said that, let me begin by addressing a frequently asked question, is the housing market in a bubble? There really isn't any evidence to support an argument that it is, when looking at the highly regarded Case-Shiller index. As a matter of fact, the index reflects that the last six years appear to be very normal relative to the previous 40 years, with very steady growth in the market between 4% to 7%. None of the factors that contributed to the Great Recession, including liberal loan underwriting standards or double-digit appreciation are present in the market.

What will real estate in 2018 be like? Most real estate economists believe we will see elements in the market that closely resemble those of last year's. The dominant factor remains the very restricted inventory. Currently, the Greater Long Beach market has approximately a two-month supply of residential properties for sale, when the norm is considered to be a six-month supply. This, of course, puts considerable pressure on buyers, particularly first-time consumers. It also creates a dynamic where home prices continue to appreciate, currently about 6% to 7% year over year, which is relatively moderate given the strong demand. Finally, interest rates have been holding in a stable range, between 4% to 4.5%, although the expectation is that there will be gradual increases throughout the year.

The trends of 2017 reflected a decrease of listed properties of 6.7%, closed transactions were down 2.2% and inventory dropped 13.9% as compared to 2016. Overall, a reasonably steady marketplace. ■

#### **Steve Warshauer and George Bustamante**

*Vice Presidents, Coldwell Bank Commercial BLAIR WESTMAC*



**T**he outlook for 2018 multi-family commercial real estate remains optimistic, with caution. There are several positives for the economy coming out of 2017. Most evident from last year is that unemployment hit new lows and the stock market hit record highs.

Looking ahead, we have good reason to remain optimistic. Real GDP appears likely to expand close to 3% in the coming year, which is a big improvement over the 2% growth seen in 2015 and 2016. Tax reform is complete and businesses will reset, causing the economy to continue to see continued growth in 2018.

The fundamentals for multi-family investments are still tied to supply, demand, costs of capital and income levels. The persistent supply/demand imbalance remains intact for 2018. That means continued low vacancy rates (sub 4% for Long Beach), landlord pricing power and tenants' limited supply for affordable rental housing. Interest rates remain at historic low levels but are expected to climb slowly as the economy improves.

The investment market appears to be peaking based on the most recent CoStar reports, showing a slowdown in the sales activity and bottoming out of CAP rates for the last quarter of 2017 in Long Beach. Investors and lenders are expected to closely monitor property fundamentals in the markets and property sectors they invest in for 2018, as the U.S. economy continues its extended recovery and the Fed continues to increase rates.

Despite record low unemployment, increased consumer confidence and a strong stock market, many in the industry see slower growth ahead for rent increases and property prices. As the capital market moves later into the current real estate cycle, financial services firms are maintaining an optimistic outlook for the U.S. economy, although many are also recommending a cautious approach. ■

**INDUSTRIAL REAL ESTATE**

**Brandon Carrillo**

*Principal, Lee & Associates*



Incredible demand has outstripped the limited supply in the Long Beach industrial real estate market. Market signals shows us that this trend shall continue into 2018. The direct industrial vacancy rate in the Long Beach marketplace is hovering around historic lows of 1%. Rents have increased around 10% since the 1st Quarter of 2017. The vacancy rate this time last year was 0.7%, which, despite the numerous construction projects in the pipeline and those delivered into the marketplace, have not had an effect on the vacancy rate. Sale volume has increased immensely throughout the year from \$76.8 million in the 1st Quarter to \$316 million for the 3rd Quarter. Lack of land sites had an effect on development activity in the LA/Long Beach region with 1.1 million square feet (SF) under construction, down from the previous quarter of 1.8 million SF. Cap [capitalization] Rates continue to be pushed downwardly as investors clamor for limited quality investment projects in the area.

Rexford Industrial acquired Rancho Pacifica Business Park, one of the largest industrial parks located in the South Bay. Rexford's investment flexibility allowed them to close the 1.17M SF Class A project in 13 days for \$210.5 million. Toyota's Headquarters in Torrance consisting of 110 acres of industrial, office and land was sold to Sares-Regis for \$270 million. Looking forward, small and medium sized businesses will continue to get squeezed by historically high lease rates. The demand for buildings continues to grow and shows no signs of leveling off. This trend should continue, and be a great opportunity for property owners to capture these historically high values. Low interest rates will continue to encourage business owners to take advantage of the favorable market conditions. As seen in 2017, industrial property for lease or sale will continue to be difficult to find while new facilities will be built to support ecommerce fulfillment centers and the shift towards electronic retailing. ■

**James Flynn**

*President, The Carson Companies*



The 2018 outlook for industrial real estate is very strong; in fact, it is the strongest I have seen in my 34-year career.

There is a perfect storm of demand drivers for industrial real estate. Manufacturing is returning to the United States; E-commerce is expanding rapidly, moving goods from traditional retail stores back to logistics centers; and finally, the consumer, driven by a very strong economy, is quite active.

The difficulty finding infill sites suited or zoned for industrial property in the Los Angeles market is creating a critical shortage of space for companies to expand or locate in the Los Angeles area. The vacancy rate in Los Angeles is approximately 1%, an all-time low. As a result, rents and industrial sale prices are increasing very rapidly. By our estimate, rents in the South Bay area of Los Angeles have increased 17% in 2017 alone. Los Angeles is a very difficult environment to get entitlements and permits to develop or redevelop property for an industrial use. Unless the Los Angeles area addresses these difficulties in permitting industrial uses, there will continue to be a critical shortage of space for companies with an industrial use in the Los Angeles area.

Carson Companies, which originated from a Spanish land grant in the Carson area in the 1700s, now operates in Southern California, Pennsylvania, New Jersey and Houston, Texas. The demand drivers for industrial space are consistent throughout all of these markets as well as much of the nation. Due to the difficulties in permitting and finding industrial land sites in the Los Angeles area, most of our new activity is outside of the Los Angeles area and the State of California. ■

**RETAIL REAL ESTATE**

**Scott Burnham**

*Founder and Chief Executive Officer, Burnham USA*



While the new tax reform has caused some to pause, there is actually much reason for commercial developers to be optimistic in 2018 and beyond. Economic optimism in the economy was generally felt this past week when the DOW closed for the first time in history above 25,000.

We have good economic momentum as we roll into the new year with both consumer spending and investment steadily growing.

With the passing of the new tax reform, consumers will have more disposable income to spend on retail purchases, which will generally help support an otherwise ailing retailing industry-in-transition. Business is also now incentivized to spend more on equipment. At the same time, corporate taxes will be reduced and will play a positive role on employment within the greater U.S. economy, with the creation of more jobs.

The corporate tax rate changes should also attract more foreign investment in U.S. commercial real estate, driving demand; and at the same time, the tax changes will

discourage corporate inversion and the moving of dollars abroad, which are now more likely to stay in the U.S.

Pass-through entities that are prevalent ownership structures in commercial real estate will also benefit with lower taxes, while like-kind 1031 exchange laws will remain intact.

Overall, the tax changes in 2018 are a very good thing for our commercial real estate industry and will encourage more U.S. investment and incentivize the real estate industry itself to invest and build more.

Together with job growth, the industrial and office sectors will continue to experience improved occupancies, and the retail sector will continue to evolve with the collapse of the older retail models such as Macy's, J.C. Penney, etc., while consumers demand a better and more improved shopping experience.

All in all, the outlook for 2018 looks bright! ■

**Doug Shea**

*Partner at Centennial Advisers*



We must look globally to predict what is going to happen locally. A couple of trends that we must look at for 2018: new tenant makeup and the downsizing or closing of some big box retailers.

Mall owners are shrinking apparel users as the majority of tenants in a mall. As early as eight years ago, the tenant makeup of apparel to general was 70/30. It is now down to about 50% regionally and I predict will be down to 40% by 2020. The landlords are changing as they see the number of apparel shops closing. According to IHL Group, a global research and advisory firm for the retail and hospitality industries, the sector is set to lose 3,137 stores like the ones we have seen for 2017 – American Apparel, Abercrombie & Fitch, Gap, The Limited, Rue21 and Wet Seal, to name a few.

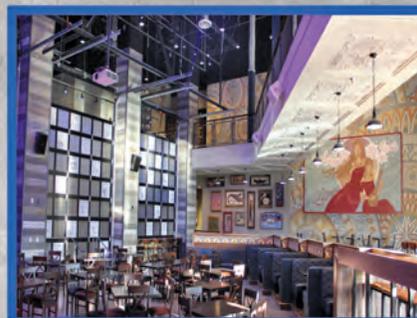
What does this mean for Long Beach and the surrounding cities? Existing malls and potential new malls will need to incorporate more restaurants, entertainment, service, fitness and other new uses. It is about the experience as much as the retail purchase, if not more.

The big-box department store closures will total approximately 400 stores this year. The retailers are Sears, Kmart, Macy's, and J.C. Penney. How much longer will the Sears and the Super Kmart on Bellflower Boulevard survive? The full notification of all of the locations has not been released yet. These closings will affect Southern California and Long Beach in a number of ways. There will be changes of use that were not even considered before.

Good examples of the change will be self-storage, medical and dental, residential, office, hotel, entertainment (theaters) and educational facilities. All of the aforementioned will create new opportunities to the surrounding neighborhoods. ■



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# Retail

## Retail Establishments Report Growth In The Face Of Online Competition



Patrons stroll down 2nd Street in Belmont Shore on a Sunday afternoon. Dede Rossi, president of the Belmont Shore Business Association, reported strong sales during the summer and holiday season.

■ By **ANNE ARTLEY**  
STAFF WRITER

**D**espite competition from online retailers such as Amazon, Long Beach brick and mortar outlets remain positive about sales in 2018, echoing a national perspective.

“I think the outlook for the retail industry is positive going into 2018,” Jack Kleinhenz, the chief economist for the National Retail Federation, said. “We were very encouraged by the holiday season. Job creation has been solid and unemployment rates have been low. And we’ve seen modest increases in wages which has boosted consumer spending.”

Local retail centers and corridors reported growth in 2017 and predicted continued growth in 2018 due to new tenants and a strong economy. For example, Jim Ault, property manager for Parkview Village Shopping Center in Northeast Long Beach, said 2017 was one of the center’s best years. Similarly, Downtown Long Beach Alliance President and CEO Kraig Kojian recorded an influx of new downtown businesses in 2017. And Tony Shooshani, managing member of Shooshani Developers, predicted increased activity at The Streets shopping center due to a variety of businesses opening in January.

Many new retail tenants throughout the city, including at The Streets, are restaurants. Sharokina Shams, the vice president of public affairs at the California Restaurant Association, reported a “glut” of restaurants in the state’s largest cities.

“There are so many restaurants and new concepts being tried out by adventurous entrepreneurs that it’s really giving older establishments a run for their money,” she said. “There might be a contraction in the coming years since there’s not enough business to go around.”

Although they expressed trepidation about competition from online retailers, business association leaders Dede Rossi of Belmont Shore and Blair Cohn of Bixby Knolls said establishing a strong online and social media presence can help smaller shops stay in the game.

Retail experts and executives said the impact of the 2017 tax reform represented another uncertainty. “We don’t know yet how the tax program will affect spending,” Kleinhenz said. “There might be a mixed bag of give and take for taxpayers. When people understand what will be in their paycheck, that’s when we [will discover] if they will commit to more spending.”

**Jim Ault**  
*Property Manager, Parkview Village Shopping Center*



**W**e are remaining positive. 2017 was a slow but good year. We did add a few more tenants to the center, and we were able to fill a few more vacancies. This has been a steady uptrend for us for the past three to five years. While it has been slow, it has been positive. For 2018, we expect for this trend, at least for our shopping center, to continue. For the city, we are also remaining positive. We’re hoping that the new tax laws will be a benefit to the business community and allow businesses to do some expansion that will result in positive growth for 2018 and possibly into 2019. I’ve been managing Parkview Village for 21 years now, and 2017 was one of our strongest years. We have both a retail sector and office sector and they are doing very well. ■

**Blair Cohn**  
*Executive Director, Bixby Knolls Business Improvement Association*



**W**e remain positive in Bixby Knolls for our mom and pop retailers, even though the national outlook for retail predicts challenges. Even big box retailers are affected by Amazon and online shopping, so it all filters down to the very local levels. It’s an important part of our mission to keep promoting, publicizing, and creating events around our retailers to muster the local support from the neighborhood and beyond. The retailers that have both an online presence as well as brick and mortar have an advantage. In addition, the retailers that create themselves as a “destination” and are creative with their marketing do the best. Fortunately, we have a number of retailers that do this and continue to build their own followings. We are here to supplement the efforts and make the district as shopping and dining destination as a whole. ■

**Debra Fixen**  
*General Manager, Shoreline Village*



**T**he waterfront location and whimsical charm of Shoreline Village make it a destination for tourists and locals alike. Shoreline Village has had its ups and downs along with the local economy, but has been in a steady, positive growth mode for the past five years. 2018 is predicted to be no different. Due to the popularity of the location, selection of quality dining, and unique shops, there is something for every budget and taste. Locals enjoy our free family entertainment and we hold many events and provide venues for our local non-profits.

