

YES On City's Measure MA

By **GEORGE ECONOMIDES**
Publisher's Perspective

Long Beach residents are urged to vote YES on Long Beach Measure MA – the tax on the sale of marijuana – in case either the local initiative, Measure MM, or state Proposition 64 passes.

Measure MM is on the Long Beach ballot via the initiative process. It repeals the city's ban on marijuana businesses and allows for retail medical marijuana businesses. If Long Beach voters approve MM, it will create enforcement problems and add significant costs to our already strained public safety budgets.

Proposition 64 would legalize recreational marijuana. It will undoubtedly cause problems for law enforcement. Anyone who doesn't believe so has most likely not smoked pot or gotten behind the wheel while under the influence. Legalizing recreational marijuana will lead to an increase in highway accidents and fatalities and allow for marijuana sales near schools and parks. Long Beach Police Chief Robert Luna told Staff Writer Brandon Richardson that over two years between 2011 and 2013, Colorado – where recreational marijuana is legal – experienced a 57% increase in marijuana-related emergency room visits.

In order to ensure our public safety personnel and emergency response staff have sufficient funds to meet the additional costs from Prop 64 and Measure MM, Measure MA is essential.

Please examine Measure MM and Prop 64 carefully before deciding how to vote. But whatever you decide, vote YES on MA.

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Long Beach Economic Development Blueprint

Mayor Sets Course For Strengthening Existing Industries, Attracting New Businesses

By **SAMANTHA MEHLINGER**
Senior Writer

Soon after Dr. Robert Garcia became mayor in July 2014, he made it a priority to restore the city's economic development efforts, and spearheaded the revival of the Long Beach Economic and Property Development Department and the Long Beach Economic Development

Commission. At his and the Long Beach City Council's direction, the commission and a consulting group, Beacon Economics, has been moving forward with an Economic Development Blueprint – and now, it is finally coming close to fruition.

Early this year, the commission hired Beacon Economics, a Los Angeles-based economic research firm, to collect data on the city on

which to base the blueprint. Last week, the mayor held a press event to release the draft report on the data – 40 pages outlining where the city stands economically.

Are you interested in how the city's economy compares to the county's, the state's or the nation's? Would you like to know which are its strongest industries, and its struggling ones? Are you curious about how its real estate

markets are doing? Do you want to know the city's ethnic makeup?

All that and more is detailed within the pages of the report prepared by Beacon Economics, which largely sourced its data from state and federal government studies.

"We've never had this much data on Long Beach before. Ever," Garcia told the Business Journal.

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Developers Talk Affordable Housing Challenges

By **BRANDON RICHARDSON**
Staff Writer

Mayor Robert Garcia hosted a roundtable with housing developers, the last of a series of three community meetings looking at affordable housing in Long Beach, at the Michelle Obama Neighborhood Library on October 14.

In one of the library's community rooms, the roundtable was open to the public and was attended by more than 50 housing advocates and residents, some of

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What Does LBPD Think About Legalizing 'It?'

By **BRANDON RICHARDSON**
Staff Writer

The "legalize it" marijuana movement and conversation has been ongoing for decades, and in recent years, it finally seems to be going somewhere.

In the United States, four states – Alaska, Colorado, Oregon and Washington – have legalized recreational marijuana use as of

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Long Beach Women-Owned Businesses Reflect National Growth



Denise Knight
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Jessica Somera
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Encore Awards



Sofia Riley
TGIS Catering



Monika Zuzanska
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Laurie Gray
The Pie Bar

By **SAMANTHA MEHLINGER**
Senior Writer

From 2007 to 2016, women-owned businesses grew at five times the average rate of all businesses in the United States, according to the 2016 State of Women-Owned Businesses Report by Womenable and American Express OPEN. Women-owned firms increased by 9% in that time period and now comprise 38% of the country's business population, according to the report.

Overall, there are now 11,313,900 women-owned businesses in the United States, the report's findings show. These businesses employ almost 9 million people. Since the recession, employment in women-owned firms has increased by 18%.

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City Goes Digital To Help Businesses, Developers

Long Beach's Goal Is To Provide 'Flexibility' And 'Convenience'

By **SAMANTHA MEHLINGER**
Senior Writer

In an effort to streamline city processes for the benefit of entrepreneurs and developers, the City of Long Beach is in the midst of launching new digital tools aimed at improving efficiency and accessibility to

services, as well as reducing confusion.

Recently, the city launched BizPort, an online portal for entrepreneurs interested in starting a business in Long Beach. The portal was the brainchild of the Long Beach Innovation Team (i-team), a Bloomberg Foundation-funded entity of the city that is

particularly focused on economic development efforts. It was created in partnership with Code for America, a nonprofit dedicated to bridging the technology gap between the private and public sectors.

In the summer of 2015, the i-team began surveying and inter-

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**Business Leaders To Share
Insights Into Benefits Of
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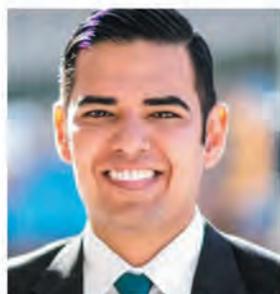
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 Sustainable Business Long Beach and Women's Business Council are programs of the Long Beach Area Chamber of Commerce.

Carnival Cruise Line To Expand Footprint In Long Beach

■ By **SAMANTHA MEHLINGER**
Senior Writer

Carnival Cruise Line has been operating cruises from its terminal in the dome adjacent to the Queen Mary since 2003. For years, the cruise line has been lobbying unsuccessfully to expand its footprint within the dome so it can operate a larger terminal and grow its Long Beach presence by bringing in larger ships. On October 17, Carnival announced its wish had finally been granted, thanks to a deal with the Queen Mary area's new leaseholder, Urban Commons.

Urban Commons and Carnival reached an agreement to allow the cruise line to take over the entire dome, more than doubling its footprint from 66,000 square feet to 142,000 square feet, according to a statement from the cruise line. The additional space allows for two-way operations – simultaneous embarkation and disembarkation – as well as the future use of larger ships.

Construction within the dome to accommodate these operations is expected to be completed late next year, according to Carnival. The terminal will remain operational during construction. Currently, the company deploys three ships from Long Beach, including the Carnival Miracle, Carnival Inspiration and Carnival Imagination. Cruise destinations include the Mexican Riviera, Baja and Hawaii, with Alaska voyages slated for the future.

Plans also include the expansion of cold

ironing, which allows ships to plug in to clean shore power instead of running engines while at dock, according to the statement. Carnival and Urban Commons will work together on “enhancements to the area surrounding the dome and the adjacent Queen Mary,” according to Carnival.

“For years we have been working toward reaching an agreement to expand the Long Beach Cruise Terminal to accommodate larger ships on the West Coast, and we're thrilled to finally be able to move forward with our plans to assume full usage of the dome, making Long Beach one of our largest home port facilities,” Christine Duffy, president of Carnival Cruise Line, said in a company statement. Duffy thanked the City of Long Beach and Urban Commons for facilitating the expansion.

Mayor Robert Garcia lauded the deal in the Carnival statement, calling it “great

news for Long Beach” and pointing out that it would bring additional tourism activity to the city.

Taylor Woods, principal of Urban Commons, stated that “Carnival Cruise Line is a tremendous asset for the Long Beach community” and said his company has “big plans for the facility and the surrounding land,” which will be enhanced by Carnival's operations. ■

Downtown High Rise Approved . . . Again

■ By **BRANDON RICHARDSON**
Staff Writer

At its October 20 meeting, the planning commission approved the Shoreline Development Partners LP project on the corner of East Ocean Boulevard and Alamitos Avenue – the East Tower to accompany The Current (West Tower) – for the second time with a unanimous vote.

The 35-story building was initially approved in 2007 to include 221 residential units, 6,367 square feet of retail and restaurant space and 393 parking spaces. However, after nine years, the company filed an addendum to alter the previous proposal.

The approved addendum increases the number of units to 315, the retail and restaurant space to 6,711 and the number of parking stalls to 458. The only change to the current design is that the proposed two-level subterranean garage will increase to five levels.

Units in the building will include a mix of studios, one- and two-bedrooms, and lofts ranging from 500 to 2,097 square feet. The Downtown Plan includes a minimum unit size of 600 square feet, but developers can request to reduce the size of up to 15% of the units to no less than 450 feet. The proposed project contains 13% (40) of units that are 500 and 520 square feet.

The tower will include 8,300 square feet of common, outdoor open space. Residents will enjoy two community rooms and two lounges that total more than 7,300 square feet, a gym, a resident community garden, a pool and a spa. Additionally, 93% of units have private open space in the form of balconies ranging from 52 to 760 square feet.

Warren Blesofsky, a downtown resident and president of Long Beach Citizens for Fair Development, claimed the city and commission were once again making a “complete mockery” of the California Environmental Quality Act (CEQA) by not conducting a secondary environmental impact assessment.

According to CEQA, if minor changes are made to a plan, a new environmental impact report is not necessary. Blesofsky claimed that 94 additional units is not a “minor change,” but a major one. However, city staff pointed out that the concept of a minor change within the law is not in reference to project plans but rather the environmental impact, which was found to be relatively unaltered by the modification.

Other speakers referred to the building as an eyesore or a “monstrosity” and claimed the city should “keep Long Beach local.” However, the vast majority of public comments were positive and in full support of the proposed project. Most commenters asked for the commission to approve the



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project to help with the housing crisis in the city, as well as increase sales for local businesses downtown. Another benefit that several speakers mentioned was the added ability for residents to live close to work and entertainment.

“This is not about minor technical changes, it’s about progress. A couple of weeks ago, I saw two pictures: one of the City of Vancouver, the other of the City of Long Beach,” Jim Kuhne, a lawyer at Roberts & Kehagiaras in downtown, said. “They were taken from the same perspective – over the water, looking in toward the city. They looked like a before and after. Vancouver with its beautiful high-rises, just like the one we’re talking about, and Long Beach with all its potential.” ■

Planning Commission Approves New Neighbor For Historic Church

■ By **BRANDON RICHARDSON**
Staff Writer

A site plan review was unanimously approved for a Sares-Regis project on the southwest corner of 3rd Street and Pacific Avenue by the planning commission at its October 20 meeting.

The eight-story project across the street from the historic First Congregational

Church of Long Beach will consist of 163 residential units and 244 parking stalls. The 0.89-acre property was previously utilized as a surface parking lot.

“Our congregational leadership has engaged with Sares-Regis. They have come to see us, they have brought their plans and we have shared our historic building with them,” Elaina Larson, senior minister at First Congregational Church, said. “We do not oppose this project, and we really appreciate the neighborhood process that Sares-Regis has undertaken with us. We’re looking forward to having new neighbors that are good neighbors.”

According to the proposal, the unit mix includes 17 studios (all 537 square feet), 92 one-bedroom flats (644-835 square feet), 28 one-bedroom lofts (860-901 square feet), 30 two-bedroom flats (969-1,200 square feet), five two-bedroom lofts (1,216-1,385 square feet) and five two-bedroom townhomes (all 1,300 square feet). The 17 studio apartments are below the minimum unit size permitted by the city; however, requests can be made by developers to reduce the size of up to 15% of units to no less than 450 feet.

“We’re very excited about this site, and we’re very excited to be a part of the Civic Center Master Plan,” Michael Bohn, senior principal at Studio One Eleven, the company that designed the project, said. “Pacific Avenue traditionally has been a street



The seven-story, 163-unit housing project on the southwest corner of 3rd Street and Pacific Avenue was unanimously approved for a site plan review by the planning commission at its October 20 meeting. The project will include 15,324 square feet of common and private open-space areas and 224 parking stalls. (Rendering courtesy of Sares-Regis Group)

that’s not very pedestrian active. We think this is one of the projects that will serve as a first step to making Pacific Avenue a truly great street.”

The 224 parking stalls will be divided between four levels – two aboveground levels and two subterranean levels. Of these stalls, 12 will be dedicated electric vehicle charging stations evenly distributed with three on each level. The design also calls for a “bicycle kitchen” on the ground floor that can securely store 50 bicycles and will include tools and an air pump for residents.

Overall, the project includes 15,324 square feet of common and private open-space areas. A 7,200-square-foot courtyard on the building’s podium level will feature a swimming pool, lounge furniture, cabanas and an entertainment area with table

seating, a fireplace and a barbeque counter. The roof will contain an additional 1,480 square feet of open space in the form of a deck featuring a lounge area with a barbeque counter and table seating, as well as a separate terrace area with a fireplace, lounge furniture and a gaming area.

Additionally, residents will enjoy a 2,177-square-foot fitness room and two community rooms measuring at 635 and 750 square feet.

Though several concerns were voiced during public comment, an overwhelming number of comments were in support of the project. Several public commenters spoke about the need for more housing, which will in turn drive competitive pricing, and how more residents downtown will mean more patrons for small local businesses. ■

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Business Leaders To Share Insights Into Benefits Of Sustainable Practices

October 28, 7:30-9:30 A.M. At Courtyard Marriott Downtown

■ By **SAMANTHA MEHLINGER**
Senior Writer

On October 28, Sustainable Business Long Beach (formerly known as the Green Business Council) and the Women's Business Council are cohosting a panel discussion about the unexpected benefits of creating sustainable businesses. The event is part of the rebranded Sustainable Business Long Beach's (SBLB) efforts to engage businesses with their peers, who will hopefully inspire each other to move towards sustainable practices.

"What we want to do through Sustainable Business Long Beach is to address a broader perspective of issues, where we're looking at not only having a viable business community that is profitable and doing well but also one that is engaged in the community and one that is engaged in making the quality of the environment better," Dr. Wade Martin, president of SBLB and director of the California State University, Long Beach Office of Economic Research, told the Business Journal.

"Part of businesses being engaged in the community means businesses learning what they've shared with each other," Tom Bowman, president-elect of SBLB and

president of Long beach-based small business Bowman Design Group, said.

"Business owners really like to hear what works from their peers because their peers live the same life," Bowman said. "They've got the same challenges to overcome. So we're structuring these events to bring panels of business owners who have accomplished something or are in the process of accomplishing something around the topic [of sustainability]."

The event at the Courtyard Long Beach Downtown features opening remarks by Mayor Robert Garcia, who recently signed the Compact of Mayors – a pledge signed by mayors around the world to make their cities more climate resilient.

"Mayor Garcia has signed the Compact of Mayors and has the stated goal of making Long Beach a climate-resilient city," Martin said. "So we're looking at it from the business sector, how can we contribute to Long Beach achieving that goal," he said of SBLB.

Panelists at the breakfast event, which runs from 7:30-9:30 a.m., include: Spencer Brown, founder and "chief tree hugger" of Rent-A-Green Box; April Economides, president of Octopus Consulting; Terry Geiling, president and CEO of American Gold Star Manor; and Jay Penev, co-founder and chief fermentationist of Fine Feathers Kombucha.

Each of the panelists offer a different perspective on sustainability, including how they have made their own opera-

tions or facilities sustainable, as well as how they help other businesses in that effort, according to Bowman and Martin. "I'll interview them as a panel discussion so that everybody in the audience is really hearing from their peers rather than getting a report from some of the city government agencies or some of the major institutions in town," Bowman said. "This makes it more practical and relatable to businesses. And it also helps businesses begin to engage with each other more."

Bowman has successfully transitioned his own small business into a more sustainable model, reducing its greenhouse gas emissions by two-thirds. He consolidated equipment, swapped out the company car for a Prius, replaced light bulbs with energy efficient ones, changed his air conditioning unit, and plugged equipment into power strips that could be turned off at night.

These were relatively small fixes Bowman could make without spending a lot of money. As a small business, while he didn't fall under many of the state's environmental requirements, he also didn't qualify for any incentives for things like solar panels or energy-efficient roofing, he explained. Bowman Design Group won the first-ever Cool California Small Business Award for its efforts and success. "It means any business can do this. They don't have to be a green tech company," he said.

Martin and Bowman said SBLB will have quarterly events with one large event, like the October 28 panel discussion, each year and perhaps mixers in between.

"Sustainable Business Long Beach is really reaching out to anybody who would like to participate, and that includes business owners and business employees, but also residents can attend these events," Bowman said.