In 2018, we will be welcoming new merchants, as well as seeing the expansion of some of our veteran merchants including Louisiana Charlie’s. Since opening in 2013, Louisiana Charlie’s has become an increasingly popular restaurant, for its authentic Cajun dishes and barbeque. The restaurant regularly has two hour waits on the weekends, and will be expanding its kitchen and dining area to accommodate their growing flock of fans. We have some new retail stores coming, some moving, and some expanding, along with a new family style restaurant, all of which cannot yet be named as leases are under negotiations.

As online retail sales grow, shopping centers have had to evolve with the changes. Customers buying styles have changed with increased purchasing online. To survive and thrive, shopping centers need to provide a more of an experience rather than just being a location for shopping. Shoreline Village more and more is looking for merchants that can provide an attraction or activity. In 2017, Shoreline Village welcomed Global Candle, where you can watch your candles being dipped in your custom design or one of their popular styles.

As the tourism industry continues to expand and solidify Long Beach as a premier destination, Shoreline Village continues to grow along with it. Ownership has plans to expand the parking lot, upgrade our entertainment area, and provide an overall enhanced appearance, while maintaining the unique charm that has made Shoreline Village one of Long Beach’s most iconic landmarks. ■

**Chris Giaco**  
*President, Fourth Street Business Association*



**M**uch as we did for 2017, the Fourth Street Business Association finds itself approaching 2018 with cautious optimism mixed with increased concern for what continues to be a challenging retail environment for brick and mortar businesses. While we are generally optimistic and encouraged by the direction the City of Long Beach as a whole seems to be taking, we find ourselves consciously and constantly working to ensure that such large-scale changes to infrastructure, planning, and development effectively translate to positive impacts for our individual neighborhoods. While we have noticed increased tourist and local traffic to our district, it is also clear that consumer spending habits are in a state of flux, and many of our small businesses operate in a state of constant uncertainty. This is not a situation unique to 4th Street, or even Long Beach in general, but likely reflects a larger cultural shift in the nature of consumer shopping habits, and extends to social activity on a more general scale.

To keep our business district vibrant and relevant, we have redoubled our efforts to offer creative events programming in order to reengage existing patrons and introduce 4th Street to newcomers. Through our monthly Fourth Fridays on 4th events and our annual Pour on Fourth beer and wine tasting event, visitors are afforded the opportunity to experience 4th Street and our increasingly varied selection of businesses, services, and drinking and dining options. As one of the only Long Beach business districts comprised of businesses owned and operated exclusively by small, independent owners, 4th Street truly embodies the spirit of shopping, supporting, and staying local. We believe this concept to be a necessary cornerstone of economic sustainability, and one that we will continue to embrace and promote throughout the coming year. ■



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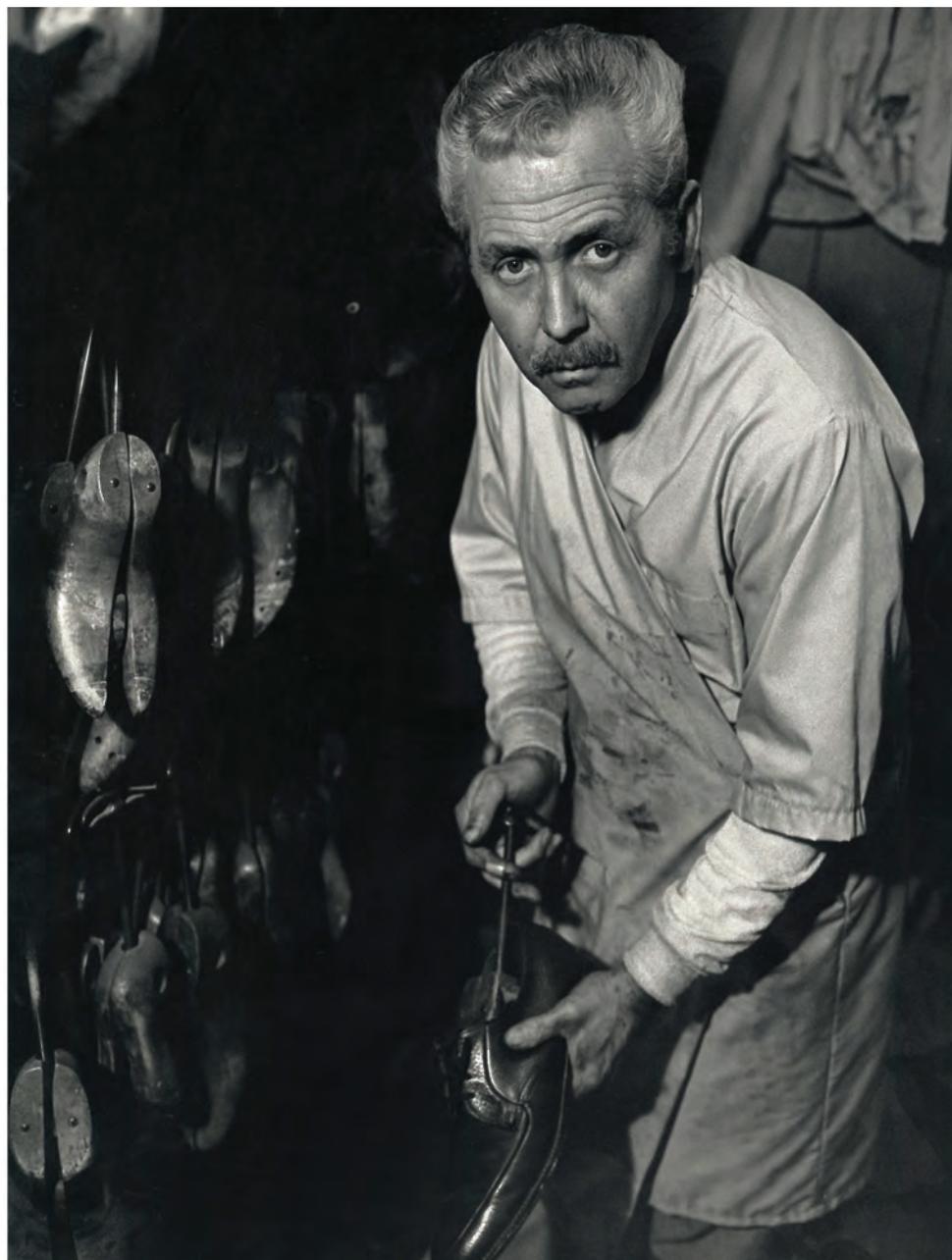
Richard Brown, known affectionately by his customers as "Jack," served Long Beach and the surrounding communities six days a week for over 60 years.

His well-known passion for "saving soles," as he often said with a smile, was backed by a tireless work ethic and dedication to his loyal customers.

We will all remember his kindness and genuine care for everyone who entered his shop.

**You're a legend, Jack.**

July 15, 1932 - December 22, 2017



## Retail Continued

### Kraig Kojian

*President & CEO, Downtown Long Beach Alliance*



**D**owntown Long Beach Alliance (DLBA) welcomes 2018 with continued resolution to build upon its mission to cultivate, preserve and promote a healthy, safe and prosperous downtown. Our focus is targeted upon achieving the objectives outlined in our Vision 20/20 Strategic Plan to position Long Beach as a regional economic powerhouse with a strong local character.

Beginning this month, DLBA is conducting its Annual DTLB Business Survey to acquire information to best assist us with our mission of encouraging and supporting business development and investment in downtown.

2017 was a year of growth in downtown with 174 net new businesses, an 11% increase from the previous year (<http://bit.ly/DLBA2017AnnualReport>), and this year will bring further expansion with 26 additional new businesses currently known to have opened or to launch.

In last year's research of downtown business owners, 64% of them expect to expand in 2018, and 72% believe the Long Beach economy will grow this year (<http://bit.ly/2017employmentprofile>). Presently, ground-floor occupancy is approximately 92%, with planned construction of mixed-use developments expected to add an additional 1,038 residential units and 16,500 sq. ft. of new retail space within the next two years.

Job growth for downtown is up 6.5% surpassing the citywide rate of 3.9% and L.A. County's rate of 2.2%, as cited from the Downtown Long Beach Employment Profile report completed in partnership with Beacon Economics and the City of Long Beach late last year (<http://bit.ly/2017employmentprofile>).

Finally, we expect accelerated and increased investment in downtown across all commercial real estate assets and new multi-family housing investments, such as Ocean View and Shoreline Gateway, to break ground and add another 389 residential units between these two iconic projects. Overall, Downtown Long Beach continues to serve as a regional economic engine and as a desirable location for independent business growth and nationally recognized investors. ■

### Dede Rossi

*Executive Director, Belmont Shore Business Association*



**I**n 2017, the Belmont Shore retail businesses did not start the year off strong. We had a lot of rain and construction on 2nd street, but that may not be the reason sales were down. Luckily, sales picked up and most of our smaller retailers had a good summer. Also, holiday sales were up. With construction done and hopefully good weather coming, we don't expect much will change in 2018. An exception is that February and March may pick up if we focus on upcoming holidays, starting with Valentine's Day. We can't compete with Amazon and other online shopping, but small business has picked up – and not just on Small Business Saturday in November. Retailers have experienced

the younger generation patronizing their stores, perhaps because they are willing to give their money to small business rather than big box stores. Millennials also like to shop online, businesses that also sell online and have a big social media presence should be the most successful. Thankfully, the new businesses that are coming in incorporate these practices. ■

### Tony Shooshani

*Managing Member, Shooshani Developers*



**T**he Streets is rolling right into 2018 with the same great momentum and success as seen in 2017.

With the heart of downtown centered in between 3rd Street, 6th Street, Pine Avenue and Long Beach Boulevard, The Streets is now a popular destination.

The multi-year repurposing and repositioning project is spread throughout the 350,000-square-foot mixed-use district and has experienced a number of new businesses, restaurants and specialty shops opening last year with more on the way.

In 2017, The Streets welcomed Retail Design Collaborative and Studio One Eleven that opened in March. King Buffet restaurant opened in April, Romeo Chocolates opened in July, The Plant Junkie opened in September and Creative Crepes restaurant opened in October.

The Streets has a variety of businesses opening in varying stages in 2018, to include Burgerim restaurant, Table 301 restaurant, and The ThickShake Factory – all in January.

Two new projects are moving forward on 4th Street with an innovative, parklet dining area in front of Milana's New York Pizzeria, Mitaki Japanese Restaurant and Fresh Kabobs, followed by a proposed new parklet on Pine Avenue in front of several retail locations, including The Pie Bar.

The Streets and California State University, Long Beach, recently announced their part-

nership to develop the "CSULB Village" with construction projected to start in Fall 2018.

In addition, lease agreements have been signed for openings throughout 2018 including Habibeh, Loose Leaf Boba Company, Party Monkey, Pinot's Palette, Poke Cat and Portuguese Bend Distillery.

Walmart has not provided a timeline for a new tenant in the current Walmart space. Yet we have many inquiries and we will continue to identify potential new tenants that best represent our new downtown.

The Streets now offers more than 38 retail stores, specialty shops, entertainment venues, and dining outlets. The retail outlook for Long Beach and The Streets is moving in the right direction. ■

## Technology

### Growth Of Sales And Innovation To Increase For Technology Companies



An application engineer at DENSO Products and Services Americas, Inc. headquarters in Long Beach adjusts a robot used to build automotive parts. (Business Journal photograph)

■ By **ANNE ARTLEY**

STAFF WRITER

**L**ong Beach-based technology companies are predicting growth and sales to remain steady in 2018 due to increasing consumer spending and an overall strong economy, according to the industry executives interviewed by the Business Journal.

Long Beach is home to the headquarters of multiple major technology firms, including Epson America, Inc., software developer Laserfiche, and DENSO Products and Services Americas, Inc. With consumer spending projected to increase this year, these firms plan to invest in the development of new products.

Autonomous technology is one area of growth expected in the technology sector this year.

Epson America, Inc. is continuing to focus on robotics, according to CEO Keith Kratzberg. The firm is the world's top manufacturer of robots commonly used in assembly lines for industries ranging from consumer electronics to medical development.

Joe Mejaly, DENSO's senior vice president, operations, sales, strategic planning and marketing, also commented on advancements in autonomous technology. DENSO is a supplier of automotive technology, systems and components for automakers. Mejaly said the automotive field as a whole is undergoing changes, including the expansion of self-driving vehicles and the increased use of ride-sharing services, Uber and Lyft.

Chris Wacker, CEO of Long Beach-based software company Laserfiche, forecasted a strong year, describing the economy as booming. He cited a low national unemployment rate and low interest rates as indicators for the success of his company in the coming year. Wacker estimated that Laserfiche grew about 15% in 2017 and said he expected to see even more growth next year due to new products and platforms.

Wally Bakare, the Spectrum West Region, SoCal central area vice president, emphasized a focus on consumer products. The firm plans to expand upon its Internet speed offerings, and is even venturing into the realm of wireless service through a partnership with Verizon.

The technology titans of Long Beach expressed satisfaction with their returns on 2017, and plan to build on their successes in the upcoming year.

### Wally Bakare

*Spectrum West Region, SoCal Central Area Vice President, Field Operations*



**A**t Spectrum, we recognize that broadband access can create life-changing opportunities and brighten the future for people in every community. In 2018, consumers who live and work in Long Beach will have the opportunity to experience faster internet speeds and an exciting new wireless choice. By partnering with and investing in local communities like Long Beach, we aim to expand high-speed broadband, help bridge the digital divide and advance economic opportunity through technology.

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## Technology Continued

Spectrum continues to increase our internet speed offerings. Recently, the company began offering gigabit connections in multiple markets, with more areas launching in 2018. With Spectrum Internet Gig, customers have access to dramatically faster and more powerful internet speeds for streaming video, telecommuting, online gaming, homework, research and more across multiple devices, without sacrificing performance. Gigabit connections, which have been available for years to enterprise customers, will also be available to small- and medium-sized business customers in Long Beach.

Spectrum also offers the industry's fastest starting broadband speed of 100 Mbps, in Long Beach and across 99% of our footprint. We're also committed to helping broaden access to reliable high-speed internet. Spectrum Internet Assist, a low-cost, high-speed broadband service for eligible families and seniors, offers industry-leading 30 Mbps download speeds for just \$14.99 per month — and as with all Spectrum Internet packages, with no modem fees or data caps — all backed by our local team of highly trained technicians performing installations, service calls and maintaining our network.

Finally, reflecting growing consumer demand for and the importance of mobility, Spectrum also plans to introduce a wireless service in 2018, leveraging our powerful broadband network and our partnership with Verizon. The company is also conducting 5G technology tests that will help deliver faster speeds and additional products and services in the future, both inside the home and out. ■

### Keith Kratzberg

*President and CEO, Epson America*



In 2018, Epson America sees increased growth as several of the technology markets we have targeted continue to expand, particularly with our focus on the commercial space.

In the commercial market, we are dedicated to delivering innovative printing solutions for small, medium and enterprise business. The Epson WorkForce Enterprise WF-C20590 multi-function printer — which prints up to 100 pages a minute for the workgroup and enterprise market — will continue to drive efficiencies and savings for our customers in the new year. It offers a new level of business productivity with breakthrough speed and high capacity ink supplies.

Laser projection technology has made great inroads in various markets due to its inherent benefits of long life and virtually no maintenance. Laser projection is ideal for customers that require high brightness in large venue environments including staging events, lecture halls and large corporate venues. In 2018, Epson will continue to expand the usage of laser technology to deliver more experiential and creative environment applications.

Another major area technology area for growth for Epson this year will be robotics. While perhaps not a well-known market focus for us, Epson Robots, is the #1 SCARA robot manufacturer in the world. In 2017, we launched our new T-Series All-in-One robots, which offer a cost-effective and simple-to-integrate and install automation solution ideal for simple dispensing applications in industries ranging from automotive and medical development, to lab automation, consumer electronics, electronic components and industrial. We continue to innovate and deliver lower cost, more precise robotics systems that will increase the adoption of automation.

As we move into 2018, Epson maintains its focus on compact, energy-efficient, high-precision technologies, and are excited about the impact our technology will make on the commercial market. We are committed to driving innovation in the technology sectors that benefit from our expertise, and will positively impact our customers' success. ■

### Joe Mejaly

*Senior Vice President, Operations, Sales, Strategic Planning and Marketing DENSO Products & Services Americas, Inc.*



This particular business unit is responsible for DENSO's automotive market for North America and Latin America, so my perspective on technology is a little slanted toward the automotive world. DENSO projects that 2018 will be another strong year for new car sales. We project that sales for 2017 will come in around 17 million units, and we project around the same number of vehicles for North America in 2018 as well. We also see a fairly strong after-market for component sales. Some of our primary customers are AutoZone, O'Reilly Auto Parts, NAPA Auto Parts and Carquest Auto Parts, as well as a series of independent distributors. We see our after-market continuing to be strong through 2018, primarily driven by consumer spending on vacations, usage of vehicles and stabilizing gas prices. We see a pretty good 2018. We're pretty positive and upbeat about it. If you don't feel that way in January, you'll never feel that way, right?

Relative to the automotive field, a lot of activity is going on in terms of electronics and changes to vehicles as we know them today, whether that's electric vehicles, autonomous drive vehicles or the way vehicles are being used, like ride-sharing. We now use Uber and Lyft. There's an evolution taking place in automobiles that we've never seen before. It's happening at a pace that we would expect based on the way technology is advancing on a day-to-day basis. Five years ago, we talked about autonomous driving vehicles and

everybody thought that was a pie-in-the sky dream, and today they're on the road. We're in a world right now where technology is king, and you either keep up with the pace or you end up being put on the sidelines. ■

### Chris Wacker

*CEO, Laserfiche*



We'll have a very good year. It's largely based on the economy, and the economy right now is very good. It's growing very rapidly; I'd say it's booming. I'm very bullish on it, and our participation. I think we're going to outpace the economy a little bit in terms of growth. People like our products. Our products are popular. They will continue to buy them and expand their use within companies.

The unemployment numbers are around 4.1% nationally. Interest rates are low, so that means easy access to capital. People are willing to spend because they're optimistic about the economy. There are no storm clouds on the horizon like the cutoff of essential commodities such as oil, or subprime mortgage crashes or recessions. There are no apparent obstacles to the expansion of the economy. On the other hand, President Trump has made it clear that he wants to roll back many of the government regulations of businesses, which are expensive to comply with. That's another reason why business owners are optimistic. They expect that there will be growth so they are willing to invest in their businesses and hire more people.

In 2017, we grew by about 15%. I expect more growth next year. We are introducing new products and platforms. We're also assisting our customers and businesses as whole in the digital transformation process, that is, going from LOI to digital. When information is digital, you can use it to great advantage. You can analyze it and spot trends and patterns that you can then make decisions based on. ■

## Utilities

### Programs By City Utilities Benefit Environment, Give Consumers More Influence



Fifty percent of construction on the Alamos Energy Plant on Studebaker Road is slated for completion this year, according to AES Southland Project Director Matt Dugan. The new facility will be more efficient and environmentally sound, using about half as much fuel to generate the same amount of power as the existing plant. (AES photograph)

■ By **ANNE ARTLEY**  
STAFF WRITER

The city's water and gas and oil departments, and well as natural gas power plant AES Alamos, are implementing new projects in 2018. These initiatives are billed as beneficial for the environment, and are expected to give consumers more control over utility usage.

Fifty percent of construction on the Alamos Energy Plant on Studebaker Road is slated for completion this year, according to AES Southland Project Director Matt Dugan, who predicts that much of the foundation should be completed in the first quarter. The new facility will be more efficient and environmentally sound, using about half as much fuel to generate the same amount of power as the existing plant.

The Long Beach Water Department is also considering a program with a positive envi-

ronmental impact. Through the use of “smart meters,” the department’s 90,000 customers may be better able to gauge their water usage. The department’s general manager, Chris Garner, said city water consumption is already low, but a program that allows them to determine specific numbers could further reduce excess.

Long Beach residents can expect a 4.2% decrease in water rates and 10% decrease in sewer rates, retroactive to January 1, according to Garner. The reduction is due to the settlement of a lawsuit in which a resident claimed the water department was illegally charging for the use of pipelines. The net fee deduction per month for each customer from the previous year is \$0.16 for the water and \$0.96 on the sewer side.

Long Beach Gas & Oil is evaluating an initiative known as community choice aggregation (CCA) that would result in more local control over energy use. CCAs allow residents to purchase electricity from local government agencies, rather than an investor-owned entity, according to California Community Choice Association. The CCAs would decide which electricity resources to invest in, and would set the rates for customers. Since 2010, nine have been created in California, according to Dowell.

Natural gas pricing is projected to remain steady in 2018. This winter, Long Beach Gas & Oil predicts natural gas prices in the \$2.80/MMBtu (the unit of measurement for natural gas) to \$3.40/MMBtu range.

(Please Continue To Top Of Next Page)



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## Utilities Continued

### Robert Dowell

Director, Long Beach Gas & Oil



The Long Beach Gas & Oil Department (LBGO) anticipates steady natural gas commodity pricing throughout 2018 as supply keeps pace with demand. Two primary factors drive this outlook: weather and production. Total 1Q18 heating degree days (a measure to forecast weather-related gas consumption) are projected near average levels. While natural gas pipeline exports to Mexico are increasing over the current 2 Bcf/d levels and exports of liquefied natural gas are also increasing, any potential associated commodity price increases are offset by a sharp rise in U.S. natural gas production, up 4.8 Bcf/d over the past two months alone as new pipeline capacity came on-line. The U.S. Energy Information Administration in its December 2017 report forecast U.S. dry natural gas production in 2018 to be 6.1 Bcf/d higher than 2017 production levels. This projected increase is in part related to a recent Federal Energy Regulatory Commission approval, which paved the way for additional ramp-up of new production throughout 2018. With winter still not over, LBGO anticipates natural gas prices in the \$2.80/MMBtu to \$3.40/MMBtu range. Assuming a normal end of winter coupled with significant production increases over 2018, gas pricing is projected to remain flat.

In other energy news, LBGO is moving forward in evaluating Community Choice Aggregation (CCA) alternatives for Long Beach. CCA's are a new type of retail electricity provider that allows cities or counties to purchase and sell power to electricity customers in their jurisdictions – services traditionally provided by investor-owned utilities such as Southern California Edison. CCAs are local quasi-utilities vested with the ability to make decisions about what kinds of electricity energy resources in which to invest for their customers, and set rates for that electric power. Since 2010, California communities have established nine CCAs and several communities are actively exploring CCA options. While such local choice and rate setting authority sounds intriguing, there are many risks that must be thoroughly evaluated. The City of Long Beach, through LBGO, has recently released a request for proposals to conduct a feasibility study of CCA in Long Beach. This study will provide a complete program analysis of a potential CCA from load, rate and power portfolio analysis through potential regional economic benefits and energy systems investment. ■

### Matt Dugan

AES Southland Project Director



The project team at the Alamitos Energy Center (AEC) did a great job positioning the project for the busy year planned for 2018. With piling – structural supports installed deep in the ground to reinforce foundations of buildings and equipment – substantially complete, the bulk of underground and foundation work will be completed in the first quarter. From this point progress will be more visible as the major equipment is delivered and the building of plant structures goes vertical.

The two combustion turbines and their generators – used to convert natural gas fuel to electricity – will be delivered this month and placed on their foundations so the auxiliary equipment, piping, and cables can be installed. Fifty percent of the construction activities associated with the plant are scheduled to be completed in 2018. Modules for the heat recovery steam generators (HRSG) will start arriving and will be set in place. Other elements of the HRSG buildout, including the steam drums and the exhaust stacks, will be erected. The largest structure on site, the air-cooled condenser, will be erected.

The new AEC will be cleaner and more responsive to California's energy needs while

providing many benefits to the community and the environment. Most noticeably, the new plant will be shorter and sleeker, reducing visual impact and improving its appearance for local neighbors. The project will also create jobs and help boost the local economy. During construction, the project will result in about \$130 million in local purchase, 4.7 million hours of construction-related work. Once the project is completed, it will contribute over \$8 million annually to the local economy while also generating tax revenue to help pay for local services, like police and fire. ■

### Chris Garner

General Manager, Long Beach Water Department



From a water supply standpoint, California is in better shape today than it has been in quite a while. The year 2017 was an excellent year in terms of rainfall in California, especially after experiencing several years of historic drought. It has been widely noted that Long Beach, as a whole, uses about the same volume of water today as it did in the 1950s, despite a 40% growth in population. This has allowed Long Beach residents to continue to experience very low water/sewer bills in comparison to residents in other California cities.

The Long Beach Water Department operates more than 2,000 miles of water and sewer pipelines under virtually every street in our city. An important aspect of this responsibility is the continual upgrade and replacement of aging pipeline infrastructure. This necessarily involves digging up streets to access the underground pipelines. Therefore, it is critical that we coordinate our long-range pipeline replacement plan with the City's Public Works Department, which is responsible for the city's street maintenance, as well as coordinating with the other utilities in those same streets. This advance planning can both minimize impacts upon our streets and neighborhoods as well as stretch street maintenance dollars much farther. This is especially important with the increased number of street repair projects afforded by the voter's passage of Measure A.

Water quality continues to be a major focus nationally, especially after the crisis experienced in Flint, Michigan. Long Beach residents can be assured that their local drinking water is continually tested in our own state-of-the-art Water Treatment Plant located on Spring and Redondo. In this past year, we collected over 15,000 water samples and performed over 80,000 water quality compliance tests, with all results meeting or exceeding State and Federal water quality standards.