For more information about SBLB and the event, visit <http://www.lbchamber.com/pages/SustainableBusinessLongBeachSBLB>. ■

City Completes Phase One Of LED Streetlight Retrofit

City Will Eventually Reduce Energy Consumption By 10%

■ By **BRANDON RICHARDSON**
Staff Writer

A year after the launch of the LED streetlight retrofit program to save money and reduce carbon dioxide emission, the City of Long Beach has replaced approximately 1,750 high-pressure sodium streetlights, completing the first phase of the project.

"By retrofitting the city's streetlights, we are reducing energy usage and pollution, making neighborhoods safe and saving millions of dollars," Mayor Robert Garcia said in a statement.

Phase one of the retrofit was funded by a \$659,000 community mitigation grant from the Port of Long Beach. Phase two will cost the city \$6.1 million but is estimated to be fully offset by energy savings within four years. Additionally, the city will gain \$3.2 million in utility rebates from Southern California Edison.

The projected lifetime savings for the project are estimated to be \$15.1 million due to the long lifespan of LED streetlights – approximately 100,000 hours, which is roughly 24 years when operating 12 hours per day.

"The reduced energy costs and the increased lifespan of the LED streetlights will have a positive impact on the city's budget moving forward," Craig Beck, director of the Long Beach Public Works Department, said in a press release.

Between 1,600 and 2,000 streetlights are being converted monthly, starting in the west part of the city, including the downtown area, and moving east.

The retrofit will save about 9.6 million kilowatt-hours of electricity each year, according to Energy Network, the company administering the retrofit program. This equates to a nearly 10% reduction in Long Beach's energy consumption, which is equivalent to taking 21,000 cars off the road in terms of carbon emissions.

City Light and Power has also partnered with the city for this project. ■

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Downtown Long Beach Alliance's New Name, Look Reflects Increasing Community Focus

By SAMANTHA MEHLINGER
Senior Writer

Since its inception as a group of Pine Avenue merchants collaborating for advertising purposes in 1937, the Downtown Long Beach Associates has been known as the voice of business in downtown. Through its incorporation and subsequent leadership as the manager of downtown's property and business improvement areas, the nonprofit has retained its name. But in the past few years, the organization has become increasingly focused on the overall downtown community. To reflect that direction, the group recently rebranded as the Downtown Long Beach Alliance (DLBA).

Discussions around changing the organization's name and branding – it also has a new logo emblematic of the entire downtown grid in lieu of its skyline – began about a year ago when the board was reviewing the organization's strategic plan, according to President and CEO Kraig Kojian.



"It's more of a community-based organization than it ever was in the past," Kojian said. "And we felt as though 'associates' really didn't reflect or represent the type of work we were doing with our stakeholders and members of our partnerships throughout the city."

Kojian continued, "I think the momentum that we've been able to gain over the last five or six years and consciously moving towards becoming more of a community-based organization is very much in alignment . . . with our downtown community and the surrounding neighborhoods and, obviously, with the stakeholders with whom we are working."

An example of how the DLBA has become more involved in the community at large was its work last year with the Council of Business Associations (COBA) related to an impending minimum wage increase, Kojian noted. "I think the role that we took with COBA really showed how we could align different sectors of our community and help come to some type of conclusion," he said.

The new logo by local firm Commune Communications includes a new, contemporary palette of purples and oranges and depicts an abstract representation of the grid of streets in Downtown Long Beach. "Since we were updating the name to better reflect our organization, we just wanted a current, more up-to-date logo as well," Gina Dartt, marketing and special events manager, said.

The next change for the DLBA will be to its website – a brand new one is launching later this year. "With us becoming more of a reliable news source for Downtown Long Beach, we wanted to make sure that the information was easy to access, user-friendly, and is keeping up with the modern trends," Dartt said. "We hope

to have all those elements included in the new website with ease of use and better design and feel."

To get the community acquainted with the DLBA's new brand and look, the organization is considering a variety of advertising initiatives, including pole banners throughout Downtown, Dartt said.

The DLBA is also in the process of updating its strategic plan. "We've gotten the framework approved by our board. We're putting the final touches on it, and we'll be launching that hopefully within the next 30 to 60 days," Kojian said. "It's more of a continuation of the work we're doing. But there will be some fine-tuning." ■

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Developers Talk Affordable Housing Challenges

(Continued From Page 1)

which had to stand due to a lack of available chairs and space. Eleven developers were seated at a horseshoe of tables along with Garcia and former assemblymember and councilmember Bonnie Lowenthal, who has been an active participant in the affordable housing discussions as part of the Affordable and Workforce Housing Study Group.

"I really appreciate this opportunity to not only be here today but the opportunity to have a communitywide discussion about housing affordability. This, I believe, is a first for our city," Lowenthal said. "It's very public. And you can tell by the number of people here that it's well received in the community."

Garcia opened the discussion by asking about barriers that developers face when working on a housing project. Challenges that the group unanimously agreed on were finding available land, attaining funding sources and undergoing the long-drawn-out permitting and entitlement processes.

Another challenge brought up was a need for time to involve the community in the planning process, which can be as beneficial to a developer as getting land at a reduced price, according to Suny Lay Chang, executive vice president of the nonprofit LINC Housing.

Developers said they also need leadership from the city when working on housing projects. They explained that if

they have direction from the city and the community as a whole as to what projects are needed and where, their jobs become much easier. According to Kasey Burke, president of META Housing Corporation, if local governments could align with and have a better connection to the state with regard to incentives, tax credits and other development programs, it would alleviate some of the financial burden of developing affordable housing brought on by countless rules, regulations and high cost.

The next topic of discussion was whether or not developers thought it was more beneficial to build projects for people of mixed incomes. Daryl Carter, chief executive officer of Avanath Capital, and Jonathan Newsome of the Long Beach Affordable Housing Coalition,

both agreed that a diversity of incomes have lead to stronger communities in their experience.

However, Pat Patterson, a representative of Ledcor Properties, pointed out that while "everybody would love integrated developments," the government assistance in creating such projects is a long, competitive and an administratively burdensome process.

One of the most controversial topics of the day was parking. Always a hot topic with Long Beach residents, Garcia pointed out that building parking is expensive for developers and noted that some cities in the state have begun lowering parking requirements. He also said he has read that some communities eliminated parking requirements for affordable housing entirely. He added that he was not advocating this in Long Beach, but rather that he found it interesting.

"Parking is very expensive, especially in high-density developments where you have to do underground parking. It could run \$50,000 or \$60,000 per stall to build parking," Patterson said. "[But] this is California still. And people love their cars. And people still drive. So you may find that you have an unsuccessful project because you have taken advantage of the ability to deliver less parking."

Others echoed Patterson in saying that parking depends on the project and the community's demand. For example, senior housing is likely to need less parking than multifamily housing.

Robin Hughes, president of the nonprofit Abode Communities, explained that for every parking space a developer doesn't have to build, another unit could be built in its place. She explained this is a constant tradeoff that needs to be taken into consideration when developing housing in dense areas with a high demand for affordable units, and that alternatives such as bike space, shared car space and even working with public transit for resident discounts are options that should be taken seriously.

Other thoughts to alleviate parking were to open city- and state-owned parking garages to residents for overnight parking or merging commercial and housing spaces, which would allow for business parking during the day and residential parking overnight.

Tyson Sayles, a principal with Ensemble Properties, deemed Long Beach's minimum unit size of around 500 to 600 square feet another challenge for affordable housing. Sayles said he is a believer in micro-units in densely populated areas as long as they are located in close proximity to transit and walking distant to other amenities such as parks, restaurants and entertainment.

Garcia elaborated on the idea of micro-units for residents in the audience who were not familiar with the idea. When he mentioned the size of about 300 to 350 square feet, it sparked a lot of wide-eyed gasps and chatter from the crowd.

While some of the developers agreed there is demand for housing of all sizes and configurations, including micro-units for young, single people, Carter and Newsome pointed out that their experience with affordable housing shows demand is highest for two- and three-bedroom units. They attribute this

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Long Beach Business Journal



Elaine Hutchison of Better Housing For Long Beach speaks to Mayor Robert Garcia, former assemblymember Bonnie Lowenthal and 11 housing developers during the public comments section of the mayor's affordable housing roundtable on October 14. This meeting was the last in a series of three community meetings to discuss the affordable housing crisis in Long Beach. The next step is to prepare a set of recommendations to go before the city council. No timetable has been determined as to when that will occur. (Photograph by the Business Journal's Brandon Richardson)

to families being the group that most needs affordable housing, especially low-income families that might have several generations living under one roof.

After the developers spoke on these topics, the public was invited to comment, and they seemed just as divided on the idea of micro-units. One speaker said he imagined chickens in tiny coops when he thought of micro-units and thinks this living arrangement could have a negative effect on a resident's mental health. Another

speaker cited statistics of the more than 700 homeless students who attend Long Beach City College and how affordable micro-units could be the answer to putting a roof over their heads.

Elizabeth Torres, a Wilson High School senior, spoke about growing up in poverty and demonstrated the demand for units with multiple bedrooms. She told the mayor and developers that she will be the first high school graduate in her family and hopes to be the first college entrant.

Through tears, she said she recently received news that most of her family was going to be moving to Bakersfield because rent for a three-bedroom apartment in Long Beach is "too damn high."

"There are no doubt many pieces to the puzzle of providing sufficient affordable housing," Elaine Hutchison of Better Housing for Long Beach said. "The mayor's initiative to address the closing opportunity gap in Long Beach is a big step in the future of Long Beach. We ap-

preciate this very much because there are a number of factors to be considered. Providing affordable housing should be at all levels."

According to Garcia, there is no timeline as to when the study group and city staff will make recommendations to the city council regarding the affordable housing crisis in the city. He added that when recommendations are made, the decision on what measures to take, if any, will be made by the council. ■



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What Does LBPD Think About Legalizing 'It?'

(Continued From Page 1)

May of this year. Another 22 states and the District of Columbia have legalized the use of medical marijuana, including California.

The November 8 ballot will see more state propositions regarding weed than any other election in history. Five states – Arizona, California, Maine, Massachusetts and Nevada – will be voting to legalize the recreational use of marijuana. Arkansas, Florida, Montana and North Dakota will vote to legalize the use of medical marijuana or, in Montana's case, loosen stringent laws that have been passed since its legalization in 2004.

Aside from Proposition 64 to legalize

recreational marijuana in the state, Long Beach voters will also decide upon measures MM and MA, which would legalize the cultivation and sale at brick-and-mortar stores in the city and set city tax rates on top of proposed state taxes, respectively.

When it comes to the issue of legalizing recreational marijuana use in California, or more specifically, if the City of Long Beach should allow the cultivation and sale of marijuana within city limits, many residents have opinions one way or the other. However, most residents will not have to deal with many possible consequences on a daily basis should marijuana become

legal. That duty will fall to the Long Beach Police Department (LBPD).

"One of the things that concerns me is we have been struggling to address the city's current needs with our existing resources," LBPD Chief of Police Robert Luna said in an interview with the Business Journal. "Where I'm coming from on this is I believe that the legalization of marijuana will increase our workload. There is always the possibility that we could be wrong. I don't have a crystal ball. I can just tell you what I'm reading, I'm not very comfortable with."

Luna explained that over the years, police forces have gained a lot of what he calls "unfunded mandates." Essentially, departments have been asked to administer additional training on mental illness, procedural justice and implicit bias, to name a few, but were not given additional funding. Combined with legislation like Proposition 47, which "reduces certain drug possession felonies to misdemeanors" and "requires misdemeanor sentencing for petty theft, receiving stolen property and forging/writing bad checks when the amount involved is \$950 or less," and Assembly Bill 109 that "transfers responsibility for supervising certain kinds of felony offenders and state prison parolees from state prisons and state parole agents to county jails and probation officers," Luna said his department has already seen an increase in its workload.

"[In Colorado], marijuana-related emergency room visits have grown about 57% in two years between 2011 and 2013. Marijuana appears to be associated with very poor school performance and increases the



Long Beach Chief of Police Robert Luna believes legalizing the sale of recreational and medical marijuana in Long Beach would add to his departments already overwhelming workload. (Long Beach Business Journal Photograph)

absence from school and is increasing the dropout rate," Luna said. "Now, why is a police chief talking about education and emergency room visits? Because those are things we look at that impact our overall workload. If kids aren't in school, they're usually out committing crimes. If the dropout rates continue to go [up], that means kids aren't being employed. And then they become more of our stats, which we don't want to see."

Being the first states to fully legalize marijuana, statistics from Colorado and Washington are often cited both for and against. Proponents will often cite how much money is made off of marijuana tax revenue. Opponents often cite reported links to an increase in driver impairment and accidents and fatalities when marijuana was present in the individual's system.

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Board and Secure Services	ITB PW17-001	10/01/2016
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Annual Contract for Concrete Repairs	R-7049	11/02/2016
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Fall Protection Implementation	RFP GO17-010	11/10/2016
Professional Administrative Investigation	RFP HR17-014	11/10/2016
Grand Prix of Long Beach	RFP CM17-011	11/18/2016
Rehab of Wells Citizen 7A & Commis. 20 (EO-3312)	WD-31-15	12/07/2016
ERP Project Quality Assurance Services	RFP TI17-018	12/07/2016

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

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On the November 8 ballot, Long Beach residents will not only vote to legalize the use of recreational marijuana through Proposition 64, but will also vote to legalize the cultivation, production and sale of marijuana within the city, as well as set the sales tax rates on marijuana products, through measures MM and MA, respectively. (Photograph courtesy of Laurie Avocado)

of marijuana, Luna said the process is the same as with alcohol. Typically, when the officer approaches the window, they can detect the smell of marijuana. If the driver was operating their vehicle erratically, it could be grounds for arrest for DUI.

“Certainly, we’ve developed a science around drunk driving that makes it very predictable and consistent to measure how impaired a person is,” Long Beach City Prosecutor Doug Haubert said. “We do not have the same science for marijuana, so prosecuting someone for operating a vehicle while impaired by any drug is usually more challenging than if they are impaired by alcohol.”

When asked how marijuana would be regulated – more similarly to alcohol or cigarettes as far as when and where it can be purchased and used – Deputy Chief Richard Conant said, “That particular piece of concern, where folks are walking around smoking marijuana everywhere, that type of activity is still under review. There is no hard and fast [guideline] on that one just yet. But it stands to chance that we are not going to see that type of activity. They’re already talking about pot shops where people go and hang out and smoke. Kind of like speakeasies back in the day.”

One narrative used by proponents of legalizing marijuana is that it will keep people out of jail and prison for nonviolent, marijuana-related crimes. Luna said this cracks him up every time he hears it. He explained that in 2015, the LBPD documented 17,910 arrests. Of those arrests,

316 were marijuana related, which equates to 1.76%. Not a very staggering figure. When he included citations, meaning people who were ticketed but not booked, that figure jumped to a whopping 3.44%.

“While I can’t predict what will happen in the future if Measure MM is passed, I think it’s reasonable to assume that regardless of the laws that are included, there is going to be a great number of people who will disregard those laws,” Haubert said. “Plus, the laws were not written to make it easy for the city to enforce, they were written by the operators for the benefit of the operators.”

When asked why the legalization of marijuana and its ramifications are any different than the legality of alcohol, which has been linked to numerous health problems and deaths due to drinking and driving, Luna said there are countless studies that show marijuana is a gateway that leads users to other more serious drugs. He said he does not see similar studies of alcohol that are comparable or that link alcohol to school absence, dropout and graduation rates, as marijuana does.

“Once upon a time, we had D.A.R.E. officers that would go to schools trying to teach drug resistance to kids,” Luna said. “I have got to be honest with you, what kind of message are we sending our kids if this passes? That smoking weed is OK? Do we have to go back to the schools and start teaching that marijuana’s bad and you shouldn’t do it? Because that’s not the message that they’re getting from the adults.” ■



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Economic Development

(Continued From Page 1)

There are a lot of data to sift through, but the mayor has already identified some key highlights in the report. For example, “The national economy has been growing about 2% [annually]. The Long Beach economy is growing at 4%. We’re actually growing faster than the national economy,” he said.

“The city has not done in the past a great job of collecting economic data. So for the last six months we’ve been collecting data, and now we have an enormous amount of economic data to get this blueprint started,” Garcia said.

To develop the Long Beach Economic Development Blueprint, the commission and Beacon Economics, with assistance from the Long Beach Innovation Team, will review the data to fully understand its overall implications, Garcia explained. “They’re going to have a series of public meetings at the commission meetings to include some of the community,” he said. “And then they will also be doing interviews of key business leaders and business sectors.”