From a technology standpoint, the Long Beach Water Department is in the process of determining the feasibility of installing "smart" meters for its 90,000 water accounts, similar to and in coordination with the smart meter program recently completed by the city's natural gas utility. The business case will consider the initial costs of installing transmitters on all 90,000 water meters against the cost savings of no longer paying an outside contractor for manual meter reading, as well as the benefits to customers of having much more information regarding their individual water usage and related tools to better gauge their use of water and lower their monthly utility bills. ■

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## Audit Conducted Of City's 10 BIDS

(Continued From Page 1)

the BIDs did not all contain state-mandated information and did not provide a full picture of BID operations. Additionally, not all reports submitted by BIDs were reviewed by the city.

- The city did not pay all of its own assessment fees to two BIDs in 2016, owing \$64,000. A lack of communication on assessment formulas and business licenses, as well as data errors, caused BIDs to receive incorrect amounts of assessment revenue from the city.

- A handbook and training for BIDs are needed to improve communication and understanding of the BID program amongst all parties.

To correct these shortcomings, the audit recommends the following:

- Update BID agreements to better outline required reporting and payment processes, and enforce these new agreements.

- Reassess which reports must be submitted by BIDs, create templates for those reports and review all required reports upon submittal.

- Track payments and facilitate communication on assessment formulas and identifying new businesses within each BID.

“The most important thing to me as the city auditor is implementation. Our audits don't really mean anything if [our recommendations] are not implemented,” Doud said. “So that has been something I've done consistently for 12 years – asking for status updates on implementation. There is a timeline that we ask when these recommendations are going to be implemented and there are dates. So these are things that we follow up on.”

Long Beach staff has incorporated the BIDs into its overall economic development strategy to promote business growth. The city's recently adopted Blueprint for Economic Development states that the development of new BIDs would help create business-to-business cooperation, as well as between businesses and the city.

According to the audit report, in 2016, the 10 BIDs received \$17 million, \$9 million of which was assessment revenue handled by the city. Additionally, the city owns property in four property-based BIDs, resulting in \$630,000 in assessment fees owed by the city annually. Doud noted that this is a significant amount of money, which highlights the importance of proper BID management.

The audit cited the 2017 Small Business Monitor Survey conducted by Scott Flexo, managing director of Cal State Long Beach's Marketing Business Center, which found that 53% of small businesses thought BIDs did a “good” or “very good” job supporting them – an increase from 45% the previous year. The report noted that one-third of small businesses were uncertain of the support provided by BIDs.

When asked why the audit did not address BID operations and services, Doud said it focused exclusively on the city-BID relationship, not the BIDs' relationships with businesses.

Now that the audit's results have been released, Doud explained that BIDs' future annual reports should paint a better picture of their operations and services. Part of this process includes reporting more detailed annual budgets outlining how each BID plans

to spend its money throughout the year, which is subject to city council approval.

“We're pleased that this was the first step of the whole process. We know that BIDs

are a very important part of the city,” Doud said. “I think this is an important message to people who are interested in this topic because it shows the spirit of transparency

and providing the public with information that they have the right to know through this annual reporting. It's holding everyone accountable.” ■

## Rent Control Expansion Bill Voted Down In Committee

■ By **BRANDON RICHARDSON**  
SENIOR WRITER

On January 11, the California State Assembly Committee on Housing and Community Development (HCD) voted down Assembly Bill 1506, which would have repealed the Costa-Hawkins Rental Housing Act, allowing for more widespread rent control. The seven-member committee needed four yes votes to pass, but received only three.

Costa-Hawkins was enacted in 1995, and exempts from rental increase caps all single-family homes and rental housing built after a city has adopted rent control. The law also prohibits “vacancy control,” which denies or limits a property owner's ability to increase a vacant apartment's rent for a new tenant.

The bill was introduced by Assemblymembers Richard Bloom, David Chiu and Rob Bonta, Democrats representing Redondo Beach and the San Francisco

Bay Area. Chiu is chair of the HCD committee.

Republican committee members Marc Steinorth and Steven Choi voted against the bill, with Democrat committee members Ed Chau and Jim Wood abstaining. Committee members Chiu, Todd Gloria and Monique Limón, all Democrats, voted in favor of the bill.

If a request for reconsideration is not made by the bill's author within 15 legislative days, the bill dies. ■

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# Harbor Commission To Vote On Final Environmental Impact Report For Pier B Rail Project

■ By **SAMANTHA MEHLINGER**  
ASSISTANT EDITOR

The Long Beach Board of Harbor Commissioners is voting on the final environmental impact report (EIR) for the Port of Long Beach's proposed Pier B On-Dock Rail Facility on January 22. Port staff is recommending that the commission adopt what has been dubbed the 12th Street Alternative, the option that would entail the largest project footprint.

The project would help the port move more cargo by on-dock rail, taking more trucks off the road, according to Sean Gamette, the port's managing director of engineering services. This would benefit air quality, he noted. The expanded facility would allow 10,000-foot long trains – the type that take cargo to the Central United States – to be assembled and depart from the port, he explained.

In 2006, the ports of Long Beach and Los Angeles conducted a study of rail operations within the port, and established a goal to eventually move 35% of containerized cargo by on-dock rail. "One of the most significant projects in that recommended program is the Pier B On-Dock Rail Support Facility 12th Street Alternative," he said. "That's what we feel is needed to achieve moving 35% of containerized cargo by on-dock rail."

The original project proposal as outlined in the December 2015 draft EIR sparked controversy among many property and business owners in Westside Long Beach, who said they would be forced to relocate or close their doors. According to Gamette, some changes were made in the final EIR to reduce these impacts.

"We took a closer look at the perimeter of the proposed 12th Street Alternative, and that is the largest, most expansive alternative for the Pier B On-Dock Rail Support Facility," Gamette said. "We looked at ways in which we could reduce the amount of property needed as part of that alternative."

Reductions in the project's perimeter would lessen impacts to a few properties. For example, a light industrial building at 1411 Harbor Ave., which under the original

draft proposal would have been acquired by the port and removed, would be able to remain. Additionally, a road that would have cut through a port-owned site leased to Shippers Transport Express near 12th Street and Canal Avenue has been eliminated.

Engineering staff are also investigating ways to create buffer zones along project-adjacent properties. For example, port representatives have met with Superior Electrical Advertising, a business located off of Anaheim Street, to discuss buffers that could include sound walls, landscaping or parking, according to a port spokesperson.

Gamette emphasized that the project's designs are not yet complete, and it might be possible to further reduce impacts to affected properties. If the board of harbor commissioners approves the recommended project or any other project alternative, one of the first things on Gamette's to-do list will be to form a team that "would engage all the local businesses and initiate discussions about the impacts," he said. ■



This aerial photo shows a port-adjacent area of Westside Long Beach that would be impacted by the expansion of an existing rail facility at Pier B. Port of Long Beach staff are recommending that the facility be expanded as far north as 12th Street to facilitate the use of more on-dock rail. (Port of Long Beach photograph)

## Mayor Garcia Announces New Initiatives During State Of The City

■ By **SAMANTHA MEHLINGER**  
ASSISTANT EDITOR

Mayor Robert Garcia's annual State of the City address on January 9 painted a picture of a city on the rise, with more than \$3 billion in real estate developments taking place throughout Long Beach, ongoing infrastructure improvements funded by Measure A, a low unemployment rate and a strong economy. He also took the opportunity to highlight new city initiatives centered on justice and economic development.

Garcia announced that the Long Beach Innovation Team, a Bloomberg Philanthropies-funded group working to create innovation within the city government, is launching its next project: the Long Beach Justice Lab. After completing "extensive research," the Innovation Team has determined that low-level offenders repeatedly cycle through Long Beach's justice system. To tackle this problem, the city intends to launch a new team "to pro-

vide services to frequent justice system users and to create a data-sharing platform where departments will share information about services being provided," Garcia said. As part of this initiative, a mental health clinician will be placed in the city jail.

The mayor also announced that he has requested that the Long Beach Economic Development Commission create a city-wide, nonprofit economic development corporation "focused on bringing everyone into our economic success." The corporation would focus on supporting good jobs and "ensuring inclusion for all aspiring entrepreneurs and small business owners," he said. The arts community would also be a focus of support for the new entity.

Also addressed were some of the city's major challenges, including homelessness, a shortage of housing, the impending closure of MemorialCare Community Hospital Long Beach, and a hit to the city's General Fund due to a lawsuit settlement

over pipeline fees and increasing pension obligations. To view the speech, visit <http://www.longbeach.gov/mayor/state-ofthecity/>. ■

## Recreational Marijuana Sales On Hold In Long Beach Until Mid Year

■ By **BRANDON RICHARDSON**  
SENIOR WRITER

During its January 9 meeting, the Long Beach City Council voted unanimously, with no discussion, to approve an emergency 180-day ban on recreational marijuana sales in the city.

In December, the council requested the city attorney to draft the emergency ordinance to protect the city from legal action while staff drafts an ordinance to regulate

## Fly From Long Beach To Honolulu Beginning In June

■ By **BRANDON RICHARDSON**  
SENIOR WRITER

On January 8, Long Beach Airport (LGB) and Hawaiian Airlines announced daily non-stop service from Long Beach to Honolulu beginning June 1.

"We are thrilled that Hawaiian Airlines has selected Long Beach Airport as a new way to get to Honolulu and connect to nearby islands," Long Beach Mayor Robert Garcia said in a press release. "There's now no easier way to get to Hawaii than from Long Beach."

Hawaiian Airlines was on LGB's waitlist for one of the airport's limited flight slots and was awarded a slot that was recently relinquished by JetBlue Airways, according to airport staff. The airline will fly the route with one of its new 189-passenger, mid-range Airbus A321neo aircraft, which is considered one of the quietest and most efficient aircraft in operation today.

On May 31, the first flight from Honolulu will touch down in Long Beach at 9 p.m. PST. The first flight out of



Long Beach departs the following morning at 8:30 a.m., arriving in Honolulu at 11:40 a.m. Hawaii-Aleutian Time.

"Long Beach is a perfect gateway for travelers in Los Angeles and Orange County to ease into their Hawaiian vacation," Peter Ingram, Hawaiian's executive vice president and chief commercial officer, said in a press release. "We look forward to welcoming our guests onboard, where they will enjoy our award-winning Hawaiian hospitality in the comfort of our newest aircraft."

Long Beach Area Convention & Visitors Bureau President and CEO Steve Goodling said the new flight would likely increase Long Beach-area residents' consideration of Hawaii as a vacation destination because of the ease of traveling through LGB. No traffic and shorter lines through TSA make LGB a more favorable departure location than

nearby Los Angeles International Airport, he explained.

"Airport renovations and the indoor-outdoor feel are a reflection of . . . where our entire city is going in terms of development," Goodling told the Business Journal. "When I fly to other cities, part of my impression of the city is the arrival and departure experience at its airport. In my mind, [the new flight] is just an opportunity to further expand our branding experience."

Long Beach Airport air carriers operate up to 50 daily flights in compliance with a strict noise ordinance, which limits the number of flights and operating hours in an effort to maintain surrounding residents' quality of life. The airport served 321,152 travelers during November last year, a 24% increase from the same month in 2016.

"LGB now has one more non-stop choice to both a popular leisure destination and one that will offer connections to international markets like Asia and Australia," LGB Director Jess Romo said in a press release. "The charm of your vacation can start here at Long Beach Airport well before arriving in Hawaii, with a walk through LGB's open concourse and its swaying palms and lush landscape." ■

## Council To Vote On Los Cerritos Wetlands Oil Consolidation And Restoration Project

■ By **ANNE ARTLEY**  
STAFF WRITER

At tonight's (January 16) meeting, the Long Beach City Council is slated to vote on the Los Cerritos Wetlands Oil Consolidation & Restoration Project, which concerns the use of land parcels located near 2nd Street and Pacific Coast Highway.

The proposal includes removing oil operations on city property and land owned by Synergy Oil & Gas, and consolidating them onto two smaller sites: land owned by the Los Cerritos Wetlands Authority (LCWA) and a parcel currently used as a pumpkin patch. This would reduce the overall land used for oil production from 187 acres to 10, according to John McKeown, the CEO and owner of Synergy Oil & Gas. McKeown is also the founder of Beach Oil Mineral Partners (BOMP), a group of private investors providing funds for the project.

In turn, the proposal calls for the restoration of the wetlands occupying the current Synergy Oil and city parcels. LCWA, a government entity created in 2006 to maintain and protect the Los Cerritos Wetlands, would oversee this process. After restoration, the area would be opened for public access with a visitor's center, bike lanes and a hiking trail.

McKeown noted that Synergy would install updated equipment at the new site, re-



John McKeown is the CEO of Synergy Oil & Gas. At tonight's meeting (January 16), the city council plans to cast a vote on a proposal to remove oil operations from land owned by Synergy and restore the wetlands occupying the area.

sulting in more efficient production despite the site's smaller size. He said the current equipment is from the 1950s, 1960s and even the 1920s, when oil was discovered on the land.

"The concept is to get the oil wells out of the wetlands," McKeown said. "A lot of the equipment out there right now is in really close proximity to the wetlands. If there was a spill or a leak, they're right there."

McKeown added that the new equipment would also be safer, decreasing the chance of an incident. With more efficient operations, the city revenue from oil production would increase dramatically, from approximately \$50,000 annually up to \$4,000,000, according to BOMP estimates.

Proposed changes to the pumpkin patch site include the drilling of up to 50 new oil wells, the construction of a new sign marking the entrance to Long Beach from Seal Beach,

and a bike fix-it station along Pacific Coast Highway. The LCWA site would host up to 70 new wells.

If the council approves the proposal, it will go on to the California Coastal Commission for a final vote in the spring. McKeown said he approached the commission six years ago with the plan and has incorporated its input. If he receives the building permits, Synergy will immediately cut production by

75% to reduce environmental impacts.

The Synergy CEO outlined a plan to phase out 50% of all oil operations over the next 20 years, with the goal of complete removal in 40 years. "If a well doesn't produce a barrel of oil every day for 18 months, we'll pull it," he said.

McKeown described the project as a community collaboration that incorporated feedback from various groups, such as the El Dorado Audubon Society, which requested the installation of a certain type of lighting to accommodate nesting birds. He also said the proposal gained the endorsement of the Belmont Shore Business Association and the Long Beach Chamber of Commerce. The groups Citizens About Responsible Planning and Protect the Long Beach/Los Cerritos Wetlands oppose the project due to inadequate public outreach and environmental review. ■

## Long Beach City Council Meeting Action

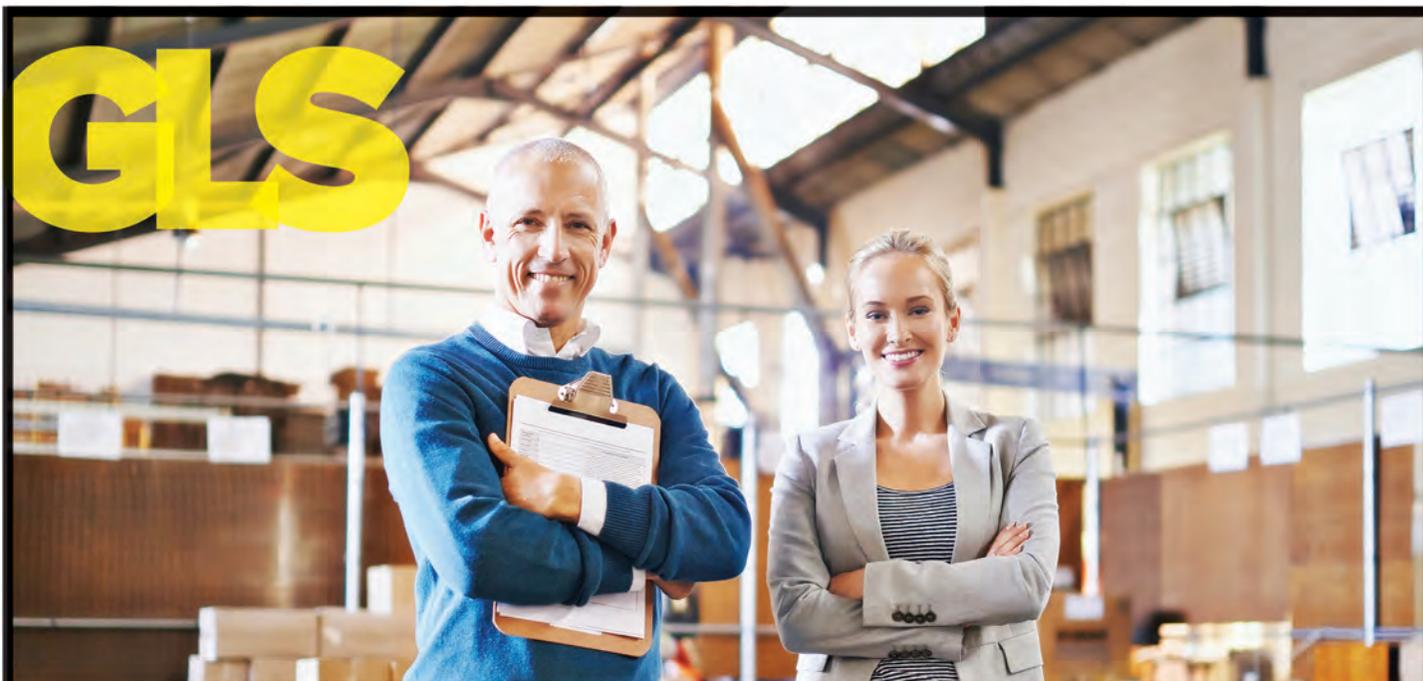
■ By **ANNE ARTLEY**  
STAFF WRITER

**Sidewalk Extension Parklet To Allow For Outdoor Dining On Pine Avenue** – The council voted January 9 to approve a sidewalk extension parklet for outdoor dining at Plant Junkie, The Pie Bar and Sushi Zen Maru, all in the 400 block of Pine Ave.

**City To Implement State Oral Health Program** – On January 9, councilmembers agreed to accept up to \$1,435,350 in funds from the California Department of Public Health to implement the state oral health plan at the local level.

**City Council To Determine Aid For Social Service** – Councilmembers will vote January 16 on whether to allocate \$15,000 from the Mayor's Fund for the Homeless to Urban Community Outreach. They will decide to accept up to \$802,070 in grant funding from the State Department of Public Health for the city's Maternal, Child, Adolescent Health and Black Infant Health Programs. They may also request city departments to investigate creating a pilot Day Work Program for the homeless population based on the success of similar programs in other cities.

**City Manager May Present Research On Housing Protection** – On January 16, the council will discuss whether to direct the city manager to provide a progress report on the city's Report on Revenue Tools and Incentives for the Production of Affordable and Workforce Housing, adopted in May 2017. The report would provide an update on policies regarding inclusionary housing and short-term rentals. ■



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(Continued From Page 1)

money pretty much control who gets to represent Long Beach at city hall, Sacramento and in Washington, D.C.

There is one person still standing in Long Beach who exemplifies the conservative philosophy: Jeff Kellogg. The former city councilman and current member of the Long Beach Community College District Board of Trustees is now being targeted by faculty, firefighter, police and other unions. They will spend whatever it takes to convince voters to oust Kellogg.

Few Long Beach residents can match Kellogg's record of public service. He got his start in 1988 at age 33 when he won a seat to represent the 8th District (Bixby Knolls area) on the Long Beach City Council. At the time, he was the youngest person ever elected to the city council. He went on to win two more district elections

and served as vice mayor for four years. For the past 16 years, he has represented Area 1 (Bixby Knolls/North Long Beach) on the college board of trustees, winning four consecutive elections, and serving several years as president.

While we can't predict Kellogg's fate come April 10, he certainly has a tough road ahead – especially in fundraising. The firefighters union, which endorsed him all three times when he ran for city council, did not grant him the courtesy of an interview before backing his opponent, Uduak-Joe Ntuk, who two years ago ran and lost for a seat on the Long Beach Unified School District Board of Education.

There's no doubt Long Beach politics has shifted dramatically since the 1990s. When Kellogg served on the city council, it was a mixed group of liberals, conservatives and moderates who closely re-

flected the city's population. It made for many interesting, often colorful, discussions since a variety of viewpoints were always being expressed. At one time, we even had three career law enforcement professionals on the city council at the same time – and two of them were conservatives.

Today, it's liberals, progressives and a hint of moderates who control the city's destiny. They, too, represent our city's demographics.

We have no animosity toward the unions. They saw an opportunity years ago and were savvy enough to grab it. They didn't even have to arm wrestle for it. But in this college board race, if voters are paying attention and recognize that Kellogg has dedicated himself to putting students first, they should keep the city's lone conservative in office.

## Who's Running For Local Offices In 2018

The following individuals have filed the proper paperwork and paid the appropriate fees and are qualified to run in the April 10, 2018, primaries in Long Beach. Each of the seats is for a four-year term. The Office of the Mayor and Long Beach City Councilmembers have a two-term limit, but may run as a write-in for subsequent terms. The incumbent mayor and five councilmembers have each served one term.

### Mayor

Robert Garcia (incumbent)

James Henry "Henk" Conn

### City Attorney

Charles Parkin (incumbent)

*He does not have a challenger*

### City Auditor

Laura Doud (incumbent)

*She does not have a challenger*

### City Prosecutor

Doug Haubert (incumbent)

*He does not have a challenger*

### City Council District 1

Lena Gonzalez (incumbent)

*She does not have a challenger*

### City Council District 3

Susan Price (incumbent)

Gordana Kajer

Robert D. Savin

### City Council District 5

Stacy Mungo (incumbent)

Rich Dines

Corliss Lee

John W. Osborn II

### Council District 7

Roberto Uranga (incumbent)

Oscar S. Delacruz

Jared Milrad

Kevin C. Shin

Chris Sereno

### Council District 9

Rex Richardson (incumbent)

Mineo L. Gonzalez

### Long Beach

#### Unified School District

##### District One

Megan Kerr (incumbent)

*She does not have a challenger*

##### District Three (open seat)

Cesar A. Armendariz

Juan M. Benitez

Eduardo Lara

##### District Five

Diana F. Craighead (incumbent)

Cathrin Sargent

### Long Beach

#### Community College District Area One

Jeffrey A. Kellogg (incumbent)

Uduak-Joe Ntuk

##### Area Three

Sunny Zia (incumbent)

*She does not have a challenger*

##### Area Five

Virginia L. Baxter (incumbent)

*She does not have a challenger*

Beginning in 2020, all city elections will be aligned with the State of California. That means, the 2020 primary election will be held in March and runoffs in November. ■



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- Perspectives On Carson From City Councilmembers
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- Carson Today – Business Sectors; StubHub Center; Arts & Culture; Community; and more
- Carson: Future Unlimited – Developments Planned And Underway; Interview With CSUDH President Willie Hagan

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**Long Beach Business Journal**

(Continued From Page 1)

“My grandfather and my grandmother came here from Czechoslovakia in about 1913 and opened up meat markets in Chicago,” Choura said, adding that his father grew up working in the family businesses. “One of their customers was Al Capone’s brother.”

Eventually, the Chouras decided to move to California for the weather, and opened up a meat market called McCoy’s at Bellflower Boulevard and South Street. Choura grew up working in the business with his father. “I was the youngest journeyman meat cutter in the union in my senior year of high school,” he noted. A local through and through, Choura attended all Long Beach schools – Mark Twain Elementary, Hoover Middle School, Lakewood High School, Long Beach City College and California State University, Long Beach.

In 1969, when Choura was a senior in college, he and his father opened up Galley Sandwich Shop at the traffic circle. “That was our first venture into restaurants,” Choura said. The sandwich shop was an instant success, with lines out the door on day one, he recalled. “Today, if you ask 100 people, quite a few are going to remember that sandwich shop.”

Catering opportunities organically sprung up from the success of Galley, eventually leading Choura to create a catering business under the same name. “It went fast – everything from weddings, private events, business open houses,” he said. Galley catered the hospitality suites at the first-ever Grand Prix, managed catering and the gift shop at the Long Beach Airport for 12 years, and served as the in-house caterer for the El Dorado Golf Course, the Los Alamitos Joint Forces Training Base, seven resident care facilities and other locations for many years.

In 1997, local businessman and property owner Don Temple came to Choura with an opportunity. What is now The Grand was at the time an aging Elks Lodge owned by Temple, who asked Choura to step in and convert it into a banquet center to be managed by Galley. “What we [now] call the Monarch Room was a racquet ball court,” Choura recalled. “The Pacific Room was a card room that just stunk of cigarettes and all that. The Catalina Room was where the secret meetings took place. It was actually an auditorium with seats in it,” he said. The Garden Room was a restaurant.

Choura undertook the task of renovating the building to accommodate banquets and events, calling it a dream opportunity for a caterer. “A caterer would love to have a banquet facility because . . . you’re not working out of a van anymore,” he said.

Choura’s son Ryan joined the business after graduating from Biola University, and, like his father, ended up becoming an entrepreneur himself. “He worked here for like 10 years and became general manager. He was running The Grand and increased business greatly,” Choura said. The two eventually started a separate rental company for events, which Ryan now owns and operates as Choura Events. “He is doing all the tents at Coachella [Valley Music and Arts Festival]. It is like the second largest tenting job in California,” Choura noted.

About three years ago, Choura re-



This vintage photograph, circa 1915, shows the interior of a meat market owned by Jim Choura’s grandparents in the Chicago, Illinois area.

branded Galley as Grand Food & Beverage. When conducting market research, Choura said he discovered that other catering companies often have very extensive menus with generic offerings. “We want to have a catering company that is so unique we don’t have a menu,” he said, explaining that the company works with clients to create unique menus for each event. “It has been really successful.”

This year, each of the Grand’s rooms are receiving cosmetic and technology upgrades. Plus, the Grand is launching a new program for nonprofits. “Our owner, Sumer Temple, and her family have joined hands with us to offer to nonprof-

its special pricing and special accommodations,” Choura said.