After the data has been sifted through, meetings have been held and interviews have taken place, a report will be developed and presented to the mayor and then brought to the city council for adoption. The final result will be a document “to

guide the city’s economic development efforts for the next 10 years,” Garcia said.

“The blueprint is really about strengthening the current industries that we have – supporting them, expanding them – and then bringing in new industries and job growth, particularly in the higher wage job market around technology and around health care, around education,” Garcia said. “Those are jobs that I think we want to grow.”

The final blueprint will be completed in the first quarter of 2017, Garcia said. After that, the commission will continue to gather and review economic data two to three times a year and update the blueprint based on that information. In other words, it will be a “living document,” he explained.

Garcia reflected, “We need to also have a document that kind of brings the community together – includes the business community, includes residents – so that we can really have a strong plan moving forward.” ■

New Study Says U.S. ‘Suffering’ From Loss Of 8.1 Million Jobs

The Small Business and Entrepreneurship Council, a nonpartisan, nonprofit advocacy, research and education organization, on October 18 released its GAP Analysis #6: America’s Lost Jobs, which shows dramatic shortfalls in the U.S. labor force and in job creation. “The troubling fact is if the U.S. had a reasonable level of employment relative to population, such as the level existing before this last recession, there would have been 8.1 million more people employed in September 2016 than actually were working,” said Raymond J. Keating, SBE Council’s chief economist. To see the report, visit: <http://sbecouncil.org/2016/10/13/gap-analysis-6-americas-lost-jobs/> ■

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Thomas Anderson Named Vice President And General Manager Of Gulfstream Long Beach

Thomas Anderson, a 14-year employee of Gulfstream Aerospace Corp., was recently promoted to the position of vice president and general manager of Gulfstream Long Beach, which has a workforce of nearly 800 employees at the Long Beach Airport. In his new role, he is responsible for overseeing the completions center for Gulfstream’s G650ER, G650 and G550 aircraft, as well as its service facility for all Gulfstream-manufactured aircraft. Anderson previously served as director of product support in Long Beach and has also worked at the firm’s Savannah, Georgia, headquarters in various roles. He holds a bachelor of science degree from Miami University and a master of business administration degree from Mercer University. (Photograph provided by Gulfstream)

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Mayor Robert Garcia unveils BizPort, the city's new online portal for entrepreneurs, at an event on October 5. The portal allows entrepreneurs to plan their future business via a wealth of resources, including checklists, information about funding, market analysis and more. (Photograph by the Business Journal's Larry Duncan) those various agencies and requirements.”

City Goes Digital

(Continued From Page 1)

viewing hundreds of individuals in the Long Beach business community to identify where the city was lacking in terms of resources for economic development, John Keisler, head of the i-team, told the Business Journal. The i-team found that the business community felt the process of starting up in Long Beach “was very confusing and, as a result, wasted a lot of their time,” Keisler said. “So it was very costly for them to start a business in the City of Long Beach.”

He added, “We discovered that the process was very confusing because the entrepreneur had to interact with so many different agencies that didn't interact with each other. And there was no tool – there was no sort of clearinghouse or one-stop shop – that the entrepreneur could go to that would cut across

The i-team set out to address this problem through the creation of BizPort. Built with open source code, the portal launched in beta in March. Beta users gave feedback through a chat function, which influenced the design and functions of the portal, Keisler explained.

“We set out on the goal of reducing confusion by establishing a digital platform that would map across all the different agencies that the entrepreneur would have to interact with and would link out to those resources,” Keisler said.

Entrepreneurs also told the i-team that keeping track of so many different identification numbers, permits and licenses was also confusing, and that they needed a checklist to ensure they had completed all necessary steps toward starting a business.

(Please Continue To Page 14)

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City Goes Digital

(Continued From Page 13)

“So we created a digital profile and a wallet that would track their process, and then they could put their numbers and their records in that digital wallet,” Keisler said.

“They also told us that they didn’t know if they were eligible for funding or grants, and that it was really hard to search to know if they were eligible for this or that,” Keisler said. “So if you go into BizPort, you’ll see that there is a funding search tool.”

Conducting market analysis in areas where entrepreneurs are seeking to start a business is often costly and difficult, Keisler said. BizPort addresses that challenge, too. “We have links now where you can go and search for a building, and you can click on that building, drop a ring around it and look at consumer spending and demographics and do better business planning and market analysis,” he said.

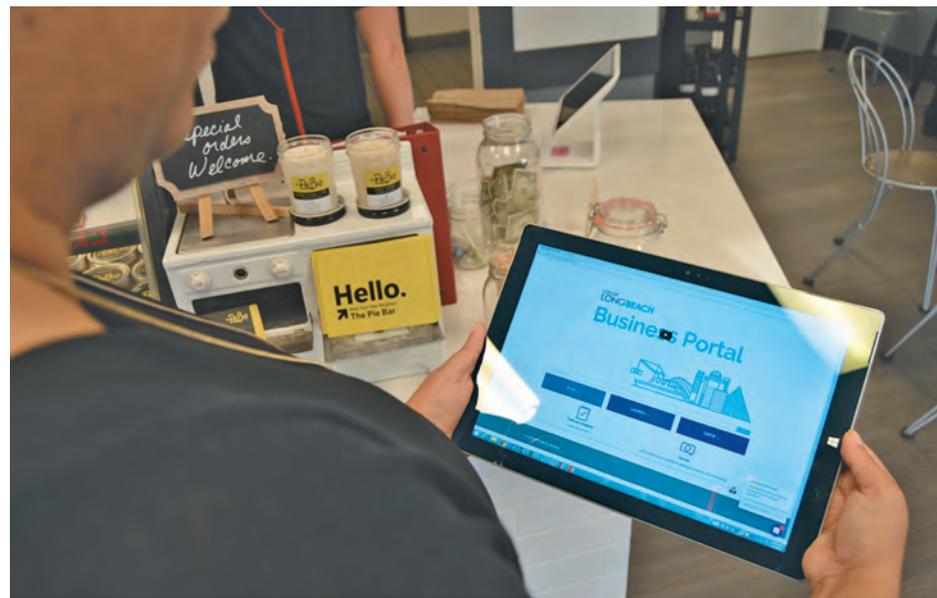
“There are a lot of different elements that seek to overcome different challenges that were identified by entrepreneurs in their own

journeys. And it was completely designed around the entrepreneurs themselves,” Keisler said of BizPort’s design. The portal can be found at bizport.longbeach.gov.

At the same time BizPort was in development, the Long Beach Development Services (LBDS) department launched an effort to digitize its plan check process. To create an electronic plan check (EPC) system, the city contracted with e-PlanSoft, which has worked with cities like Fountain Valley, Fremont and Chino, as well as county governments and other agencies.

A beta version of EPC launched in June with the cooperation of three local architecture firms as beta users, including Environ Architecture, Studio One Eleven and M. Grisafe Architects, according to LBDS Director Amy Bodek.

“We are trying to create a system that makes it easier for applicants to submit to the City of Long Beach without having to show up in person during business hours at city hall,” Bodek said. As the process stands today, anyone submitting plans has to go in person to the fourth floor of city hall, she explained.



The City of Long Beach and its Innovation team recently launched an online portal for entrepreneurs called BizPort. The portal aims to help streamline the process for businesses to start up in Long Beach. (Photograph by the Business Journal’s Larry Duncan)

“People have to show up in person between 7:30 a.m. and 4:30 p.m. So if an architect is trying to submit something at 8 o’clock at night, they can’t do that,” Bodek said. The idea behind having an online portal is not only to offer flexibility, but also convenience. “This way, the architects . . . or the contractors don’t have to spend time driving here, standing in line, waiting to be called and then finally processing their plan check requests,” she said.

Having the online system will also allow city staff to more easily to communicate with one another about documents, she noted. “As one engineer is reviewing it for one subspecialty or subtrade, another engineer can see those same notes. It makes things more consistent in how all the plan checkers are talking to each other as well,” she said.

Having an online plan check system would also create efficiencies for city staff. “Our hope is that it actually reduces the time it takes to do the plan checking because we will be doing it electronically, and there is more efficiency in doing it that way,” Bodek said. For example, the current process generates “reams and reams of paper” and major storage issues, she explained.

So far, 25 projects have been submitted through the beta system by participating architecture firms, who have made suggestions for the system along the way, Bodek said. “They love it,” she said, adding that if other firms would like to become beta users, she welcomes them to reach out.

A portal is now being built to connect the new EPC system with the city’s existing plan check database. “What we’d like to do is create this portal where the external world can go to this website and upload all of their information. And then it immediately goes into our database and transfers the information to our database so that we don’t have to do data entry twice,” Bodek said.

While the system is currently within LBDS, the city plans to expand its use to other departments involved in the planning process, like public works, water and fire, Bodek said. “It’s kind of a citywide effort. . . . But the bulk of plan checking is done through development services, and so we’re taking the lead on it.”

The service is primarily for professionals – developers, engineers, architects, contractors and so on – due to the level of expertise necessary for the process, Bodek explained. “But we’re also moving towards making some of our smaller processes more simplified and more online,” she noted. “If a homeowner is pulling a roofing

permit, that should be able to be done online. It’s straight, it’s simple [and] there are really no variances.”

Bodek hopes to have the EPC running through LBDS’s website within six months and hopes the city will have made a significant transition to electronic plan check by the time the new city hall is built. ■

Massive Outlet Mall Planned For Carson

■ By **BRANDON RICHARDSON**
Staff Writer

After missing out on an expansive football stadium complex, the City of Carson has entered into an exclusive negotiation agreement with the Macerich Company to develop a massive outlet mall instead.

The 42-acre project is immediately adjacent to the 405 Freeway and will feature more than 150 of the world’s top retailers and designers in 562,000 square feet of commercial retail space, according to a Macerich presentation.

Macerich owns and manages 55 million square feet of commercial space in 50 regional shopping centers, including Santa Monica Place, Los Cerritos Center and Lakewood Center.

“This is a game-changer for the City of Carson,” Mayor Albert Robles said. “This project will generate significantly more revenues for the city than the previously considered NFL stadium, but with less impact on the surrounding neighborhoods.”

Initially, the outlet mall is expected to generate \$4 million in sales tax revenues for the city, a number that is forecast to grow over time. City officials hope the project will act as a catalyst for the development of the remaining 115 acres on site, as economists predict Carson’s sales tax revenue will double once the site is fully developed.

Designs have not been finalized, as negotiations are in the early stages, but Macerich has presented two options. Option A’s design calls for a ground-level shopping center with parking garages located on either side. Option B’s design calls for a raised retail center with parking under the structure to reduce walking distance. Both designs show a one-level shopping complex and will have an open-air concept, according to the Macerich presentation.

There is currently no available timeline for the project. ■

Technology And Innovation

Made In USA – The Return Of Manufacturing



By **FORUZAN GOLSHANI**

A number of recent reports paint a grim picture for China’s manufacturing engine – often considered the hallmark of China’s technological prowess. One recent Washington Post article (August 28, 2016) reports that China has stalled for many reasons, including escalating salaries, continual labor unrest, consequences of environmental ruin and the stigma of intellectual property theft. The article concludes that American and European companies no longer consider China an attractive place for outsourcing and certainly not for manufacturing.

Beside China’s demise, there’s another major factor that tips the scale in favor of a resurgence of U.S. manufacturing, namely, more sophisticated fabrication technology that provides labor cost advantages. I can assure you: American robots work as hard as Chinese robots! Other reasons for the return are renewed domestic energy production, a major cost component, and increased global shipping costs. Are you convinced? Yes, incentives are plenty for the rejuvenation of manufacturing as a “local” industry.

With this in mind, it would be smart for Long Beach to prepare for the revival of its manufacturing sector, the cornerstone of which is skilled workforce development. Whereas a generation ago, a high school degree was the ticket to a career in manufacturing, today, post-secondary education is increasingly a requirement. The new generation of workers must understand contemporary fabrication methods, including: technology evolution, globalization, diversity of workforce, innovation and entrepreneurship and, above all, cost optimization. The essential skill sets go way beyond operating the traditional machines.

The curriculum for training the new generation of skilled labor must incorporate such topics as additive manufacturing and 3D printing, industrial robotics, the Internet of Things (IoT), smart factories and demand-based production.

3D printing has changed the way parts are designed, since the engineer no longer has to worry about the production process. Industrial robots, which paved the way for cheaper, faster and better products, are on the verge of being equipped with even more technology! Once they are programmed with such capabilities as sensing, dexterity, memory and trainability, they will participate in ultramodern scenarios where they will collaborate with other robots to achieve a goal. Internet of Things takes advantage of the pervasive connectivity that has made for access to every byte of information anywhere in the world.

With this capability, anyone in need of a part can download the part’s specifications and set up a process on a 3D printer, and, voila, the part is acquired – without a single trip to the local hardware store! These are the foundations for smart factories in which production is optimized to be demand-based, fabricating only what is needed at the time. Yes, it is conceivable to have a completely data-driven factory in which each part is fabricated just as it is needed in the assembly process, thus minimizing the need for inventory control and excessive hauling of goods across the world. Combined with a build-to-order business model that has made companies like Dell and Tesla successful, the manufacturing process begins only when the customer has specified the desired end product.

So, Long Beach must get ready for the return of manufacturing jobs to the U.S. Many new jobs will be created, but these will not be the same as those after World War II. The new workforce will be highly skilled along several areas that did not exist a decade ago. Achieving this goal requires decisive collaboration between employers, schools, universities and colleges, and government and civic leaders.

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

Oil & Gas Exploration:

(Continued From Page 1)

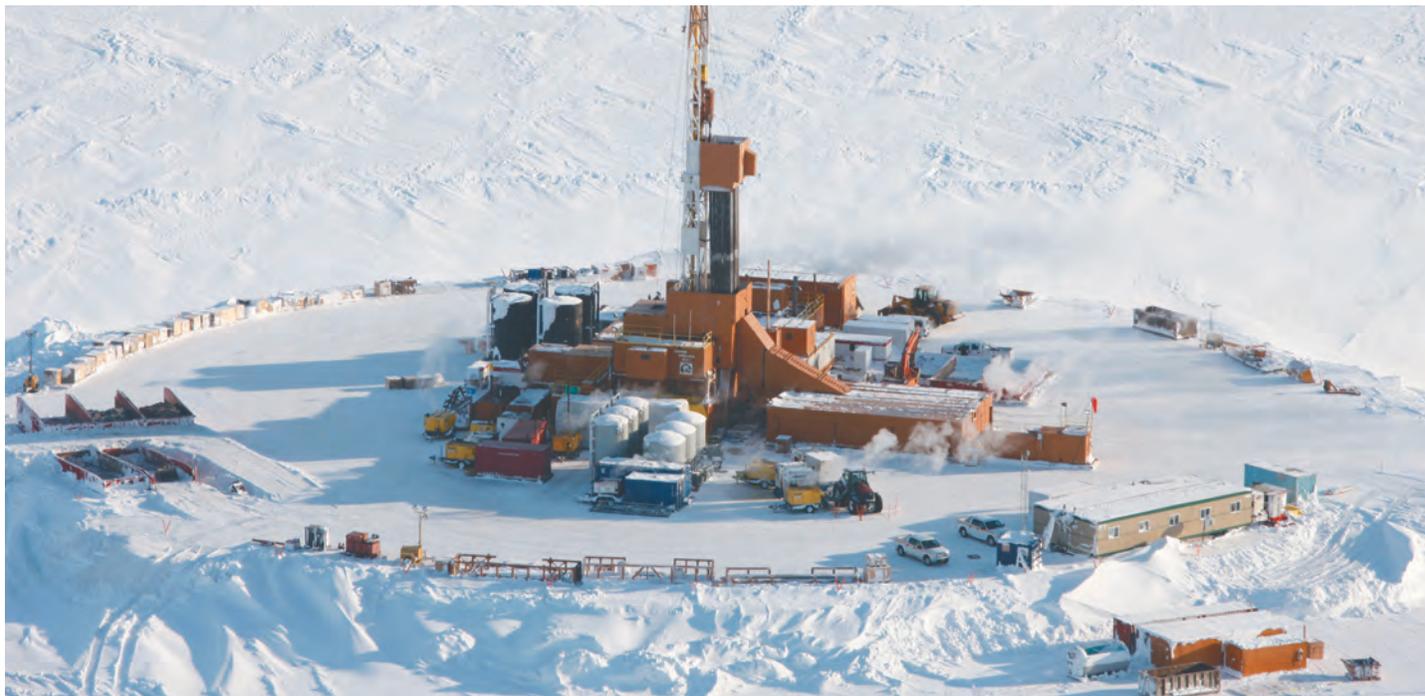
years ago, nobody would have dreamt this would have been the result," Jarand Rystad, chief executive officer of Rystad Energy, told CNNMoney.