Choura is committed to giving back to the communities he serves, which include both Long Beach and Carson, where Grand Food & Beverage manages catering at The Carson Center. Choura has served on the Long Beach Unified School District Board of Education and is a former chair of the board of Community Hospital. He is one of the founding members of the Long Beach Education Foundation, and currently serves on multiple boards, including those of ChildNet, Musical Theatre West, Executives Association of Long Beach and the Boys and Girls Club of Carson.

Asked what some of his favorite memories of events are from his years working in Long Beach, Choura chuckled. “That’s like asking an author what is his favorite book,” he said. “You have custody of their memories. And the responsibility that goes with that, all the way down to clean, shiny glasses and silverware – just every little detail that we can stay on top of, that’s the most memorable when you think about it,” he reflected. “Since 1969, I could have married your parents. I could have done your first birthday. I could have done your graduation from high school. . . . It’s just huge when you think about it in those terms.” ■



Jim Choura, owner of Grand Food and Beverage, rolls meatballs with cooks and kitchen staff at the event venue he manages, The Grand Long Beach. Choura started his long career in the food industry as a meat cutter in high school. (Photograph by the Business Journal’s Samantha Mehlinger)



The Ungaro family is expanding its decades-old restaurant concept, San Pedro Fish Market, to Long Beach, taking over the former Joe's Crab Shack location at 6550 Marina Dr. The restaurant will have between 450 and 500 seats, as well as an upstairs bar area overlooking the water. Brothers Henry (left) and Michael Ungaro expect the restaurant to open in June. (Photograph by the Business Journal's Brandon Richardson)

■ By **BRANDON RICHARDSON**  
SENIOR WRITER

## Historic Long Beach Building To Get Facelift

The Breakers Hotel building has stood for 92 years on the southeast corner of Ocean Boulevard and Locust Avenue. On January 11, Pacific6, the community investment and partnership group that bought the historic property in December, announced its plans to completely renovate the space. Pacific6's investment, including \$38 million for the purchase of the building itself, is estimated at \$100 million.

"We are looking forward to working with the City of Long Beach, the convention and visitors bureau, labor partners, and most importantly, the Long Beach community as the rich history of the Breakers is reimagined and revitalized," Pacific6 Founding Partner John Molina said in a press release. "We hope every resident of and visitor to Long Beach will be proud of this project."

Though a decision has not yet been made on the final selections of an architect and contractor, Pacific6 spokesperson David Sommers said the plan is to transform the property into a boutique destination hotel. Tentatively, plans include 175 rooms and a full-service restaurant on the ground floor, with additional amenities still under consideration.

The Sky Room and rooftop Cielo Bar remain open, currently run by the existing operator as part of a lease-back agreement. Both nightlife hotspots will be renovated as part of the project, with details and timing still to be determined, according to Sommers.

Aside from the acquisition of the historic Breakers building, Pacific6 is hoping to announce other project investment plans already underway in several industries throughout the region early this year.

"We plan to look across a broad spectrum of business opportunities and determine the best fit for our mission and motivation," Molina said. "Our goal at Pacific6 is to uti-



Josh Rencher (pictured at right with daughter Avery) celebrated the grand opening of his co-working and event space, Ironfire, with a ribbon cutting ceremony. Fifth District Councilmember Stacy Mungo and Mayor Robert Garcia were on hand for the opening of the business at 4195 N. Viking Way. (Photograph by the Business Journal's Brandon Richardson)

lize the best ideas, resources, people, and practices to create the right environment for sustained success in our community."

## San Pedro Fish Market Coming To Alamitos Bay

Michael Ungaro, owner of San Pedro Fish Market, anticipates opening the doors of his brand's latest location by June of this year. Located at 6550 Marina Dr., the former location of Joe's Crab Shack, Long Beach residents will be able to enjoy fresh seafood at San Pedro Fish Market on Alamitos Bay.

"We want to definitely pay homage to where we are and really focus on building this area up to our existing customer base, but we don't want to give up what we built. So we think there is a way to combine the two that benefits everybody," Ungaro told the Business Journal. "So far the city has been excited to have us here. Mayor Garcia seems ecstatic and Councilmember Suzie Price is really excited."

The Ungaro family has been in the fresh seafood business in San Pedro since 1956. San Pedro Fish Market opened in 1982 and has since combined with the Crusty Crab – also owned by the Ungaros. Today, the restaurant combination has seating for 3,000 customers at its 55,000-square-foot facility and served 1.8 million customers in 2017. The restaurants have experienced double digit growth for nearly a decade, with most weekends hitting capacity and causing long wait times and parking issues, according to Ungaro.

Once completed, Ungaro said the roughly 11,000-square-foot new restaurant at Alamitos Bay will have seating for between 450 and 500 customers, a downstairs bar and an upstairs bar situated by a patio overlooking the water. The restaurant will have the same feel as the flagship San Pedro location, with added elements tied to the local community, he said.

"We don't need to do any kitchen work because that is in great shape. Really, all we're doing right now is trying to figure out

## Realty Views

### Impact Of New Tax Laws On Real Estate



By **TERRY ROSS**

After all the hand-wringing and back-and-forth in Washington, there are finally new tax laws as we enter 2018 and, for real estate, the outcome is not as bad as was feared for the most part.

While reports that the housing market was going over the cliff with the elimination of the mortgage interest deduction, the result is that most of the changes were minor for the everyday homeowner. For the commercial property sector, there is even increased optimism that some of the changes will actually help that part of the market.

For most homeowners, the mortgage interest deduction is still in effect – although for new mortgages the limit has been reduced from \$1,000,000 to \$750,000 of debt that can be used as a deduction against income after December 15, 2017. Home equity loan interest will no longer be tax deductible on newly originated credit lines after this date. But

the mortgage interest deduction will still be available for financing on second homes, which is expected to give a boost to resort and vacation properties.

During all the battles over the tax bill during the last portion of 2017, the proposal to double the standard interest deduction from \$6,000 to \$12,000 for an individual and to \$24,000 for married couples filing jointly seemed to produce the most controversy in organized real estate circles and among media pundits – and this was something that really was not taking away from real estate, but only giving consumers another avenue to reduce their tax bill without itemizing. The argument here is that with an increased standard deduction, many people would not buy real estate – primarily homes to live in and especially in high-cost states like California – because they would not use the mortgage deduction. Moody's Analytics even went so far as to predict that 38 million Americans who would otherwise itemize would go with the standard deduction and that this "removes a tax incentive of moving from renting a home to home ownership and a likely outcome will be fewer Americans choosing to become homeowners versus renters solely for the tax advantages."

Another change – and this will only impact high-price areas – is that state income and property tax deductions will be capped at \$10,000. The National Association of Realtors came out with a study

that said that there could be a drop of 10 percent in home prices in high-price areas because of these changes.

But remember, these assumptions are based on the premise that consumers are just buying homes for the tax deductions and not for life style, appreciation, investment, stability and in those same high-price states a more affordable alternative to renting. In many parts of California, it is much more affordable to buy as opposed to renting – and you have control over your home and gain equity – plus for the majority the deductions are still there.

The long-held assumption that people purchase homes only for the tax advantages is a fallacy – it plays well for headlines and causes for advocacy groups, but the reality is that there are many reasons people buy homes. As an example, for our neighbor to the north – Canada – there is ZERO tax deduction for mortgages and the home ownership rate is 69%, compared to our rate of less than 64% with the mortgage deduction.

The new tax bill also left alone many of the old provisions of selling a home and excluding the gain on sale at \$250,000 for an individual and \$500,000 for a married couple, and the rules pertaining to a principal residence (such as having lived in the home two out of five years to qualify) are unchanged.

On the investment side, property owners will continue to be able to defer capi-

tal gain taxes using 1031 tax-deferred exchanges, which have been in the tax code since 1921. No new restrictions on 1031 exchanges of real property were made in the new tax law. However, the new tax law repeals 1031 exchanges for all other types of property that are not real property. This means 1031 exchanges of personal property, collectibles, trucks, heavy equipment and machinery, etc. will no longer be permitted beginning this year.

The commercial side of real estate has taken a much more optimistic approach to the tax overhaul and many are predicting growth in investment activity – especially in the multifamily, retail and industrial sectors. A surge in private capital in commercial real estate because of the new tax treatments is even being predicted in some circles because of the reduction for pass-through businesses, the continued deductibility of real estate business expenses and interest, lower corporate rates and the favorable treatment of real estate-carried interest.

While everyone obviously didn't get all that they wanted in the new tax law, it appears that most of the real estate industry will come out unscathed and parts of it may be in a better situation than before.

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



**Bouldering Gym Coming To The Packard**

The Packard Building, a historic structure at 205 E. Anaheim St. owned by Millworks, is soon to be home to Long Beach’s first bouldering gym, PEQUOD. On January 13, gym designer Grayston Leonard signed a lease for the building, in which he plans to build out an area for bouldering (a form of rock climbing without the use of ropes or tethers), yoga studios, communal space and retail. According to Kasra Esteghamat, who manages and designs projects for Millworks, Leonard has designed many gyms in the past, but this will be his first venture on his own. Pictured from left are: Linda, Grayston and Jim Leonard; Nancy Singular, broker associate from Engel & Völkers Beverly Hills representing the lessee; Catherine Morris, broker with William Morris Commercial; Toliver Morris, broker and founder of William Morris Commercial, representing Millworks; Esteghamat; and Vanessa Skidmore, administrative assistance with William Morris Commercial. (Photograph by Pat Flynn)

how to use the open space for the seating and the bars,” Ungaro said. “We’re going to create all these great areas where you can sit and enjoy fresh seafood. The way our system works is, you come in and you pick out your own seafood, we charge you by the

pound and then we prepare it for you.” As the build-out continues, Ungaro said update photos and videos will be uploaded to the restaurant’s Facebook page at [www.facebook.com/sanpedrofisHLb](http://www.facebook.com/sanpedrofisHLb), as well as on the company YouTube channel

at [www.youtube.com/kingsoffishtv](http://www.youtube.com/kingsoffishtv), which has new television episodes of its award-winning web series beginning in April. “We know we have a significant number of customers who are either in this area or driving by it on their way to visit us,” Un-

garo said. “So, we can divert them over here and have a whole new customer base to see this area as it’s booming with everything going on here at 2nd & PCH, and Ballast Point. We think we can help the (Please Continue To Page 44)

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Located at 2135 N. Bellflower Blvd., Realty One Group Diamond celebrated its grand opening with a ribbon cutting ceremony on January 4. “We are excited to be part of the community and look forward to contributing and making a difference to our local communities, schools and charities,” Realty One Partner Pamela Kourtakis said. The location is the first Realty One Group office in Long Beach. Pictured from left: Tyler Habeck, Long Beach Area Chamber of Commerce membership manager; Carina Cristiano, account executive at American Home Shield Home Warranty; realtors Mike Lanza and Hai Luong; Doug Thompson, assistant vice president at Lawyers Title; Julie Hughes, realtor; Kourakis; Nasim Ahmed, Realty One managing broker; realtors Jann Kurrasch, Ande Siler and Connie Gunn; Carly Griffio, account executive at CBE Office Solutions; Danielle France, assistant vice president at Lawyers Title; and Heather Curry, Realty One transaction coordinator and escrow officer. (Photograph by the Business Journal’s Brandon Richardson)

local area draw even more customers in and we will help the tax base with all the new jobs we’ll create. We’ll have at least 50-100 employees here once we’re moving.”

According to Ungaro, the family is also in discussions with developers at Douglas Park and Queen Mary Island regarding bringing the family’s fast-casual restaurant concept, San Pedro Fish Market Grill, to Long Beach as well.

### Long Beach Airport Receives Two Development Proposals

The request for proposal (RFP) submission period for the development of 31 acres on the west side of Long Beach Airport (LGB) closed in November with proposals from Ross Aviation and Gulfstream Aerospace Corporation.

“It’s exciting to have an opportunity for growth and development in this community where there is a rich history of valuable aviation-related jobs,” Airport Director Jess Romo told the Business Journal. “We expect to continue Long Beach Airport’s legacy of supporting businesses that enhance aviation operations, training and manufacturing.”

The submissions are still under review and details will not be made public for at least six months, at which time the terms of the leases will be fully negotiated and finalized for the city council’s consideration, according to a airport staff.

The RFP included five parcels ranging in size from 128,000 to 487,000 square feet. The sites are located east of Cherry Avenue and the 90-acre former C-17 Globemaster III site, which is still owned by The Boeing Company.

### Innovation And Entrepreneurship Center Breaking Ground

The City of Long Beach, in partnership with Long Beach City College (LBCC) and shared workspace provider, Blankspaces, is breaking ground on the Shaun Lumachi Innovation Center at 309 Pine Ave. on Monday, January 22, at 10 a.m.

“The [center] will be a modern downtown location for entrepreneurs to find support



Councilmember Daryl Supernaw (pictured with certificate) was in attendance for the grand opening and ribbon cutting ceremony of Rite Aid, located at 4525 E. Pacific Coast Hwy. at the traffic circle. Pictured with their team, Store Manager Merat Farokhnia and Pharmacy Manager Amy Tan hold the ceremonial scissors. Also in attendance was Long Beach Police Department Commander Erik Herzog. (Photograph courtesy of Councilman Daryl Supernaw’s Office)

and creative startup solutions in Long Beach,” 1st District Councilwoman Lena Gonzalez said in an e-mail to the Business Journal. “This partnership between the city, LBCC and Blankspaces is exactly what I envisioned for the 1st District – a place for think tank, venture capital, technology. Overall, it will be an incredible nexus for business and academia to collaborate and share ideas in the midst of our downtown revitalization.”

The center will be home to the Small Business Development Center and the Goldman Sachs’ 10,000 Small Businesses program, both hosted by LBCC, as well as small business assistance programs offered by the city. Blankspaces’ role in the development project will be the creation of an operation of affordable, rentable co-working space to give workspace to students and budding entrepreneurs who may not otherwise be able to afford it.

“We are absolutely thrilled to break ground on a new center for innovation and entrepreneurship in the City of Long Beach,” Director of Long Beach Economic Development John Keisler said. “This dynamic partnership between the City, LBCC, and a private co-working space op-

erator will provide a one-stop shop for entrepreneurs to access the space and resources they need to start and grow their businesses in Downtown Long Beach.”

### NAI Capital Announces Hasserjian As New President And CEO



Earlier this month, commercial real estate and property management company NAI Capital announced Eric Hasserjian as its new president and CEO of NAI Capital Management. Hasserjian is the former managing director of asset services for CBRE Inc. and will be based in NAI’s West Los Angeles office.

“I am thrilled for the opportunity to be a part of NAI Capital Management’s growth trajectory and implementing new strategies in property management to expand our footprint,” Hasserjian said. The way we manage properties is changing, with an improved customer experience through technology and a hospitality approach. This will increase tenant satisfac-

tion, which translates to retention and overall value of our clients.”

### Construction Employers Added 210,000 Jobs In 2017

According to the Associated General Contractors of America, construction added 210,000 jobs in 2017, a 3.1% increase from 2016, with 30,000 jobs added in December alone. Association officials added that many firms expect job growth to continue as demand for construction expands. Average hourly earnings in the industry rose 3% to \$29.24.

“Employment and pay in construction have risen more rapidly over the past year than in the economy overall, as the supply of unemployed, experienced workers continues to shrink,” Ken Simonson, the association’s chief economist, said. “Construction pay is now almost 10% higher than the private sector average. Nevertheless, contractors report increasing difficulty filling many types of hourly craft and salaried openings, given the low rate of unemployment throughout the economy, including construction.” ■

# Support Local Small Businesses



## Loeff's Lite-A-Line

Samantha Spearman is a third-generation operator of Loeff's Lite-A-Line, a business her grandfather founded in 1911 that was originally located at the old Pike. Spearman described Lite-A-Line as a "pinball style bingo game," in which players launch a ball into a network of rubber bumpers and wooden holes in an attempt to sink five in a row. All the players in the house are in competition. If one achieves the outcome, the numbered holes light up. Cash prizes can range anywhere from \$15 to \$500 for a jackpot. "It feels very much like a family here amongst the staff and customers. There's a lot of interaction. You feel the old tradition," Spearman said. The business houses 64 tables, and some players arrive early to secure their favorite spot. Loeff's Lite-A-Line also features a museum with artifacts from its early days as a boardwalk attraction at The Pike downtown. These include a roller-coaster car from the Cyclone Racer and hand-carved carousel horses. "It's a comfortable place that's got a lot of memories," Spearman said. "Some of our customers have passed away, but then their kids come." The business offers a special for newcomers: if they play 10 games, they get 10 more for free. "We give them practice games and work with them until they get the hang of it," she said. Loeff's Lite-A-Line is located at 2500 Long Beach Blvd. For more information, call 562/436-2978.

## Fine Feathers Kombucha Company

Fine Feathers Kombucha Company Co-Owner Jodine West said she and Jay Penev, her husband and business partner, discovered kombucha while living in Portland, Oregon. Kombucha is a fermented drink made from green or black tea mixed with bacteria, yeast and sugar. The couple started making their own blend in order to save money, but then they started giving it to friends and, based on positive feedback, decided to start selling it. "We're pretty hands-on, DIY people," West said. "We've always really liked tea and fermented things. Once you start making it, it gets your creativity going. We were hooked!" The duo moved to West's hometown of Long Beach in 2011, and opened their doors in 2012. "We had joked about starting a company, but never thought it could be a real thing," West said. Their best-selling flavors are jasmine peony, which is a green tea infused with jasmine flowers, and silver needle, a tea laced with notes of honeydew. "Our favorite part is making the tea and coming up with new flavors," West said. The couple is aiming to open a taproom this year that focuses on retail. Currently, their shop is used for both retail and production and includes a workshop space for home-brewing lessons. Fine Feathers Kombucha Company is located at 2296 Long Beach Blvd. For more information, call 562/552-6692 or visit [www. http://finefeatherskombucha.com/](http://finefeatherskombucha.com/)



## Elephant Thai Kitchen

In 1996, Elephant Thai Kitchen Partner Tippawan Khow moved to the United States from Chiang Mai, a city in Northern Thailand, to pursue an education and, at age 23, enrolled at National University in San Diego. She and her mother, who had followed her from Thailand, started in the restaurant business at Renu Nakorn, a Thai restaurant in Norwalk owned by Khow's aunt. Then, three years ago, she and her mother, along with business partner Sorannarong Phereewong, founded Elephant Thai Kitchen in Long Beach. Khow said she had become curious about Long Beach and had moved to the city after hearing about it during her time in San Diego. "I heard it was a good place to open a business and that a lot of tourists end up here," she said. "Normally in Thai families, grandmothers teach mothers to cook, and then mothers teach their daughters," Khow said. The restaurant's menu features recipes from Khow's grandmother, including bestseller Khao Soi, a dish with egg noodles in Thai curry sauce and coconut cream. This is a delicacy that not many other Thai restaurants carry, according to Khow. The Thai Boat Noodles are another specialty. The restaurant features a special lunch menu with \$8 plates. Elephant Thai Kitchen is located at 2087 Long Beach Blvd. For more information, call 562/513-3015.



that more people today are starting businesses out of opportunity than out of necessity. That's exciting news for entrepreneurs and for the economy, as small businesses provide 55 percent of all jobs and 66 percent of all net new jobs since the 1970s.

As the economy continues to rebound, it's a positive sign to see more people venturing out to start a small business. While this is all positive, it is important to take time to research and plan so you start your business off on the right foot. Make sure you have a strong support system in place. Take time to establish relationships with other professionals like CPAs, lawyers, and other industry professionals who can advise you. Consider networking with other small businesses by joining your local chamber and other business and industry organizations.

There are a lot of important decisions to make as you venture on the road to start a small business, and upfront planning goes a long way in preparing for long-term success. Banks are committed to helping small businesses succeed, and we at Wells Fargo have increased our branch small business team to assist you on your business journey. Wishing you a prosperous New Year.

*(Natasha Mata, a 22-year veteran of Wells Fargo, is region bank president of the greater Central Los Angeles Area, which includes Long Beach and some North Orange County cities.)*

## Small Business Dollars & Sense

### New Year, New Opportunities For Entrepreneurs



By NATASHA MATA

I am optimistic as we embark on 2018. Each New Year offers an opportunity for reflection, and often, it's a great time for aspiring business owners to make the leap into their entrepreneurial pursuits of opening a small business. Not only are small businesses a great driver of how banks do business, they are the heart of our economy, across the country and right here in Long Beach. Much of the technological innovation we see in banking is designed to help create convenience for businesses.

Today, there are approximately 28 million small businesses in the U.S. What's more, the 2017 Kaufman Index of Startup Activity found



## MILLENNIAL PULSE

(Continued From Page 1)

Make fun of Millennials all you want, but we're experts at two things: one, making the best of a crappy situation (Great Recession, anyone?). And two, making our voices heard. So, fellow Millennials, along those lines, here's a how-to guide for surviving some of the big-ticket items of 2018. Look at it as a "choose your own adventure novel," if you will. You know you like those.

### How To Invest Your Tax Savings

Look, I am not going to tell you how I feel about politics other than to tell you that I'm an independent moderate (which, as one friend consistently likes to tell me "means you're nothing"). But what I will tell you as an observation is that a lot of Millennials are pissed about the political climate in this country. In fact, this is so much the case that a November poll by CBS News and GenForward, a project by the University of Chicago, found that 71% of Millennials think we need a third political party. Why do you think that is? Because we're so happy with how things are going?

**1. Turn your pocket change into actual change.** Discontented Millennials, change may take time, but you know what you're going to see sooner than the political changing of the guard that you're longing for? More money in your pocket, thanks to tax reform. And there's one significant and very American way to support the causes you care about: throw money at them. There may not be an election going on, but you can still vote with your wallet. Donate to organizations that support your causes, or to the politicians who intend to effect the change you want to see.

**2. Alternatively, if you are happy with the way things are or would rather just hang on to your dough than give it away, you can put it in your savings account, 401K or Roth IRA.** If you don't have one of those, you're behind the curve: a few reports released last year found that Millennials are out-saving other generations. In fact, a Bank of America Merrill Lynch study found that 82% of Millennials are investing in retirement savings accounts. So if you haven't already, get on that.

### How To Prep For Impending Nuclear War

When Hawaii starts testing out its rusty old nuclear missile sirens (or, ahem, accidentally setting them off) and the Center for Disease Control begins planning a forum to prepare citizens for nuclear fallout, you might start to wonder if there is cause for concern – you know, if the Twitter spat about whose button is bigger between the leader of the free world and a nuke-happy dictator didn't already make you a little queasy.

**1. Build a fallout shelter.** In case you haven't noticed, we're not really a fan of basements or underground dwellings here in California. They just make for places for our buildings to crumble into when the earth shakes. Thus, we don't really have anywhere to hide in the event that a big ol' nuke gets dropped on our heads. But I have a tip if that day ever comes when your phone, instead of buzzing with an Amber Alert, alerts you to duck and cover. Here's what you do. Take a little stroll down your street. You see that house? There's one on every street. It's the one with the owner who never opens his curtains. You know the guy. His house hasn't been painted in 20 years. He doesn't mow his crusted-over lawn that doubles as a parking space for his rusted-out pick-up truck. And he only occasionally comes outside to clang around in his backyard while swearing under his breath. That's the guy you're gonna go to when the North Koreans get trigger happy. I guarantee you he either has a fallout shelter or the blueprints on how to build one. Don't believe me? I had one of those guys on my street as a kid. And it turned out he'd buried dynamite in his backyard for safekeeping. So, if anybody's going to have a secret fallout shelter, it is, in fact, that guy. You're welcome.

**2. Learn Korean.** This is a choice for the Millennial pragmatists who like to prepare for futures uncertain. In the highly unlikely event that North Korea were to win a war with us, this could perhaps prove to be a wise move. But if you didn't also take my advice about the guy down the street, learning Korean is probably not going to do you much good.

### How To Live In A World Where You Can't Take Advantage Of Women

Hi. Are you a Millennial man who is now afraid to look women in the face for fear of being accused of misconduct? I get it, really. If the stories brought to light by the #MeToo movement are any indication, it turns out the society you grew up in had a pretty strong penchant for turning a blind eye to sexism and sexual harassment – so much so that there may be some things you don't realize are inappropriate. So here are some things you can do to not be one of "those guys." Simmer down, take a deep breath, and repeat after me.

#### 1. Don't be a jerk.

Actually, that it's. How-to guide, complete. Again: You're welcome.

(Samantha Mehlinger may be reached at [samantha\\_mehlinger@lbbj.com](mailto:samantha_mehlinger@lbbj.com). She welcomes comments and suggestions for Millennial Pulse articles.)



Downtown Long Beach Alliance photograph

# Long Beach Coffee Club's Top 12 Coffee Shops Of 2018

■ By **BRANDON RICHARDSON**  
SENIOR WRITER

The Long Beach Coffee Club rang in the new year by selecting its Top 12 Long Beach coffee shops of 2018. Founded in 2016, the brew crew creates a space for community members to learn about and enjoy coffee with others who share the love of java. The group has 350 members of all ages who gather for workshops, discussions and outings, according to founder Matthew Torres.

"We selected the shops below because our club believes they best serve their respective communities. Our thought is a coffee shop should be an extension of the neighborhood it's located in," Torres said. "We believe coffee shops act as third places, which is important for civil society, democracy, civic engagement and establishing feelings of a sense of place."

The following list is presented in alphabetical order. To view the club's original list, including brief shop reviews, visit [www.longbeachcoffee.club/blog/topcoffee-shop2018](http://www.longbeachcoffee.club/blog/topcoffee-shop2018).

#### Black Ring Coffee

5373 Long Beach Blvd.  
562/337-8049  
[www.blackringcoffee.com](http://www.blackringcoffee.com)  
Monday-Saturday: 7 a.m. to 5 p.m.  
Sunday: 8 a.m. to 5 p.m.

#### Commodity

1322 Coronado Ave.  
[www.coffeeorwhatever.com](http://www.coffeeorwhatever.com)  
Weekdays: 8 a.m. to 4 p.m.  
Weekends: 8 a.m. to 5 p.m.