With the United States' new status of potential king of the oil field, and despite the push for alternative fuels and a lowering of emissions, oil and gas exploration is still an important and profitable business.

Earlier this month, Caelus Energy Alaska LLC announced its subsidiary in Smith Bay made a significant light oil discovery on its state leases on the North Slope of Alaska. With 126 square miles of 3-D seismic imaging, the company drilled two wells earlier this year and now estimates roughly 6 billion barrels of oil are under the current leasehold (upward of 10 billion barrels when adjoining acreage is included), according to a press release.

"This discovery could be really exciting for the state of Alaska. It has the size and scale to play a meaningful role in sustaining the Alaskan oil business over the next three or four decades," Jim Musselman, chief executive officer of Caelus, explained in a statement. "Fiscal stability going forward is critical for a project of this magnitude. Without the state tax credit programs, none of this would've happened, and I'm not sure Caelus would've come to explore in Alaska. We're proof that the credit programs work."

In Alaska, almost all oil and gas is on state-leased land, according to Kara Moriarty, president and chief executive officer of the Alaska Oil and Gas Association. She said twice a year the state conducts



After drilling two exploration wells, Caelus Energy Alaska LLC estimate the recently discovered Smith Bay reservoir contains roughly 6 billion barrels of oil under the current leasehold and upward of 10 billion barrels if adjoining acreage is included. (Photograph courtesy of Caelus Energy Alaska LLC)

lease sales in which the highest bidder wins. Moriarty explained that this is different than in areas like Texas where much of the drilling is on private land.

When exploring for oil, the first step companies take is to conduct a seismic survey using 3-D imaging technology that allows them to discover possible gases and liquids in rock formations without intrusive drilling. Moriarty said permitting for a seismic survey is not a big deal, but if oil or gas is discovered, every step afterward is extensive and expensive.

Because of Alaska's wetlands and its population's overall pride in its landscape, companies' permitting processes usually involve

dealing with the National Environmental Policy Act and could require working with upward of 20 or 30 different state and federal regulatory agencies, more than required by companies in the lower 48, Moriarty said.

"It can be very expensive. Depending on how big the project is and how extensive it is, you can get into hundreds of millions of dollars to do permitting," Moriarty said. "Rig costs can range anywhere from \$50 million to \$100 million. We don't have any new fields that have come online on the North Slope for under a billion dollars."

Along with added regulations, Alaska faces other challenges: the terrain and the weather. Moriarty explained that unlike the

lower 48 states that can explore, produce and move rigs practically 365 days a year, the sensitive environment in Alaska leaves a very small window for exploration. Without existing infrastructure, ice roads must be built, which can only be done in the winter. So timing is a lot more calculated in Alaska and timeframes from lease to production are a lot longer, taking six to seven years on average.

In contrast, Moriarty said companies in places like North Dakota or the Permian Basin can go from exploration to production in a matter of months. However, she pointed out that rigs can come down just as

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Oil & Gas Exploration:

(Continued From Page 15)

fast as they go up, which can lead to a severe drop in jobs.

Due to the high cost and constant permitting processes, Moriarty explained that sometimes companies will simply walk away from an investment. She recalled an instance where Shell Oil Company spent \$7 billion on a project in which they drilled one exploration well. The well did not yield the results they were hoping for, so instead of spending more money on permits and wells, the company abandoned the project.

The future of oil production in the U.S., and Alaska specifically, is in question during this election cycle. Moriarty said that Hillary Clinton's stance on ending the leasing of federal land to oil companies and her call to cease hydraulic fracturing (fracking), which has been utilized in Alaska without incident for the last 50 years, would be a huge blow to the Alaskan economy. Moriarty explained that between the elections and recent state

government changes, Alaskan companies' challenges aren't below ground, as there is plenty of oil, but rather above ground through excessive regulations.

"The reason we live here is because of its natural beauty and the pristine nature that we all love and enjoy literally in our backyard," Moriarty said when speaking about safety precautions oil companies take. "We don't give safety lip service – it is real. It's part of our business. We budget for it, we plan for it. And we would not be able to be successful without keeping our employees and our environment safe."

Locally, Signal Hill Petroleum (SHP) faces these same challenges of permitting, regulations and safety, but with one major addition: people. Being an oil company that explores, drills and produces oil within established communities adds new hurdles to overcome.

Dave Slater, the executive vice president and chief operating officer for SHP, said the company is very proud of its accomplishments over the last 10 years. One of the top achievements Slater mentioned was

the company's completion of its 3-D seismic imaging project of about 40 square miles of the Greater Long Beach Area. As a result of the project, the company discovered new wells and reserves.

"Cumulative recovery to date is around a billion barrels, which makes it a super giant field," Slater said. "With the imaging technology and drilling deeper, we've discovered whole new horizons underlying existing production that hasn't been produced before in a 100-year-old oil field. In a lot of ways, we're just starting to scratch the surface."

According to Slater, the Long Beach Oil Field is the only field of this magnitude and size that doesn't have a fence around it as a buffer zone with the public, and that is why the operations here are so unique. Because wells are surrounded by residents' homes and businesses, Slater boasts the company's dedication to safety as being above and beyond best industry practices.

The company encourages residents to report noises, smells or leaks immediately so that they can be addressed quickly in order

to avoid being a nuisance or becoming a bigger problem. He said this policy, along with allowing project access to anyone who requests a tour, goes a long way in helping the company coexist with the community.

Signal Hill Petroleum takes community and environmental safety very seriously and monitors its operations with surveillance operators and personnel that are on patrol and working 24/7, Slater explained.

Though the company is not currently drilling – as part of a recent cost structure adjustment to offset oil prices – it does have more than 400 operational wells, according to its website. Slater said that once every quarter, the company contracts a third party to conduct an inspection of more than 70,000 components to assure all of SHP's equipment is up to code and not at risk of failing.

"Our overarching paradigm is to be a good neighbor. And when we do that, our neighbors return the courtesy, and we coexist very peacefully," Slater said. "If we can't do it and keep our neighbors happy, then we shouldn't be doing it." ■

Despite Ongoing Industry Challenges, Continuing Environmentally Safe Operations Remains Priority For California Resources Corporation

■ By **MICHAEL GOUGIS**
Contributing Writer

Robert Barnes stepped into some big shoes. Frank Komin, the recently retired executive vice president of southern operations for California Resources Corporation (CRC), headed up local activities of the company for about 15 years and, according to Barnes, developed an excellent reputation for the company and a solid relationship with Long Beach and its environs.

"Frank Komin was a prince of a guy. He's a good friend of mine. I've known him for years," Barnes, CRC's new executive vice president of operations, told the Business Journal. "Frank's relationship with the city, with the community – when he was dragging me around introducing me, I was thinking, 'Oh no, what have I done?'"

Barnes took the reins of CRC's southern region after Komin retired earlier this year, and soon after, the company's northern and southern operations were combined. Barnes now oversees operations throughout the state for the company that was spun off from Occidental Petroleum in 2014.

In a tough period for petroleum companies, Barnes, a 38-year veteran of the industry, is pragmatic and focused, with an eye for improving efficiencies within the company and continuing the difficult job the company has done of running an oil extraction operation in and around one of the largest urban areas in the world.

"This is the flagship for operating in environmentally sensitive areas and urban areas," Barnes said. "Even when I was in other areas, in Argentina, in the Permian [Basin of Texas, one of the largest oil-producing regions in the nation], we really wanted them to see Long Beach. We thought it was a great demonstration of how the city, the state, the community and the contract operator, how everything gets together. It's just been class – what a dedicated bunch here. It demonstrates that it can be done – and it can be done right. You work at it harder."

The low price of crude is the biggest concern to Barnes and CRC, as it is to many in the oil industry. As we spoke, Wilmington crude was floating at about \$45 per barrel, not a historic low, but low enough to be the restricting factor on the company's operations, Barnes says.

"We have to live within our means. The checks can't bounce! That unfortunately requires us to engage in less activity. We're not going to fund our drilling programs by



This past spring, Robert Barnes was named executive vice president of operations for California Resources Corporation. He oversees the company's northern and southern operations, including activities in Long Beach. (Photograph by the Business Journal's Larry Duncan)

taking loans," Barnes said. "That controls our rate of development and our activity levels.

"We're the largest acreage holder in California. We hold a lot of this in fee – which means we control the surface, we control the minerals, we control our pace. I don't have an expiring lease that I have to go drill a well. So we're committed to living within our means."

While the current price slump is persistent, Barnes said it is not unprecedented. It carries with it not just an economic concern but a human cost as well, he stressed.

"This one has been a little bit longer in duration than some others. But if you look at the gas glut of the 1980s, though, that was pretty brutal," Barnes noted. "That was pretty long-lived. It's a commodity business, supply and demand. With the shale boom, there's a lot of oil on the market. And maybe there wasn't the economy – the global economy – to go with it."

Barnes pointed out that the commodity price affects tax revenue and the firm's employees.

"There's a lot of suffering that goes with that. We've batted down the hatches to get going, but some of our workforce – it's guys who maybe don't have the best education, maybe they got in a little bit of trouble as a kid – the oil-field pays very well for them. It's a place where a guy can have a second chance at making a good living."

California is a net energy importer, and Barnes said that fact means that the state is failing to capture economic opportunity benefits connected to those oil operations. A combination of market forces and regulation can help the

state recapture jobs and tax revenue and even help improve environmental protections outside of the state, he said.

"California uses a lot – a lot – of energy. It's tough to live in California without a car!" Barnes stated. "We import more than 65% of our petroleum. We import over 90% of our natural gas. We import 30% or more of our electricity. We buy a lot of petroleum from places that do not have the stringent environmental protections that we have here in the state.

"We really do it right in California. Wouldn't it make sense to develop [petroleum production] in a place where you have a say in how it's done? Where you get the jobs? You get the taxes? This is something we feel strongly about – meeting California's demands. It can be done right."

Technology is a double-edged sword for the industry. With little of the philosophical

discussion on energy's future focusing on petroleum fuels, Barnes points out that oil will play a key role in making sure that transportation remains affordable and accessible to all, and that petroleum will play at least some role as far as anyone can see into the future.

"You and I may be able to afford electric cars and to plug them into green energy sources," Barnes said, "but what about the [the people] who can't afford them? What about them? Do we run off and leave them? We need abundant, reliable and affordable power for everybody, not just the elite.

"The Department of Energy says we're going to have petroleum products for decades to come," he continued. "I believe that [they will exist] in a partnership. CRC has nine solar projects going right now – we have the land!" Barnes said. "And asphalt, the roads, all the products that come from petroleum."

There is a saying having to do with the anxieties of living in interesting times. For the oil industry, 2016 definitely qualifies as an interesting time. Barnes said, no matter what, he is committed to making sure that CRC continues to meet its internationally lauded standards of operating as a good neighbor in an environment that couldn't be much more challenging.

"I've been with the company, through acquisitions and things, for 38 years," he said. "I've thoroughly enjoyed it. The single thing we are most committed to is a safe operation and working in the best, most environmentally friendly way we can. I mean that in all sincerity. Nothing we do is worth hurting anyone." ■

Challenges And Trends In The Oil And Gas Industry

■ By **SAMANTHA MEHLINGER**
Senior Writer

The oil and gas industry in California directly supports hundreds of thousands of jobs and is a major producer of tax revenue for local governments and the state. Domestic production here also helps make the state less dependent on foreign energy. But it's no secret that for the last two years, low oil prices have taken their toll on the industry.

In 2014, the price of a barrel of crude oil began declining from around \$100 and, at its lowest point, reached about \$26 in January of this year, according to data from the U.S. Energy Information Administration (EIA).

"It has been difficult for our producers here in California because of the low price of crude oil," Catherine Reheis-Boyd, president of the Western States Petroleum Association (WSPA), told the Business Journal. WSPA is a nonprofit advocacy organization for the oil and gas industry in the Western United States. "The more robust that price is, it allows our producers more opportunity from an economic standpoint to pursue increasing production in the state," Reheis-Boyd explained. More production means more jobs and more tax revenue generated for the government, she noted.

The past two years have been "beyond challenging" for oil companies, said Ralph Combs, manager of regulatory, community and government affairs for The Termo Company, a Long Beach-based oil and gas company with operations in nine states. The national oilfield services company Hal-

liburton, for example, has laid off more than 20,000 people since 2014, Combs noted.

Reheis-Boyd said oil and gas companies have been minimizing their operating costs to reduce layoffs. "At some point you have to cut back on labor, and you have to cut back on operations like drilling such that you can remain in existence while you weather the storm," she said.

Signal Hill Petroleum (SHP), which has operations concentrated in Signal Hill and Long Beach, has "significantly reduced the cost structure of the company," David Slater, executive vice president and chief operating officer, said. "Whenever we do that, that impacts jobs," he said.

SHP has reduced its staff from around 140 people to just below 90 employees, Slater estimated. "That's just tough when we have to eliminate good jobs," he said. "It affects real people. It affects people that we care about."

Jobs in the oil and gas industry – which Slater called "one of the last bastions of manufacturing" – are high paying, he pointed out. "Manufacturing forever has been the backbone of really good-paying, full-benefit jobs that you don't necessarily need a college education for. And you can have a career," he said. "From my perspective, we have lost way too many of those jobs as a country. I think it's affecting our whole society as far as . . . what's happening to the middle class. And my perception is we don't have enough good jobs."

The Termo Company didn't fire anyone, but its employees did suffer income losses.

"As to how it affects Termo's operations and our staffing, we committed to not laying anyone off," Combs said. "And we managed to do that by everyone on the team sharing the pain of wage and benefit cuts."

In 2014, Termo's capital budget was \$24 million. This year, it is \$6 million, Combs said. "We've managed to hold our production steady over the last 18 months with limited capital investment, and so that's a real important lesson for us going forward," he said.

Companies that "borrowed too much money to deploy capital, counting on the higher oil prices," suffered even more, Slater said. "That is a repeat pattern you see in the oil and gas business – [companies]

overleverage [and] borrow money to apply technology and drill wells."

Although SHP has had to reduce its cost structure, an unforeseen benefit of the industry's downturn has been that the firm has been able to acquire additional wells and reserves from struggling companies, Slater said.

With taxes, Slater estimated about 50% of the price of a barrel of crude oil generated in California winds up as government revenue.

While the low price in oil hasn't affected the operations of Long Beach Gas & Oil (LBGO), the City of Long Beach's gas utility and oil operations division, it has impacted city revenues, according to Bob Dowell, director of LBGO. Much of this revenue goes towards the city's capital proj-

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Challenges, Trends

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ects in its Tidelands areas – coastal parts of the city where oil is extracted.

Last year, the city over budgeted for the price of oil, causing the city council to prioritize its spending on capital projects in the Tidelands zone. With the price per barrel of crude oil currently at about \$49, Dowell is comfortable with the city's fiscal year 2017 budgeted price of oil at \$45.

Trends in oil extraction – principally the use of hydraulic fracturing and enhanced extraction methods – caused oil production in the United States to nearly double in the past decade, which contributed to lower oil prices, Slater said. The growing use of 3-D seismic imaging, which allows companies to identify locations in shale formations where oil and gas might be trapped, has also contributed to increased production, he noted.

Reheis-Boyd said oil prices are more impacted by production overseas. "It's much more impacted by the powers that be within OPEC [Organization of the Petroleum Exporting Countries] and the global conversations going on around crude oil," she said.

No one knows for sure what's going to happen with oil prices, but OPEC – which represents oil-producing countries in the Middle East, Africa and South America – will play a major role, according to Slater. "It's supply and demand. Price has been driven by high supplies," he said. "So if OPEC does start reducing production, it would strengthen prices. But there's a lot of what ifs in there, and we are not making any changes in our expenditure plans or cost structure yet."

Slater said that "noise and information coming out of the marketplace" suggest OPEC may in fact pull back on production. But he said neither he nor his peers have any illusions that the price per barrel will recover to \$100 anytime soon.

"I would be surprised to see \$60 a barrel before the end of this year, and probably not until mid-2017," Combs said, adding that he expects the price of oil to stay in the \$40-\$50 per barrel range this year.

Natural Gas

Natural gas prices experienced an increase from just below \$2 per mmbtu (million British thermal units) in early summer to about \$3 per mmbtu in July. In the past month, prices have remained just above \$3 per mmbtu, according to the EIA.

"There are a lot of wells that were drilled [with] a lot of the newer technology in the shale developments, so reserves of natural gas have grown dramatically over the past four to five years," Dowell said. "With the decline in prices that happened in 2014, though, drilling has slowed down – if not stopped – in many of the areas because simply the pricing wasn't there."

While there is some natural gas production in California, most of it comes from out of state, Dowell noted. California oil companies typically produce natural gas through their operations and either sell it or, in the case of SHP, use it to power their own operations.

"Natural gas prices are up quite a bit, on a percentage basis, more than oil," Combs said. "It is picking up nicely, and at the same time, it's remaining very affordable and allowing the ongoing transition away from coal, which is great." He added, "We're starting to add more natural gas to our portfolio."

The Long Beach City Council recently approved about a 3% increase in gas rates,



Sean McDaniel is vice president, production operations with Signal Hill Petroleum. Like other oil companies, Signal Hill Petroleum had to adjust its cost structure over the past two years due to low oil prices. (Photograph by the Business Journal's Larry Duncan)



Bob Dowell, director of Long Beach Gas & Oil, told the Business Journal that there have been significant job losses in the oil and gas industry over the past two years due to the low price of oil. (Photograph by the Business Journal's Larry Duncan)

Dowell said. "When SoCalGas goes in and seeks approval for an increase in their rates, we follow in behind them and do a corresponding request as well," he said, referring to the Southern California Gas Company, the gas distribution utility serving much of Southern California.

"I think stronger prices help at least develop and identify additional reserves," Dowell said. "Now the challenges for the industry are building the infrastructure to get it to market and then also improve pricing so that those pipelines will be built."

Trends Moving Forward

Moving forward, trends in California's oil and gas industry will be driven by profitability and the need to comply with state regulations, based on observations made by Reheis-Boyd.

Senate Bill 32, an extension of the California Global Warming Solutions Act of 2006 (also known as Assembly Bill 32), set a goal for reducing state greenhouse gas emissions to 40% below 1990 levels by 2030. The legislation did not identify how this would be achieved, nor did it identify associated costs to industry, Reheis-Boyd pointed out.

The legislation also did not address the state's cap and trade program, which places a cap on allowed greenhouse gas emissions. Companies can purchase permits to allow GHG-producing operations up to a point, the proceeds of which go to fund programs to reduce air emissions and their impacts. If they come in below the cap allowed by their permits, companies may sell or trade the rest in an auction.

But the future of the market-based cap and trade program is in limbo, facing litigation by the California Chamber of Commerce (CalChamber). CalChamber argues that the auction process is a tax and is therefore illegal because taxes must be passed by a two-thirds majority of the state legislature, which it was not.

"So the problem right now is you don't have a cap and trade program past 2020," Reheis-Boyd said. "How do you meet a 40% greenhouse gas emission by 2030 with no market mechanism?"

In California, about 38 million residents drive 26 million passenger vehicles and light-duty trucks per year, totaling about 185 billion miles traveled, Reheis-Boyd pointed out. "You've got maybe approaching 200,000 electric vehicles that are licensed. And so the gap between 200,000 and 26 million is huge," she said. "That's a huge challenge for the state to try to deal with in this kind of time frame."

To comply with state regulations and remain competitive, oil and gas companies are looking at making the fuels they produce less carbon intensive, Reheis-Boyd said. Viable options include moving toward biodiesel fuels and natural gas, she noted.

Oil and gas companies are also investigating ways to put to use the water they produce. "A lot of what people don't understand about producing oil in California is we produce a lot of water and a little bit of oil," Reheis-Boyd said. "For every barrel of oil, we produce 10 barrels of water."

Signal Hill Petroleum produces about 2.5 million gallons of water every day and recycles that water every day for reuse, Slater said. "We have a massive water recycling program," he said. "We're very sustainable, drawing in not a lot of resources from the world but giving a lot of energy back."

With the state's drought, there is increased interest in finding other ways to use water from oil production, Reheis-Boyd said. "There is a lot of interest around reclaimed water and agriculture and a lot of interest in working with water districts like the central valley, and how can we safely use reclaimed produced water for irrigation," she explained. ■

The Future Of Fuel Is Available Today

■ By **BRANDON RICHARDSON**
Staff Writer

As the world truly begins to grasp the consequences of climate change – having passed the 400 parts per million "tipping point" for atmospheric carbon dioxide at the end of September – more research is being done to introduce cleaner alternative fuels to the general public.

In recent years, through laws and regulations, as well as research and development of feasible alternative fuels, countries have made great efforts. Electric and hybrid cars have already made a tremendous impact on this front by providing viable options for consumers to purchase low- to no-emission vehicles, far more affordable than when they were introduced more than 15 years ago.

By the end of 2015, the United States had roughly 400,000 electric vehicles on the road – a bit shy of President Obama's 1 million vehicle goal, but still impressive – with California leading the charge with about 100,000 on the road as of September 2014, according to PC Magazine. Hybrid cars have seen even greater success in the states with 4 million sold through April 2016, according to hybridcars.com.

Hydrogen

Electric and hybrid technology might be dominating the passenger vehicle market as far as alternative fuels are concerned, but the dawn of hydrogen fuel cell technology is upon us, according to FirstElement Fuel Inc. co-founder and Chief Development Officer Dr. Shane Stephens.

"Over the last 20 years, there's been an earnest effort to pursue hydrogen cars. And I don't think everybody shares this opinion, but I would say many automakers see hydrogen and fuel cell cars as the holy grail for the next evolution for the automobile," Stephens said. "This is the first year really that cars are being commercialized, and retail stations are opening. This is the starting point if you will."

According to Stephens, the road to hydrogen fuel cells began 50 years ago when General Motors (GM) engineers developed the first prototype in the form of a Chevrolet van. He explained that the van could only seat two as the entire back area was filled with the equipment to operate the vehicle. Since GM's science experiment in 1966, hydrogen fuel cell technology has evolved to the point that it can fit easily under the hood of a standard passenger vehicle.

Hydrogen fuel cell cars are reportedly 2.5 times more efficient than a gasoline car and 1.8 times more efficient than hybrid cars, Stephens said. He explained that the Environmental Protection Agency has rated some fuel cell vehicles at 66 miles per kilogram, which is equivalent to 66 miles per gallon of gas.

Essentially, a fuel cell vehicle is an electric vehicle, Stephens explained. The difference is that instead of plugging into the

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TOGETHER WE POWER CALIFORNIA

California Resources Corporation safely produces ample, affordable, reliable energy for California by Californians. CRC has operations at the Elk Hills Field in Kern County, the Wilmington Field in Long Beach and fields in the Los Angeles, San Joaquin, Ventura and Sacramento basins.



The Future Of Fuel

(Continued From Page 18)

power grid and utilizing electricity produced at a central plant, fuel cells perform an electrochemical conversion of hydrogen and oxygen into electricity right under the hood, producing water as the only emission.

“One of the reasons I would put hydrogen and battery vehicles on kind of a different stage for alternative fuels is because those are the only two vehicle options that are zero-emission vehicles,” Stephens said. “That’s really, for the State of California, the ultimate goal – to get zero-emission light-duty vehicles on the road.”

However, Stephens pointed out one aspect of the hydrogen-fueled car that might soon put it a step above even electric vehicles: It can be refueled in about four minutes, as opposed to the hours needed to charge an electric car. He said this will be a key factor when it comes time for consumers to choose which gasoline alternative to purchase – a decision some are already making.

Five key automakers have been developing fuel cell vehicles: General Motors, Hyundai, Mercedes, Toyota and Honda. The latter two will have hydrogen cars on the road this year.

The Toyota Mirai is already on sale at dealerships in California for \$57,000. While the price may seem steep, the state is offering a \$5,000 rebate, qualified buyers can receive an \$8,000 federal tax credit, the car is eligible for the HOV carpool sticker and Toyota is offering three years of complimentary fuel.

Honda’s Clarity will be released late winter, according to its website. The fuel cell car will be released in California and will be available to residents who live or work within a 10-mile radius of a hydrogen fueling station.

Fueling up hydrogen cars will be very calculated for buyers in the beginning. In the entire country, there are 29 hydrogen fueling stations. Twenty-two of them are located in California, mostly in the San Francisco Bay Area and Los Angeles County, including one in Long Beach at an ARCO gas station on the corner of Wardlow Road and Long Beach Boulevard. These stations are thanks to True Zero, a division of FirstElement Fuel.

“The hydrogen station at work is the remaining challenge, and that’s where we come in,” Stephens said. “We saw a little bit of a void where, even though automakers are ready to bring cars to the market, no company was building a network of retail, consumer-friendly stations. We’re very customer oriented, and that’s why we created our company.”

To help finance the stations, FirstElement received more than \$25.5 million through the California Energy Commission’s Alternative and Renewable Fuel and Vehicle Technology Program. In addition, the company received \$13.8 million from Honda and an undisclosed but similar amount from Toyota, according to the Stephens.

The reason for the slow progress of fueling stations is a matter of investment and risk, Stephens said. He explained that companies don’t want to invest millions of dollars in stations until there are tens of thousands of hydrogen cars on the road, but there can’t be tens of thousands of hydrogen cars on the road until there are stations to fuel them. However, Stephens pointed out that hydrogen stations do not need to be as

abundant as gas stations. He said that having 15% of the number of gas stations would be adequate to achieve the same accessibility.

Currently, hydrogen fuel sells for about \$16 per kilogram at the pump, equivalent to \$5 or \$6 per gallon of gas. However, Stephens said this is due to the price of building the infrastructure. He expects hydrogen fuel prices to be on par with gas prices in the next several years and potentially down to half the price of gas within 10 years.

“Nobody expects that next year we’re going to have half a million fuel cell cars on the road. That’s not how it works,” Stephens said. “But it’s this very cool, unsung story here in California of really creating this market. And finally the puzzle pieces are coming together to get this thing launched.”

Natural Gas

While hybrid, electric and hydrogen technologies dominate the light-duty market, major cities across the country have already adopted compressed natural gas (CNG) as an alternative to diesel fuel for medium- and heavy-duty vehicles such as buses and freight trucks.

According to George Minter, the regional vice president of external affairs and environmental strategy for Southern California Gas Company, heavy-duty transportation accounts for 80% of the NOx (nitric oxide and nitrogen dioxide) emissions problem in the South Coast Air Basin, which includes all of Orange County and parts of L.A., San Bernardino and Riverside counties.

“There has been a technology breakthrough, a real game-changer in the heavy-duty engine sector,” Minter said. “There’s now an ultra-low NOx engine – an engine that meets a level 90% lower than the required level of NOx emissions from heavy-duty trucks in California set by CARB [California Air Resources Board].”

The new engine is produced by Cummins Westport Inc., which already has transit agencies lining up to purchase the engine as a replacement for older CNG buses, according to Minter. He said cities are also utilizing the technology for waste hauling and street sweeping trucks. While these engines are already on the market, Minter said Cummins will certify a larger model to be used for heavy-duty, long-haul trucks next year.

Minter explained that to meet Gov. Jerry Brown’s progressive emission reduction plan by the proposed timeline (which includes reducing greenhouse gas emissions to 40% below 1990 levels by 2030), the trucking industry does not have time to wait for electric and hydrogen technologies to become viable options for the large long-haul trucks.

To decrease the carbon emissions further, the rise in CNG engines on the road has prompted a push for renewable natural gas (RNG), Minter said. Methane from dairy farms, agricultural waste, landfills and water waste treatment facilities can be captured and converted into RNG.

Santa Monica’s Big Blue Bus line is powered 100% by RNG, according to Minter. Other cities (including L.A. and San Diego, which currently operate about 50% on RNG) have plans to increase to 100%. Minter explained that if these fleets also transition to the ultra-low NOx engine, these transit agencies would be near zero on smog-forming pollutants and zero equivalent on greenhouse gas emissions.

Some cities, like Long Beach, have begun purchasing electric buses as another alternative to diesel and older CNG mod-

els. However, Minter pointed out the staggering cost of these new buses – upwards of \$1 million each – and said it is not feasible for agencies to quickly transition a fleet to such an expensive technology, especially one that has not been field tested as extensively as CNG options.

Minter said the other major role of natural gas in lowering emissions is in the rail and marine sectors. He explained that the Union Pacific Railroad and the BNSF Railway already have liquid natural gas (LNG) powered locomotives running as demonstration projects for research and development. Some shipping routes in the Caribbean, Alaska and Canada also utilize LNG power in place of the exceptionally dirty bunker fuel large ships are known for.

“We don’t see CNG really penetrating that light-duty marketplace. We think that electric and hydrogen fuel cells are likely the way to go,” Minter said. “But heavy-duty marketplace is where we have a real challenge with respect to technology. And this new engine technology will meet the challenge and help us reduce air pollution.”

Other Alternative Fuels And The Future For California

From the mid-1980s through the early-1990s, California saw the emergence of an extensive methanol vehicle program that ultimately put 17,000 methanol-fueled passenger cars on its streets and a network of 100 fueling stations, according to Greg Dolan, chief executive officer of the Methanol Institute. Dolan, who admitted to still driving a 1998 methanol-powered Ford Taurus around Washington, D.C., said the program peaked when oil prices dropped and it became impossible to competitively price methanol, or any alternative fuel, at the pump.

“We basically saw the push for methanol, including methanol flexible-fuel vehicles, transition over to ethanol. And a lot of that was driven by the political support of the ethanol producers and the corn lobby,” Dolan said. “There were also incentives that were provided by the federal government that allowed automakers to introduce ethanol flexible-fuel vehicles and get a credit toward their fuel economy requirements under the federal government.”

However, Dolan explained that in recent years methanol has seen a resurgence. Last year China sold 3 billion gallons of methanol blended with gasoline, a mixture called M15 (15% methanol and 85% gasoline). The price of methanol is one-third that of wholesale gasoline in China, according to Dolan, and is much cleaner, reducing particulate matter emissions and NOx. He noted that China produces methanol domestically using natural gas or coal as feedstock, reducing the need for importing oil. China is also producing taxis, buses and trucks that run on 100% methanol, Dolan said.

Dolan described an Iceland-based company called Carbon Recycling International that is producing truly renewable methanol. The company uses geothermal power to produce hydrogen through the electrolysis of water. They then take waste CO2 from the power plant and use the two elements to make synthesis gas, which is used to make liquid methanol.

“We are working on a use of methanol as a marine fuel. There are several ships on the world’s oceans right now that are using methanol instead of heavy fuel oil,” Dolan

said. “Heavy fuel oil is sort of the bottom of the barrel oil. It’s just this real thick, viscous, black gunk that’s used as shipping fuel and produces a lot of particulate matter and a lot of local pollution. Methanol is considered one of the most promising alternatives for marine fuels.”

Methanol, ethanol, biodiesel and biofuels are derived from biomass or biogas. Biomass and biogas come in many forms including manure, solid municipal waste, plants and oils. While the ultimate goal in California is to reach zero or near-zero emissions by 2050, Stephen Kaffka, director of the UC Davis California Biomass Collaborative, believes that fuels produced from biomass are a useful first step.

“Everything alternative will cost more money than petroleum,” Kaffka said. “But on the pathway to the future, these first steps, I think, have been reasonably prudent. You don’t get to the future by snapping your fingers. You have to go through stages. You start with what’s at hand and feasible.”

Kaffka also said biomass fuels have other positive effects other than lower emissions from vehicles: Capturing methane from dairy farms and landfills keeps it from entering the atmosphere as a greenhouse gas. Clearing California of dead and rotting trees for feedstock could help reduce wildfires as climate change increases their frequency. And groundwater would be protected.

“I think that it’s important to have a larger context in which these processes are viewed,” Kaffka said. “Not to mention that if you are generating energy and byproducts from energy from these biomass resources here, you’re also doing it by building biorefineries and processing facilities and creating jobs in rural areas.”

As of September 1, the California Energy Commission (CEC) has spent \$621.9 million funding alternative fuel production and refueling infrastructure. This funding included \$150.2 million in biofuel projects, \$210.9 million in electric vehicle projects, \$112.3 million in hydrogen projects and \$97.5 million in natural gas projects, according to Jacob Orenberg, an energy commission specialist.