#### Fox Coffee House

437 W. Willow St.  
562/912-4200  
Monday-Wednesday, Friday and Sunday: 8 a.m. to 6 p.m.  
Thursday: 8 a.m. to 10 p.m.  
Saturday: 8 a.m. to 8 p.m.

#### Lord Windsor Coffee

1101 E. 3rd St.  
562/901-2111  
[www.lordwindsor.coffee](http://www.lordwindsor.coffee)  
Every day: 7 a.m. to 5 p.m.

#### Polly's Gourmet Coffee

4606 E. 2nd St.  
562/433-2996  
[www.pollys.com](http://www.pollys.com)  
Every day: 6 a.m. to 7 p.m.

#### Portfolio Coffeehouse

2300 E. 4th St.  
562/434-2486  
[www.portfoliocoffeehouse.com](http://www.portfoliocoffeehouse.com)  
Weekdays: 5:30 a.m. to 9 p.m.  
Weekends: 6:30 a.m. to 9 p.m.

#### Recreational Coffee

237 Long Beach Blvd.  
562/436-4954  
[www.recreationalcoffee.com](http://www.recreationalcoffee.com)  
Weekdays: 7 a.m. to 7 p.m.  
Weekends: 7 a.m. to 8 p.m.

#### Rose Park Roasters

3044 E. 4th St.  
562/683-1818  
[www.roseparkroasters.com](http://www.roseparkroasters.com)  
Every day: 6 a.m. to 6 p.m.

#### Steelhead Coffee

1208 E. Wardlow Rd.  
562/989-0000  
[www.steelheadcoffee.com](http://www.steelheadcoffee.com)  
Weekdays: 6 a.m. to 7 p.m.  
Weekends: 7 a.m. to 6 p.m.

#### Tierra Mia Coffee

425 E. Pacific Coast Hwy.  
562/912-4522  
[www.tierramiacoffee.com](http://www.tierramiacoffee.com)  
Every day: 6 a.m. to midnight

#### Viento y Agua Coffeehouse & Gallery

4007 E. 4th St.  
562/434-1182  
[www.vientoyaguacoffeehouse.com](http://www.vientoyaguacoffeehouse.com)  
Monday-Wednesday: 6 a.m. to 6 p.m.  
Thursday-Friday: 6 a.m. to 9 p.m.  
Saturday: 7 a.m. to 9 p.m.  
Sunday: 7 a.m. to 6 p.m.

#### Wide Eyes Open Palms (WeOp)

416 Cherry Ave.  
562/386-2031  
[www.wideeyesopenpalms.com](http://www.wideeyesopenpalms.com)  
Tuesday-Friday: 7 a.m. to 3 p.m.  
Weekends: 8 a.m. to 3 p.m.  
Closed Mondays

From the author of the #1 Amazon Bestseller 'How to Launch a Brand'

**FABIAN GEYRHALTER**

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Brandtro Foreword by David Glaze, Creative Director, AMAZON

## Local Businessman Writes Book On Branding With Heart

Local businessman Fabian Geyrhalter, principal of Pine Avenue-based brand consultancy firm Finnien, is releasing a new book outlining eight commandments for creating a beloved brand. While many books on branding focus on innovation, “Bigger Than This” taps into what it takes to capture consumers’ hearts and minds. “The main takeaways are that you don’t have to have the most innovative new technology driven products. . . . But if you sell it with an amazing background story, or if you have a real deep belief in something, or if you find a way to talk to your customers that is very delightful, or if you are super transparent, then you can become a very successful brand,” he said. The book is designed to be eye catching and easy to skim, with the author describing it as akin to flipping through Instagram posts. David Glaze, creative director of Amazon and Geyrhalter’s former boss, wrote the book’s foreword. It will be available on Amazon and Indiebound.com on January 23.

– Assistant Editor Samantha Mehlinger

## Get Healthy

### Free Stroke Awareness & Prevention Seminar

Join MemorialCare Long Beach Medical Center and the Roxanna Todd Hodges Foundation for a free seminar on stroke awareness and prevention. The seminar will include information on TIA’s, risk factors, warning signs and prevention. Free carotid artery and blood pressure screenings will be available.

To register, visit [hopeafterstroke.org](http://hopeafterstroke.org) or call 888/794-9466

Wednesday, January 31 – 1:30 – 3:30 p.m.

Long Beach Petroleum Club | Terrace Room, 3636 Linden Ave., Long Beach, CA 90807

### Diabetes Self-Management Class

Join the Diabetes Program at MemorialCare Long Beach Medical Center for a free diabetes self-management class. The class will be held in two separate sessions and cover diabetes medication and management. Participants will be able to discuss blood glucose monitoring, nutritious meal planning, fitness motivation and more while learning about acute and long-term complications and skills that contribute to a healthier lifestyle.

Tuesday, January 23 & Tuesday, Jan.uary 30 – 4-7 p.m. Parking will be validated.

562/933-5043.

## Gosh Darn It

Organizers of the five-year-old Long Beach Folk Festival announced on January 12 that they are discontinuing the event. They wrote: “In 2017 we saw a lot more competition to our event with multiple new festivals & events popping up the same weekend, and with the recent announcements of major event producers moving into Long Beach to set up operations we decided that there just isn’t room enough for a family-run community event of our size. We saw a significant decrease in attendance in 2017 and while a major backed music festival might be able to handle this temporary lull, our resources are very limited and it affected us greatly.” Sorry to see you go.

# Arts & Entertainment Calendar

■ By **ANNE ARTLEY**  
STAFF WRITER

The following arts and entertainment events are taking place in Long Beach:

### Visual Arts

- “Salvage: Marine, Terrestrial and Astral” is running from January 13 through February 23 at ARTX Gallery, 356 E. 3rd St.: [www.artexchange.org](http://www.artexchange.org).

- “Robert Irwin: Site Determined” opens January 29 at the California State University, Long Beach Art Museum: <http://bit.ly/2D0LLDD>.

- “UNFILTERED,” a photo exhibition is showing at MADE by Millworks until January 28: <http://bit.ly/2mspCXI>.

### Performing Arts

- “Representational Acts” opens January 20 at the Museum of Latin American Art, 628 Alamitos Ave.: [www.molaa.org](http://www.molaa.org).

- Jim Earp and Bill Benzel are playing at Portfolio Coffeehouse, 2300 E. 4th St. on January 27: [PortfolioCoffeehouse.com](http://PortfolioCoffeehouse.com).

- Guitarist Pepe Romero plays in the Long Beach Symphony Spanish Program on February 3 in the Long Beach Con-

vention Center Terrace Theatre: [www.LongBeachSymphony.org](http://www.LongBeachSymphony.org).

- The Long Beach Opera presents “Don’t Box Me In: An Evening With Rockstar Stewart Copeland” on January 25 in the Long Beach Convention Center Terrace Theatre lobby: [www.longbeachopera.org](http://www.longbeachopera.org)

- Musical Theatre West presents “Oh What a Night!” on February 3 at the Beverly O’Neill Theatre: [www.musical.org](http://www.musical.org).

### Readings & Lectures

- Local author Kathryn Atkins is hosting a launch party for her book “Giving Myself to the Wind” on January 28, at Gatsby Books, 5535 E. Spring St: [www.writing-world.biz](http://www.writing-world.biz).

- “Integrating Art & Science, Shifting Perspectives To Inspire Change,” takes place at the Aquarium of the Pacific on January 18, 100 Aquarium Way: [Aquariumof-pacific.org/aquariumspeakers](http://Aquariumof-pacific.org/aquariumspeakers).

- “Yesterday, Today and Tomorrow” runs from February 1 to 3 at Expo Arts Center: <http://www.expoartscenter.org/>.

### Tours

- Candlelight tours of Rancho Los Cerritos start February 10: [rancholoscerritos.org/romances](http://rancholoscerritos.org/romances).

## Press Release – Word For Word

### Long Beach State University’s Earl Burns Miller Japanese Garden Sets Admission Policy to Ensure Its Future as a Community Resource

The Earl Burns Miller Japanese Garden at Long Beach State University has announced a new admissions policy effective January 23.

“Our goal in making this change is to improve the sustainability of this beautiful, educational and cultural resource for the enjoyment of future generations,” said Jeanette Schelin, the garden’s senior director.

Garden visitors may purchase tickets for same-day admission at the following rates: adults \$5, seniors and campus alumni \$4, youths ages 4-18 \$2, children under 4 free. Friends of the Japanese Garden members receive admission; membership is open to the general public and those interested can call 562-985-2169. Long Beach State University students, faculty and staff are admitted for free.

Advance purchase of individual tickets is not available at this time.

Reservations are required for groups. For more information, call 562-985-8420.

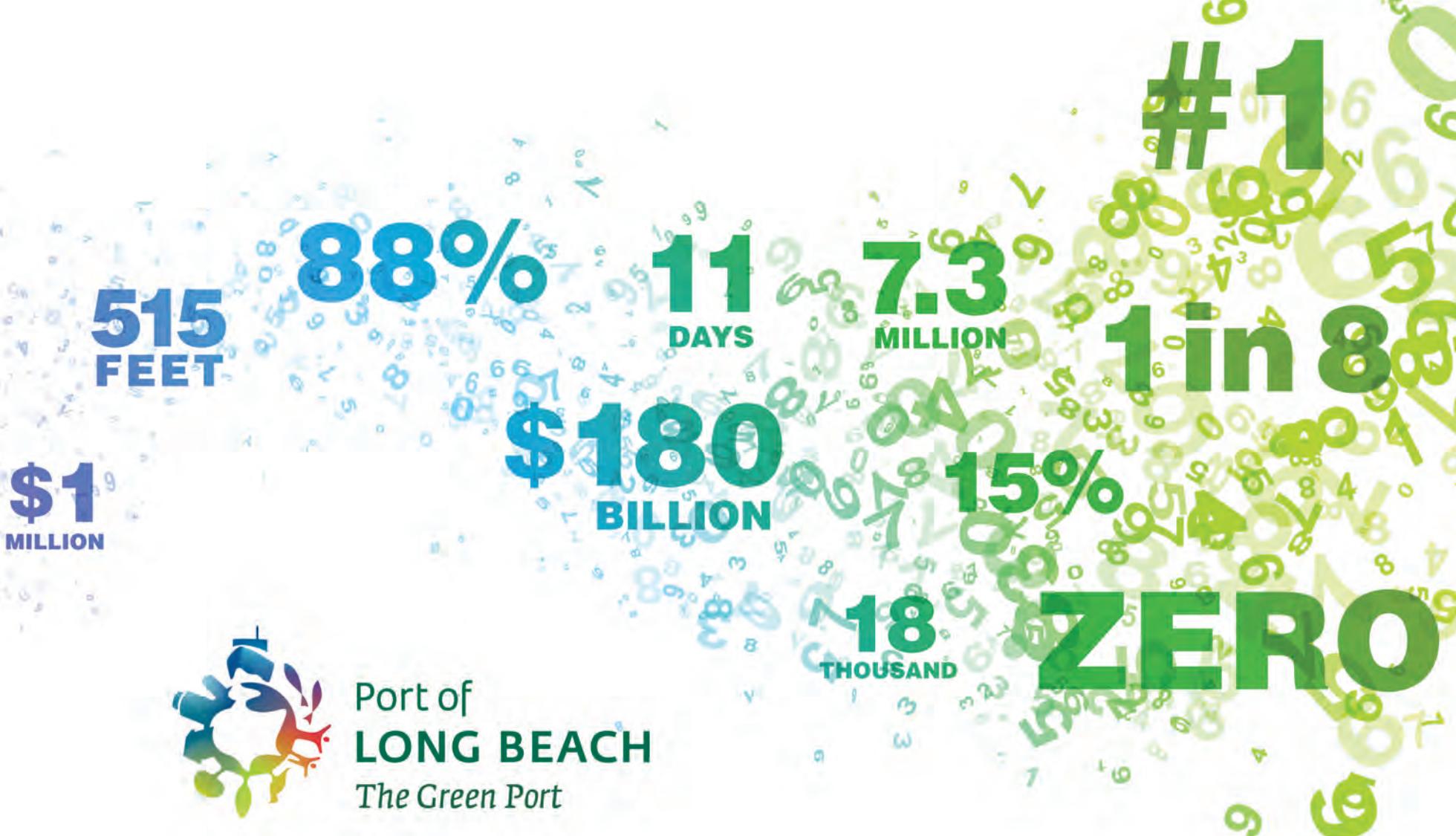
The garden’s new public hours are 9 a.m.-4 p.m. Tuesdays through Fridays and noon-4 p.m. Sundays. The garden is closed Saturdays and Mondays.

“We know the visitor’s experience will improve by scheduling groups to ensure a level of serenity in the garden,” said Alison Redfoot, assistant director for education. “We encourage frequent visitors to become members to enjoy admission as well as other exciting benefits.”

More information is available on the garden’s website. Paid parking is available in Lot 16 (G4), directly across from the garden on Earl Warren Drive.



Business Journal photograph



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