John Kato, the deputy director for the CEC Fuels and Transportation Division, said, “Our main charge is to reduce petroleum dependency by 50%. That’s kind of our larger driver. Our primary driver in the fuel sector is we’re wanting to promote the least carbon-intensive fuel types out there.”

The program is funded by a surcharge on California vehicle registrations, which yields an annual budget of \$100 million. To determine where money will be allocated, there is an annual investment plan update that includes public and private input on which fuels have the highest demand.

Kato explained that the push for zero-emission in the light-duty sector is important because it will eventually spill over into the heavy-duty platforms and reduce costs as the technologies progress.

California’s goal is to have 1.5 million zero-emission vehicles on the road by 2025 and ultimately have 100% zero-emission vehicles on the road by 2050, according to Kato. “We are supporting the infrastructure and the alternative fuel accessibility to help support the governor’s targets. Fuel cell vehicles and renewable hydrogen are one of the pathways and the strategies to attain a zero-emission vehicle landscape.” ■

Women In Business

(Continued From Page 1)

Balboa Capital, an independent direct lender based in Costa Mesa, recently found that the top three reasons women go into business for themselves are “to implement a new business idea or vision, to enjoy the freedom of being an entrepreneur, or to solve a specific industry problem.”

The growth of women-owned businesses is reflected in the Long Beach area women business owners profiled in this section. Each of these women struck out on her own, driven by reasons quite similar to those outlined by Balboa Capital.

Whether fledgling enterprises (like The Pie Bar, ARCA World Logistics) or more established companies (like TGIS Catering, EcoCleaning Inc., Encore Awards and MMS Dance), all the women-owned businesses in this section have grown since their inception. They’ve added employees and clientele, and they continue to look to the future with the hopes of expanding further.

The women profiled in these pages cumulatively employ hundreds of locals and serve a wide variety of geographic areas, from Long Beach to Southern California and even countries overseas.



Laurie Gray

The Pie Bar
450 Pine Ave., Long Beach
562/444-8743 • www.thepiebarlongbeach.com

Laurie Gray has been baking pies since she was a little girl living on a farm in Washington, where she and her mother would gather ingredients for their pies from their own land. Now, she sells her sweet and savory creations at her own business, The Pie Bar, in Downtown Long Beach.

“She was a stay-at-home mom, so she taught me how to bake everything from scratch and how to make pie crust. And we would roll pies,” Gray said of her mother.

Gray eventually started a family and entered a career in corporate management. “That kind of took me away from my love of baking for about 30 years while I raised my kids and got them off to college,” she said.

After working in various jobs in marketing, finance and management, Gray started a pie shop with a friend in Seattle, which she ultimately sold. She returned to the corporate world for another 10 years or so, later ending up as a manager at a nonprofit. In 2014, she was laid off. “They did a round of layoffs, and I was one of those to go,” she recalled. “It was a big surprise to me, and I still had a teenager at home. So I said, ‘What can I do to make some money? It’s the holidays.’”

Gray began baking pies from her home and selling them to friends. “It just took off from there,” she said. “I realized . . . that this was my true love. And I wanted a pie shop where people could come and sit with friends and family and enjoy pie.”

The Pie Bar quickly took off. Gray opened a pop-up shop at MADE in Long Beach on Pine Avenue (now MADE by Millworks) and began selling wholesale to local shops like Berlin Bistro and Steelhead Coffee. She also catered events and meetings.

In June of this year, Gray opened her store at 450 Pine Ave., where she has nine employees. “It has been a lot of fun. We are way above what I projected we would be in sales,” she said.

Gray’s biggest challenge is contending with the unknown – figuring out how to get from point A to point B with her goals. “You have to just keep pushing forward, and when you get frustrated or scared or don’t know what to do, you just have to take a leap and keep moving,” she reflected.

In the future, Gray hopes to expand her business to other parts of the state, and perhaps beyond. ■

(Please Continue To Page 22)

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Denise Knight

MMS Dance

324 Redondo Ave., Long Beach
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In the late 1950s, Long Beach resident Marrilyn McDowell began teaching dance classes in her home garage. Thirty years later, she and her family built a studio on Redondo Avenue in Belmont Heights, where MMS Dance has been located ever since. Her daughter, Denise Knight, has served as director of the company since 1981 and has continued to teach classes as well.

Now, Knight's daughter is assistant director of MMS Dance, making it a third-generation family business. "It is family owned and run. My mother passed away about 11 years ago, but we have kept the legacy going," Knight told the Business Journal. "It was her passion, and we needed to keep that passion alive."

Knight began dancing at age two and started teaching dance classes at the company around the age of 19. "My dance education was with my mother and with some other studios years ago that were here in Long Beach," she recalled. "And then I went to L.A. and did most of my training there."

After high school, Knight got married and had a family. She went back to school in her late 40s and earned a bachelor's degree in dance from California State University, Fullerton when she was 52.

MMS Dance offers a range of classes to students of all ages – the youngest are two years old and the oldest-ever student was in her 80s, Knight noted. Specialties include ballet, tap, jazz, hip-hop, contemporary and conditioning classes for dancers.

Growing competition in the Long Beach area has been the biggest challenge for MMS Dance in recent years, Knight said. "Over the years, there have been many studios open in our general vicinity. There is a lot to choose from, and I would say that is the biggest change – we're not the only one any more," she explained.

MMS Dance is a neighborhood-oriented, family-friendly business that puts on two major productions each year – a holiday show and a year-end recital. Many students walk from their homes or from school to their afternoon dance classes, Knight noted. Past students have gone on to perform in professional dance companies and abroad.

"My favorite part is watching the students grow and excel in this industry and being able to share my passion with them – and watching how they soak that all in and enjoy it just as much as I do," Knight reflected.

In the future, Knight's goals are to continue offering quality instruction and to grow the business. ■

Sofia Riley

TGIS (Thank Goodness It's Sofia) Catering

2950 N. Airport Ln., Long Beach
562/492-9555; www.tgiscatering.com

For Sofia Riley, an endeavor that started as a catering business run out of her father's restaurant 27 years ago has grown into a full-service event production company with a 25,000-square-foot operation near the Long Beach Airport.

"I come from a family of great cooks. My father was a formally trained chef, and I think it's just part of our gene pool," Riley said. While not a formally trained chef herself, when Riley started her business, TGIS (Thank Goodness It's Sofia) Catering, she did the cooking, the food preparation, the event service – everything. About a year later, she was able to bring in a chef, she said.



Jessica Somera

ARCA World Logistics

2600 E. Pacific Coast Hwy., Ste 160, Long Beach
562/343-7600; www.arcaworld.com

For the past 12 years, Jessica Somera has worked in various sectors of the logistics industry, including freight forwarding, importing, exporting and shipping. Her start in the business proved too corporate for Somera, a Long Beach native who wasn't too keen on the traditional, buttoned-up environment. So eventually, she leveraged her skillset to start her own business.

Somera first started working in logistics after she

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Who's Who

WOMEN IN BUSINESS

Polly Adams, Loan Consultant

New American Funding

Polly Adams has been working in the mortgage lending industry for over 20 years. She moved here in 2012 from Salt Lake City, Utah. Polly opened her mortgage office on 4th Street after a long career with Bank of America, where she achieved top 10 in the nation for her achievements. Passionate about the community, she started focusing on first time buyers, and helping families in her area better their financing situation. Honesty and integrity in business is her mantra. In her free time, Polly volunteers helping homeless animals, playing with her dog, biking, and playing golf.



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Christine Baratta, President

Baratta Enterprises, Inc.

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Marta L. Callotta, DC, CCSP

Long Beach Spine & Rehabilitation

Dr. Marta Callotta has been serving Long Beach communities for 20 years. When treating a patient she considers the whole person. She is a Certified Chiropractic Sports Practitioner. Honored with the CA Chiropractic Association's 2007-08 "Doctor of the Year" award, she is a team doctor for Team USA Beach Volleyball and was the Official Chiropractor for the Orange County Roller Girls from 2009-2011. Emphasizing biomechanical health and fitness, customized nutritional requirements and exercise programs, focusing on individual needs and goals, helping you to be the best you can be, naturally.



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Vali DeVries, Agent

State Farm Insurance

Vali is observing her 32nd year as a State Farm Agent this week, serving the needs of friends and neighbors with their homeowners, auto, life and commercial insurance coverages. A Long Beach native, Vali attended local schools, is a 1981 CSULB graduate and resides in the Los Altos area with her husband, Dave, and their two daughters. "I enjoy helping people, providing protection at a good price and solving their problems so they can sleep better at night," Vali states. Like a good neighbor, State Farm (and Vali DeVries) is there. * CA License #0667954



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Dr. Alyson Emery, Owner

Emery & Emery

Dr. Alyson received her B.S. from UCLA and her D.D.S. from the University of Pacific School of Dentistry. She has practiced dentistry with Dr. Doug Emery in Long Beach for over 25 years. She prides herself in providing high quality dentistry while making patients feel very comfortable. Dr. Alyson believes in being part of the community and has volunteered for numerous organizations. She is a past President of The Harbor Dental Society, LB Chamber Women's Council, and National Charity League. "The most meaningful volunteer work I do is providing dentistry to the young ladies in the Pathways to Independence program."



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Charlene Ferry, Owner

Salon Indah

Salon Indah is a full-service salon with a unique style that accompanies its friendly and down-to-earth atmosphere. Highly trained stylists are committed to their clients' cuts, colors and styles while maintaining beautiful healthy hair. Donna, the esthetician, is educated in all natural facials and products. She's created her own line of anti-aging, antioxidant rich skincare with quality ingredients available for purchase. Her services include facials, waxing, massage, spray tanning, makeup applications and lessons. Halloween is around the corner so book early for spooktacular makeup by Christine. Check specials on Facebook and yelp.



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Paige Fingerhut Charnick, Realtor+Probate Specialist

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A Long Beach native, Paige maintains expertise in probate, trust, and conservatorship sales, working with attorneys, CPA's, trustees, administrators, and conservators. She is asked regularly to speak at professional trust and estate organizations on a range of topics from the particulars of the probate purchase contract to the real estate temperature in local markets. "We serve our clients through unparalleled levels of service, expertise, and experience. They know every detail of their transaction(s) will be handled smoothly and with utmost integrity." Paige is involved in many local charities and resides in Bixby Knolls with her husband Jason, and their dog and cat, Teddy & Floyd.

4531 E. Anaheim St. • Long Beach, CA 90804
(562) 533-1728 • paige@probateforsale.com



Celinda Frey, Owner

En Pointe Dance & Fitness

Celinda enjoys offering dance and fitness to the Belmont Heights Community. She began dancing at the age of 3 and followed her love of dance to C.S.U.L.B. where she received her Bachelor of Arts in Dance. She is also certified in Burn at the Barre, as well as, Prenatal Fitness. She has been teaching all ages for the past 20 years. The studio offers dance classes for children and adults in ballet, contemporary, hip-hop, jazz & tap. They also offer fitness classes for adults with a childcare option for most classes: Beabywearing Barre, Burn at the Barre, Prenatal Barre & Zumba. Please visit their website for more information.

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Patty Gadd, Sr. Loan Officer

New American Funding

Patty has been in the Lending/Real Estate industry for over 40 years. As a seasoned lender she provides exceptional service and knowledge to get borrowers the best loan programs that will fit their needs. From first time buyer programs, to super jumbo loans, she can handle it all. Patty has counseled and educated her clients to get the best programs at the lowest cost and best rates! NMLS # 485809 She believes in giving back to the community, by being involved in Rick Rackers and is the current President of the Long Beach Cancer League. She can be reached at (562) 708-1222 or Patty.Gadd@nafinc.com.

6621 E. Pacific Coast Hwy., Ste. 160 • Long Beach, CA 90803
(562) 708-1222 • www.newamericanagent.com/pattygadd



Joel Garnica, President/Principal Designer

Garnica Interiors Inc

Joel Garnica is a visionary whose determined spirit and work ethic helped her create an award-winning interior design firm that has been in business for over 13 years in Long Beach's revitalized downtown. Garnica Interiors is a full service interior design firm providing comprehensive solutions for residential & commercial clients. Projects for her highly satisfied clients include residential, professional offices, healthcare facilities & restaurants. Her desire to help clients create beautiful, functional interiors is also what drives Joel to help her community as a member of several community boards, and as President of the East Village Association.

218 The Promenade North • Long Beach, CA 90802
(562) 242-9122 • garnicainteriors.com



Tomilee Tilley Gill, Founder & President

Executives Unlimited, Inc.

In 2001, Tomilee founded Executives Unlimited, a national retained executive search firm, after a successful career in commercial banking and finance. Her demonstrated business acumen and ability to thoroughly evaluate her client's business and their corporate culture sets her apart from other recruiters. Her national expertise in a variety of industries and personalized approach is central to every search assignment that Executives Unlimited undertakes and is what allows them to succeed today. Tomilee has been honored by the Long Beach Memorial Hospital and C5LA for her support, and recently spoke at Tedx Mission Viejo on advocating for executive gender balance.

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Melissa Glatman, Owner/Operator

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Eva Guzman, CEO

Firestone Fabricators

Eva began working at Firestone Fabricators in 1996. She is one of 10% of women who hold a C-51 Structural Steel contractor's license in California. Some of her past projects include: Nike at the Grove, Windward School in L.A., and the Chevron Refinery. She currently oversees a multi-million restoration of the oldest historical building in downtown Los Angeles and The City Place located in downtown Long Beach. She operates her business with honesty, integrity, and loyalty to her current and future general contractors. Eva has helped in opening the doors for the future of women in structural steel.

2308 Orange Ave. • Signal Hill, CA 90755
(562) 988-1019



Imelda Lorena R.H., Owner

Stephanie's Linens and More

Stephanie's Linens was named after the owner's 19 year old daughter who currently holds an office manager position. Business owner Imelda Lorena worked in 3 Long Beach hotels as a banquet server and was inspired by the hotel's events to start her own business. She loved observing setups as well as admired vendors who contributed to giving the event a captivating look. Lorena made it her goal to have a company that specialized in providing quality event rentals and decor for hotels and venues in the Los Angeles and Orange counties.

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WOMEN IN BUSINESS

Barbara Irvine-Parker, Realtor Associate Coldwell Banker Coastal Alliance

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

1650 Ximeno Ave., Ste. 120 • Long Beach, CA 90804
(562) 208-9726



Lisa Kammel, Co-owner

Executive Fitness, A Private Training Studio
Executive Fitness Corporate Wellness

Proudly serving Long Beach for 20 years, Lisa Kammel, and her husband Casey, opened Executive Fitness, a business dedicated to customer service through personal training, corporate wellness, group classes and more. "As a business owner and working mom, I understand that the life scales never balance, but with focus and perspective, we CAN make fitness a priority!" Their private studio in Naples offers one-on-one training, along with a women's bootcamp that meets every Tuesday/Thursday at 5:30 am. Lisa says, "I work out daily because I love lifting heavy weights, I want to stay fit, and I want to defy the aging process!"

5708 E. 2nd St. • Long Beach, CA 90803
(562) 856-3932 • Lkammel@executivefitness.com



Janis Krantz, Owner J & L Jewelry

Long Beach native Janis Krantz, owner of J&L Jewelry, has been in the jewelry business since 1967 and opened her business in 1991. Janis attended all Long Beach schools – Our Lady of Refuge, Saint Anthony High School and Long Beach City College. You can find quality jewelry items at J&L ranging from \$10 to whatever your heart may desire. We carry platinum, white gold, yellow gold, sterling silver, gold or silver-plated items and estate jewelry. J&L Jewelry is very involved in our community helping local charities and schools. Our slogan is: "Welcome to J&L Jewelry where women get into trouble and men get out of it!" We are diamond specialists.

1823 Ximeno Ave. • Long Beach, CA 90815
(562) 986-4380 • www.jnljewelry.com



Marty Kurner, Founder

Hawden Group USA, Inc.

Marty founded Hawden Group, a nationally known furniture and design firm in 2011. We sell American-made, local products with great sustainable stories. A \$5 donation is given to nonprofits with every chair sold. Hawden is a 100% referral business. Why? Because of our commitment and our extraordinary service. Marty was on the Board of the LB Chamber and president of the Women's Business Council. She is now on the Board of For The Child, a Rotarian, a member of the LA and LB Propeller Club, LBCREC and FuturePorts. She previously was Military Affairs Director for Davis Monthan AFB and on the Board for the US Navy League, USS Tucson. Most important to Marty is integrity, honesty and ethical business practices.

(949) 302-2823 • mkurner@thehawdengroup.net



Cassandra Popli, Director of Account Services ETA Agency

Cassandra hails from the U.K. where she graduated summa cum laude from the University of Wales, Swansea, majoring in American Literature, Politics and History. She is Personable, detail-oriented and held in high regard by her coworkers and clients, Cassandra's role extends far beyond leading the account management team, handling client services and securing new business. A natural leader and an integral part of every department at ETA, Cassandra has spearheaded multiple award-winning campaigns, seeing them through from concept to completion. Cassandra also has extensive experience with a wide range of clients, including entertainment, government, financial, real estate, retail and hospitality.

444 W. Ocean Blvd., Ste. 150 • Long Beach, CA 90802
(562) 499-2305 • www.agencyeta.com



Hilda Sanchez, President

Minuteman Press

Hilda Sanchez is the President of Minuteman Press of Long Beach, which she and her husband Dave Rigby established in 2002. Minuteman Press is a printing, design, marketing and promotional products firm. It's a one-stop shop for all your printing needs and is nimble enough to meet your pressing deadlines. The company has received numerous awards in recognition of its quality, customer service, graphic design and community involvement. Hilda serves on several local boards and the company is active in the Long Beach Chamber of Commerce and the Printing Industries Association of Southern California.

137 W. 5th St. • Long Beach, CA 90802
(562) 436-8500 • www.longbeach.minutemanpress.com



Phyllis Schmidt, Realtor Boardwalk Properties

I am a licensed real estate agent with Boardwalk Properties. I live in and love Long Beach, especially Belmont Shore. I own and live in a triplex here in the Shore. I was recognized as a 2015 Woman of Distinction by Assemblymember Patrick O'Donnell. Specializing in one to four residential units, I can help with staging and curb appeal. For some years I had a landscaping business here in Long Beach and Signal Hill. My email address is plants29@gmail.com, from my gardening days. Please call or email as I would love to work with you to sell or purchase property here in Long Beach.
DRE #017161453

3948 Atlantic Ave. • Long Beach, CA 90807
(562) 882-8395 • plants29@gmail.com



Renee Shaffar, E.J.D., Certified Divorce Mediator

Alternative Divorce Solutions

A Native Californian, Renee completed her BS degree in Business Management at Pepperdine University and her Executive Juris Doctorate at Concord Law School. Thereafter, Renee's own experiences going through a divorce prompted her to become a Certified Divorce Mediator. Renee is proud to now be a part of the team that once guided her through her own divorce. As the owner and operator of her own firm, she is honored to make a positive impact on the lives of families in Long Beach, California and the surrounding areas. Call us today for a complimentary one-hour consultation.

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The Long Beach Business Journal
Encourages Its Readers To Support
Local Women In Business

(Continued From Page 22)

graduated from college, when she got a job at a Fortune 500 freight forwarding firm. “It was very much corporate America, and as a young girl from California – I was born and raised in Long Beach – I really wasn’t into that lifestyle,” she said.

She quit the business but, after a few years working in retail, ultimately decided to come back to it. “The good thing about this industry is that it’s consistent, and there is always work to be done,” she said.

In 2014, Somera and her husband were living in Charlotte, North Carolina, and decided they wanted to come back to Long Beach. Her employer at the time supported her decision to move and start her own business. “They supported me 100% of the way. And I actually move a lot of their cargo for them now,” she said.

“I never really thought of myself as an entrepreneur, exactly,” Somera said. “But I know that I have the heart to do it, and I know that I have the hustle to do it.”

ARCA World Logistics opened its doors in January 2015, with the help of other investors who are primarily silent partners, Somera said. She handles the day-to-day operations of the business, which has three employees.

“We offer an array of different services, [including] ocean imports and exports, and air imports and exports,” Somera said. “We also do trucking, ground transportation, as well as warehousing and distribution . . . [and] customs brokerage.”

In working for large corporations, Somera saw that small and mid-size businesses were often not prioritized in lieu of doing business with big box retailers. Those businesses are now her focus. “I reached out to a lot of startup companies. . . . And I really hold their hands through the entire process,” she said.

Some of Somera’s biggest challenges in running a business include hiring employees that fit into the business’s culture, she said.

“This is only our second year of business, and I’m so excited because we’ve had so much growth over the past year and a half,” Somera said. In the future, she hopes to open another office on the East Coast or possibly in China. ■



Mu Zhang

Encore Awards

1344 Newport Ave., Long Beach
562/597-8100 • www.awardsbyencore.com

A native of China with an engineering degree and a master’s in international business, Mu Zhang worked in the corporate world for many years but has always had an entrepreneurial spirit, she told the Business Journal. This drive is what led her to become owner of Encore Awards in 2009.

After arriving in the United States, Zhang lived in Marin County in Northern California for some time and eventually moved to Long Beach. “I started my corporation, called GWS International Inc., in 2005 when I was also working for a major U.S. cosmetic manufacturer,” she recalled. She started GWS International with the intention of eventually purchasing a company, she said.

“In the daytime I worked at my job, and [in the] evening I worked at my own corporation,” Zhang said, adding that she worked about 60 hours per week. “By the year 2009, I accumulated enough money and purchased my current company, Encore Awards.”

Encore Awards was founded in 1984. Three years later, Encore acquired Hollywood Trophy, a business founded in 1969 that supplied the Golden Globe Awards, Academy of Country Music Awards and other awards ceremonies. Al’s Rubber Stamp of Whittier was purchased by Encore in 1997. In 2001, Jensen’s Rubber Stamp, a historic Long Beach business founded in 1929, was acquired.

Encore’s fabrication services include a variety of award and trophy types, professional

gifts, crystal products with etchings, rubber stamps, promotional products, signs and more. “We have quite a few major accounts,” Zhang said, listing the Air Quality Management District, Intel Capital Global Summit and the Student Academy Awards as examples. “We’ve grown very nicely.”

All products are custom-made at Encore’s 4,500-square-foot Long Beach facility by Zhang and her five employees. “We are from California, but in reality, we are shipping all over the place,” she said.

Zhang’s biggest challenge as a business owner is competing in the Internet age, she said. The Internet allows competitors to offer similar goods at cheaper prices and lower quality by essentially talking their products up, she explained. So Encore competes by focusing on the quality of its products, she said.

“All businesses are different. So the key is to find your own strength, what you’re good at the most, and compete in that particular area,” Zhang said. Some such strengths of Encore’s include crystal products with etchings and acrylic awards, she noted.

In the future, Zhang said her focus is “growing the business and continuing to provide prompt, efficient and knowledgeable customer service as well.” ■



Monika Zuzanska

EcoCleaning Solutions

10841 Noel St., #105, Los Alamitos
562/794-9789; www.ecoclean-inc.com

For Monika Zuzanska, what began as a way to put herself through school became a bustling business and a whole new career.

The Polish native immigrated to the United States in 2001 in pursuit of opportunities and a better life after earning a master’s degree in biomedical engineering from the Wrocław University of Technology. She began working for a Polish couple who ran a house cleaning business in 2002 to help pay for English and accounting classes.

“At that time, it was good money and a flexible schedule,” Zuzanska said. “It helped me to go to school and learn English in the evening, and during the day I was cleaning homes.”

She began preparing to enter an MBA program, but her life took a different course when she became a single mother. In addition to being inspired to work for herself, she felt the need to go into business to support herself and her son. So she bought out the couple she had been working for and started Monika’s House Cleaning with 15 clients. At first, Zuzanska ran the business on her own, but in 2005 she hired her first employees.

As the business began to grow, Zuzanska noticed a trend – people were looking for environmentally friendly and nontoxic cleaning solutions for their homes. She rebranded her company as EcoCleaning Solutions Inc. and shifted her focus to cleaning with eco-friendly supplies. “They are safe, especially for the kids and pets,” she said. Using these products is also safer for employees, who don’t have to breathe in toxic fumes, she noted.

EcoCleaning Solutions now has more than 100 clients and serves the Greater Long Beach area, including Seal Beach, Rossmoor and other local cities. This year, Zuzanska moved the business from North Long Beach to a larger location with a small warehouse in Los Alamitos. “Having a real office, that was kind of a big moment for me,” she said.

One of Zuzanska’s biggest challenges is finding employees. Many people who respond to her job postings don’t have drivers’ licenses and aren’t legal, she said. “I set up the business so that everyone I hire is legal,” she explained, adding that she sympathizes with those she can’t hire due to legal status.

Currently, EcoCleaning Solutions primarily services homes and vacation rentals, but in the future, Zuzanska hopes to expand to do more commercial cleaning. Her business plan, which she developed during her time in the Goldman Sachs 10,000 Small Businesses program, has the goal of reaching \$1 million in revenue by 2018. ■

Who's Who

WOMEN IN BUSINESS

Maggie Shapiro, REALTOR®, GRI, CPS, SRES Keller Williams Coastal Homes Group

With over 16 years of experience and hundreds of homes sold, Maggie has been a consistent top producer. She was awarded the Five Star Professional REALTOR® Award through Los Angeles Magazine and works with both Sellers and Buyers as she feels that it's important to fully understand both sides of the transaction to better serve her clients. She believes education is key, which is why she provides her clients with all the information needed to make the best decisions in the ever-changing housing market. She loves that her career allows her to meet many people and count many past clients as good friends.



maggieshapiro

(562) 260-3072 • www.maggieshapirohomes.com

Leslie A.M. Smith, Consultant & Owner McCormick L.A. Public Relations

As a public relations consultant since 1994, Leslie A.M. Smith has developed and implemented numerous marketing and public relations strategies that meet her clients' objectives. She has worked with businesses large and small in several industries including: nonprofit organizations, business associations, aerospace, healthcare, finance, law, real estate, retail products, restaurants, departments of transportation and water districts. Call for a consultation today.



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Mary Sopheia, Co-owner

Baja Sonora Mexican Restaurants

Mary Sopheia, one of the owners of three Baja Sonora Mexican Restaurants in Long Beach and Los Alamitos, has been running her own business for over 18 years. She has always said, "Learn from your heart." Baja has been great supporters of many organizations, Long Beach School District being number one. Mary and Mike Mendelsohn opened the first Baja in 1998, the second in wonderful Bixby Knolls in 2004 and Baja in Los Alamitos in 2015. They look at themselves as the "Cheers" of Long Beach. People are always greeting each other when they come into eat those deep fried hard tacos. They both have love of good food and dedication to their city.



2940 Clark Ave. • Long Beach, CA 90815 • (562) 421-5120

3502 Atlantic Ave. • Long Beach, CA 90807 • (562) 981-1950

10900 Los Alamitos Blvd. • Los Alamitos, CA 90720 • (562) 430-2252

www.bajasonora.com

Julia Sylva, Esq., Attorney

Law Offices of Julia Sylva, ALC

The Law Offices of Julia Sylva, A Law Corporation, a full service law firm (litigation, transactional and regulatory). The founder, Julia Sylva, is nationally the youngest first woman to serve as a Member of the City Council, City of Hawaiian Gardens (1976-1980). Ms. Sylva remains active in many professional/business organizations that empower the community. Firm Practice Areas: Real Estate (land use, broker liability, purchase and sale); Business and Corporate (formation, shareholder disputes, nonprofits); Estate Planning (trust/wills, probate, conservatorships, special needs trusts); Political Law (formation and compliance of PACs). Ms. Sylva: CSULB (1978) Loyola Law School (1983).



2700 Cherry Ave., Ste. 101 • Signal Hill, CA 90755
(562) 988-3225 • www.SylvaLawCorp.com

Andrea Testa, Realtor

Keller Williams Pacific Estates

Formerly the founder of FreeSpirit Yoga, Andrea obtained her California Real Estate License in 2013 and was honored with Rookie of the Year, Volume, for 2014. Her clients and vendors boast her professionalism, availability, communication, resourcefulness and service. She's a member of National Assoc. of Realtors, California Assoc. of Realtors, Women's Council of Realtors, and International Women's Leadership Assoc. Andrea's also a community liaison for Bixby Knolls Business Improvement Assoc., member of the Senior Advisory Council for the 8th District Senior Activities Center at Expo, is on the non-profit KW Cares committee, and on her Church Council at Cal Heights United Methodist Church.



KW PACIFIC ESTATES
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2883 E. Spring St. Ste. 100 • Long Beach, CA 90806

(562) 833-9642 • athomes77@gmail.com

Charlene Tritipeskul, Director of Catering

*Holiday Inn Long Beach Airport
Hotel and Conference Center*

Charlene joined Holiday Inn Long Beach Airport Hotel and Conference Center in June 2016, bringing with her over 20 years of food & beverage operations and catering sales experience. She continues to receive ongoing training and belongs to several catering event organizations, which enables her to get inspiration and stay connected with the latest trends. She is genuinely inspired by hospitality and takes joy in connecting with her clients and their event needs.



2640 N. Lakewood Blvd. • Long Beach, CA 90815

(562) 498-5410 • Charlene@hilongbeach.com

Dr. Christina Turner, OD, MS

Eye Land Optometry

As a California board-certified optometrist, Dr. Christina Turner has dedicated her career to providing the best vision care in a wide range of health care settings. She earned her Doctor of Optometry from Southern California College of Optometry in 2011. Prior to her training in Optometry, she received a Master's of Science in Health Care Administration at CSULB and a Bachelor's in Chemistry at UCSB. Her volunteer work with the visually impaired during her undergraduate studies motivated her to pursue a career in Optometry. Her dream was always to open her own practice and that came true one year ago when she purchased Eye Land Optometry in North Long Beach and is enjoying the opportunity to serve the local community.



1150 E. Artesia Blvd • Long Beach, CA 90805

(562) 728-8087 • eyelandoptometry.com

Lourdes Valles, Founder

Gems & Jewels Fine Jewelry and Repair

Lourdes Valles is a local resident and founder of Gems and Jewels Fine Jewelry and Repair. Lourdes is a graduate of the Gemological Institute of America, and is a proactive member of the community. When she is not in the office, she is out organizing neighborhood clean up events. She is also a board member of the BKBIA. Gems & Jewels specializes in fine jewelry, engagement rings, jewelry repair and restoration. Gems and Jewels has two locations in the city of Long Beach, visit them in Belmont Heights or in their Bixby Knolls showroom. Open Everyday 10-7 and Sunday 10-5.



GEMS & JEWELS
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4130 Atlantic Ave., Ste. 102 • Long Beach, CA 90807

www.gemsandjewelsfinejewelry.com

Patricia Watts, Founder, President & CEO

FCI Management

Ms. Watts is the founder, President & CEO of FCI Management. FCI provides expertise, knowledge and leadership to its customers by delivering innovative strategies and solutions in the energy and water industries, creating a sustainable global environment. With over 30 years of experience in the utility industry, Ms. Watts has held management positions in customer service, energy services, marketing, public affairs, and community relations. Ms. Watts is also an executive member of several boards (VP of the Low Income Oversight Committee and Hall of Fame inductee for the National Association of Women Business Owners), in addition to other prestigious organizations.



3850 E. Gilman St. • Long Beach, CA 90815

(562) 719-9300 • www.fcimgt.com

Tracey Wiltse, "The Redhead Realtor to Remember"

Coldwell Banker Coastal Alliance

Tracey is a So Cal native. She's lived in Long Beach since 1984. Before becoming a REALTOR® in 2000, Tracey worked in the Restaurant, Jewelry and Human Resources fields. Anyone remember Bobbi McGee's restaurant? Along with other talented servers dressed in costumes, Tracey served 100's of guests. "I've worked in customer service all my life," she says. "Through listening, I discover my client's needs and fill them". It is critical that her clients know they are important and their feelings are valid. Her passions are helping people buy and sell homes, animals, exercising and her husband and family.



1650 Ximeno Ave., Ste. 120 • Long Beach, CA 90804

(562) 619-7744 • tracey4homes@gmail.com

New Fisher House Opens at VA Long Beach

By LARRY DUNCAN
Staff Photographer/Staff Assistant

The VA Long Beach Healthcare System celebrated the completion of a new housing facility for families of veteran patients with a ribbon-cutting event on Wednesday, October 19th. The 14,000-square-foot facility, built and funded by the Fisher House Foundation, will provide lodging for up to 16

families at no cost, allowing them to be close to eligible veterans during hospitalization for injury, illness or disease.

“We are excited to open a Fisher House in Long Beach,” said David Coker, president of the Fisher House Foundation. “There are so many people in the Long Beach community that helped make this Fisher House a reality. Because of their tremendous efforts, we are able to support those we consider to

be our greatest national treasure, our military service men and women, and their loved ones.”

The Fisher House Foundation is best known for its network of multi-suite housing facilities. There are more than 70 Fisher Houses located at major military and VA medical centers around the world. These houses provide free lodging for military and veteran families during medical treatment. The program has saved families an estimated \$320 million since its inception.



The Long Beach Fisher House joins more than 70 other Fisher Houses around the world. These homes enable family members to be close to loved ones free of charge during hospitalization at VA Long Beach Healthcare System Medical Center. At left, Nancy Edelman, vice chairman, Fisher House Board of Trustees, hands over the ceremonial key to the Long Beach Fisher House to Lana Toenjes who will serve as the house’s first manager. In the background from left are: Tracye B. Davis, acting director, VA Long Beach Healthcare System; Steve Kuykendall, president, Fisher House Southern California, Inc.; and Dana Debel, managing director of state and local affairs, Delta Air Lines. At right, a bust of Zachary and Elizabeth Fisher greets visiting families as they enter. The couple started the Fisher House Program in 1990, dedicating more than \$20 million to the construction of comfortable homes for families of hospitalized military personnel.



THE ZACHARY AND ELIZABETH FISHER HOUSE
THIS GIFT IS DEDICATED TO OUR GREATEST NATIONAL TREASURE OUR MILITARY SERVICE MEN AND WOMEN AND THEIR LOVED ONES

Right: Each of the Long Beach Fisher House’s 16 suites are equipped with private, handicapped-accessible bathrooms and access to the house’s various common areas, including a communal kitchen, living, family and dining rooms, a laundry room and outdoor patio.



Left: Members of the public attending the ribbon cutting were offered tours of the Fisher House facilities.



Representatives from the Fisher House Foundation, Fisher House Southern California, Inc., the VA Long Beach Healthcare System and Delta Air Lines joined prominent donors for the ribbon-cutting ceremony of the 14,000-square-foot Long Beach Fisher House on October 19.



Academy Of Global Logistics Opens At Cabrillo High School

Officials launched the Port of Long Beach Academy of Global Logistics at Cabrillo High School on October 12. The Long Beach Unified School District (LBUSD) partnered with the port to form the four-year academy to create a new pathway to careers in international trade for students. The program brings together college prep academics, technical education and work-based training opportunities to prepare students for higher education and the workforce. "The Port's partnership with Cabrillo High School brings real-world lessons to our students," LBUSD Superintendent Christopher J. Steinhauer said in a statement. "By working with major employers like the port, we're preparing more students for success in college and in high-paying, high-demand jobs." Lou Anne Bynum, vice president of the Board of Harbor Commissioners, said, "Our goal with the Academy is to inspire students to explore careers in the international trade and goods movement industry right in their backyard." (Photograph by the Business Journal's Larry Duncan)

Kelly Sutherlin McLeod Architecture Receives Two Historic Preservation Awards

Long Beach-based Kelly Sutherlin McLeod Architecture (KSMA) recently received two 2016 American Architectural Awards for historic preservation from The Chicago Athenaeum: Museum of Architecture and Design and The European Centre for Architecture Art Design and Urban Studies. The firm, run by architect Kelly Sutherlin McLeod, was recognized with one award for its restoration and preservation of the Olan G. and Aida T. Hafley House in Park Estates. Original building elements of the 1953 home designed by Richard Neutra were carefully restored, rather than replaced, for authenticity, according to the KSMA. The second award was for KSMA's work on the Killingsworth Office Building, which serves as the company's headquarters. The building was designed by Edward A. Killingsworth and features transparent glass walls and "delicate post and beam construction," according to KSMA. KSMA's efforts include the preservation of interior furnishings and fixtures, a photography collection illustrating Killingsworth's career, and restoration of the original landscape design. The Chicago Athenaeum's American Architecture Awards are in their 22nd year and "honor the best and finest contributions to innovative contemporary American architecture," according to KSMA. "With these awards for our projects, it is so gratifying to see the most advanced approaches to heritage conservation and historic preservation recognized as essential disciplines by the architecture community," Sutherlin McLeod stated. Sutherlin McLeod is pictured at the Killingsworth Office Building. (Business Journal photograph)



Children Today's EcoHouse To Receive U.S. Green Building Council Award

EcoHouse, a daycare and preschool facility run by the nonprofit Children Today, is set to receive the Merit Award for Sustainable Sites from the U.S. Green Building Council at its Los Angeles chapter's gala and awards ceremony on November 10. The facility, which serves children impacted by homelessness, was designed and built by Long Beach-based firms Studio One Eleven and Howard CDM. The daycare has already earned the GBC's LEED (Leadership in Energy and Environmental Design) Gold certification, according to a statement from Howard CDM. "It has always been a high priority to improve the quality of life for the future by building environmentally sustainable architecture," Martin Howard, president of Howard CDM, stated. "And EcoHouse exemplifies our green building tendencies." EcoHouse is located at 2951 Long Beach Blvd. (Image provided by Howard CDM)



The facility, which serves children impacted by homelessness, was designed and built by Long Beach-based firms Studio One Eleven and Howard CDM. The daycare has already earned the GBC's LEED (Leadership in Energy and Environmental Design) Gold certification, according to a statement from Howard CDM. "It has always been a high priority to improve the quality of life for the future by building environmentally sustainable architecture," Martin Howard, president of Howard CDM, stated. "And EcoHouse exemplifies our green building tendencies." EcoHouse is located at 2951 Long Beach Blvd. (Image provided by Howard CDM)

Hotel Maya Names Ariel Mungi-Ciarrocca Fuego Chef De Cuisine

The Hotel Maya (a DoubleTree by Hilton Hotel) recently hired Ariel Mungi-Ciarrocca, pictured right, as the new chef de cuisine for its restaurant, Fuego. The Argentinian chef "brings his cultural influences and culinary experiences" to the restaurant, which has a Latin-infused menu, according to a statement from the hotel. In addition to modifying and creating menus for Fuego, Mungi-Ciarrocca is responsible for overseeing all kitchen staff, training all cooks, ensuring ingredients are fresh, and maintaining a clean and safe environment. He was previously the executive chef for Belmont Brewing Company for two years. He also previously served as sous chef of Tantalum Restaurant, among other positions in Brazil, Argentina and Florida. (Photograph provided by Hotel Maya)



20th Annual Veterans Day Parade On Tap November 5 In North Long Beach

The 20th Annual Veterans Day Parade, featuring more than 200 entries, begins at 10 a.m. on Atlantic Avenue in North Long Beach. The event, which runs about two hours, steps off at Harding Avenue and runs south on Atlantic to 56th Street. Parade officials expect about 25,000 people to line the streets. The parade's major sponsors are the California Resources Corporation and the Port of Long Beach. "After one of our earlier parades, a Vietnam vet told me this was the very first time he was honored for his service," said Val Lerch, parade committee chair and former vice mayor of Long Beach. "Vets from that era never really received a warm welcome home, and he took great pride in being able to participate in this particular parade." For more information, visit www.lbveteransdayparade.com

Inside City Hall

How To Keep Special Interests Out Of Local Elections



By **GERRIE SCHIPSKE**

Many voters in Long Beach will tell you that they feel disconnected with city hall. That they don't feel those elected really listen to the people or, more pointedly, that elected officials only listen to "some people," particularly those who give big money through independent expenditure political action committees.

If ever there was a demonstration of just how broken the political system is in Long Beach, it would be the recent special interest funding of Measure A which increased sales taxes in the city by 11.1% (effective January 1, the sales tax in Long Beach goes from 9% to 10%). The campaign of direct mail and consultants cost more than \$750,000.

Contribution after contribution came from developers, employee unions and businesses that have contracts with the city, and the building trades unions – all of whom will greatly benefit from the expenditure of millions and millions of sales tax dollars for the advertised "infrastructure and public safety" promised in the mailers.

As larger and larger contributions are made to political campaigns through independent expenditure entities or tax measures supported by elected officials, we are witnessing local government decisions being usurped for the benefit of those who contribute, and who may not even live in Long Beach.

And yet we wonder why voter turnout is so dismal in Long Beach. One does not need to be a political analyst to realize that, as more and more decisions are being made without public input, voters realize the difficulty of going up against the organized electoral power of special interests. Voters simply give up.

Long Beach was one of the first local governments to limit campaign contributions and to match small dollar donors for those who agree to spending limits. All of these efforts to clean up politics and to remove "pay to play" has been diminished greatly with the use of independent expenditure committees where unlimited amounts can be contributed. Also there are no limitations on how much can be contributed to ballot issues.

So let's put the power back into the voters' hands. If we will not totally fund campaigns for elected office then we need to require complete and timely disclosure of who does.

Yes, we have campaign reports filed online. And if you have the time and knowledge you can track down who has given to whom.

But that is not enough. We need to require an annual report from every business and union that has a contract with the city or who bid for a contract with the city showing how much they contributed to campaigns and ballot measures in the preceding 24 months.

Additionally, when the city manager or city council approves a contract, there needs to be disclosure as to whether or not the entity or organization receiving the contract has contributed, along with how much and to whom.

Voters deserve this transparency.

Next column: Just How Ready Is Long Beach For A Big Disaster?

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

Effective Leadership

Four Ways You Can Learn To Be Optimistic



By **MICK UKLEJA**

In order to fully understand this topic, we have to get beyond the "glass half empty/half full" definition. The subject is also broader than a personality type. Some people are naturally bubbly while others take a few hours to get their engines running. Yet both can be optimistic. Martin Seligman refers to this as a person's outlook on life. He says everyone

has an "explanatory outlook."

When there are those inevitable setbacks in life, the optimistic person interprets these as something that is: Temporary; It can be changed.

The pessimistic person sees the setback as: This is going to be forever; This will undermine everything I do.

When something good happens, the optimist explains it as: This will last forever; I did this.

The pessimist, when they experience good things thinks: I didn't do this; It's only this situation;

Your explanatory style is the way you view the world.

When bad things happen both the pessimist and the optimist embrace them. The difference is that the pessimist has a "see, I told you so" explanation. The optimist has an "I can recover from this" explanation.

Here are four practices that will make our explanatory style more personally productive.

1. Acknowledge that you are the architect of your perceptions. Without this first step, you become a victim of things happening all around you. The way you see your life shapes your life. We all have our internal way of defining our life, which, to a degree, determines our destiny. This acknowledgment is the beginning of opening yourself up to new possibilities.

2. Be aware of your explanatory style. Everyone experiences setbacks and difficult situations. The optimist keeps the trouble external. This enables them to work on the problem, difficulty, or that taxing project: "Who has done this before?"; "Where can I get help?"; "Are there better instructions?"

The pessimist sees the setback or struggle as hopeless. It becomes an internal focus of: "I knew this would happen;" "This will probably just get worse."

One makes use of available options, and the other is so internally focused that no options exist. Observe how you explain events.

3. Disconnect happiness from achievement. The "Destination Disease" says that until a certain thing happens I will not experience joy. This is where the pessimist and the optimist switch perspectives. The pessimist's happiness is

Small Business Dollars & Sense

Small Business Owners, Stay On Top Of Your Credit!



By **BEN ALVARADO**

A credit score can be very important to a small business, especially as you start out. It can determine in the near future your ability to get funding for your small business venture. Make sure that in addition to thinking about your business you are thinking about your own finances and credit score as well.

A recent credit survey revealed that 60 percent of Americans say if they want something enough, they will borrow to get it, yet 45 percent of respondents grade their overall understanding of credit and loan products "C, D or F."

While some results show great signs of positive financial behaviors – especially when it comes to younger folks – there still seems to be desire to learn more about credit and money management. Understanding your financial and credit situations are key steps to achieving your financial goals. Join the straight path to great credit by following these 10 tips.

1. Monitor your credit regularly. Make sure you stay on top of your credit history. Be sure to check all three credit bureaus annually, each provide a free report yearly.

2. Know your credit limits. Being close to or maxing out your credit limits may negatively impact your credit score.

3. Good score = good rates. A better credit score may get you better credit interest rates.

4. Don't be late. The first missed payment has the largest impact on a credit score, so don't miss payments. If you are late, don't be 30 days late, and if you have difficulty, call your lender.

5. Know your debt-to-income ratio. Lenders look at the amount of debt you have compared to your monthly income – it's good to keep that under 35 percent.

6. Start with a college or secured credit card. If you need to establish credit, a secured credit card or a college credit card may be a good way to start.

7. Pay down highest interest rates first. When trying to pay down your existing debt, pay down your highest interest debt first.

8. Live within your means. By setting a budget and living within your means, you can avoid using credit to overextend yourself.

9. Pay more than the minimum. Paying more than what's due on your credit card helps you pay down debt faster and can improve your credit score.

10. Set up alerts. Set up email and text alerts, as well as autopay to help ensure that you pay your bills on time and build positive credit history.

Strong credit is the key to a healthy financial future both for yourself and your small business. It also helps with routine matters like having utilities connected to your home, getting a cell phone or even applying for a job.

As a consumer and a small business owner have conversations about credit and keep it as a consideration as you do business. For more information about credit and finances visit: www.handsonbanking.org. Wells Fargo has trained bankers that visit service clubs, schools and organizations and will customize financial literacy classes for your group. Contact us at one of our 11 branches in Long Beach and beyond.

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

overly dependent on external circumstances taking place. The optimist focuses on personal abundance and sees happiness as an inside job.

Caution. Don't confuse contentment with complacency. Hard work is a natural by-product of contented people. They are energized by personal contentment. Your destination is simply a reward for the journey you are on.

Wealth never brings happiness to those who are miserable with modest means.

4. Develop the habit of self-affirmation. We have 60,000 thoughts a day. They will either take you in the direction you want – or they will take you further from what you truly desire. If 30% of your thoughts are taking you in the wrong direction, that would be 18,000 counterproductive negative nudges everyday, or 126,000 for the week! This is often referred to as Self-Talk. The more we are aware of our self-talk (thoughts) – both positive and negative – the more we will focus on attitudes and actions that make us more resilient. Every thought is a directive in your subconscious mind to carry something out. Make sure the directives are pushing you in the way you want to go.

In reality, the glass is not half empty or half full. It's both! So let's open up another bottle and remedy the situation!

Cheers :)

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

Realty Views

Mortgage Interest Deduction A Hot Topic Again



By TERRY ROSS

One of the staples of homeownership is likely to get a once-over next year as a new administration and Congress sit down to look at budgets, income, the tax code and changes that they envision as necessary.

In the race for the White House, where there has been little time left over from the tabloid fodder to actually discuss fiscal policy, the comments from the candidates as they relate to real estate and housing have been vague at best. One side is calling for taxing the rich, while the other wants to encourage economic growth through the tax code – nothing new here – but detail on either side is sorely lacking.

Most of the discussion about specific changes that could impact real estate and homeownership has come at the lower levels of both parties, who keep looking at ways to tweak the tax code. And once again, the mortgage interest deduction appears to be a hot topic, as something that could be taken away and turned into a giant revenue generator for the government.

This is something that the housing and mortgage industries have fought for years and continue to fight against in Washington, but some feel that the sentiment right now is going against it more than any other time in recent memory.

According to Brent Nyitray, director of capital markets for iServe Residential Lending, today's low interest rates (compared to the 1980s) make it a good time to do away with the interest deduction because the amount of inter-

est is lower than it was 30 years ago, so the deductions have less value.

"If you were going to [take away the deduction] and you were looking for the time to do it when it was least painful, now would be the time to do it," said Nyitray, who noted that home mortgage interest above 10% was the norm in the 1980s, compared with rates in the 3% to 4% range, or even less, today.

But even with rates being lower, we are talking about a large tax break for Americans. Nearly 33.6 million taxpayers deducted \$72.4 billion in mortgage interest from their 2014 taxes, and this could be as much as \$96.4 billion by 2019, said the Congressional Joint Committee on Taxation.

As one of the largest tax breaks for individuals, it becomes an easy target for policymakers looking for new sources of revenue. Elected officials can say they didn't raise taxes if they eliminated the deduction, but in reality, they would be raising taxes on the millions of real estate owners who did have a mortgage and paid interest, not to mention causing upheaval to the financial planning of one of Americans' prime wealth builders – homeownership. Changing the rules after so many decades of consumers planning on this benefit is almost akin to taking away Medicare or Social Security.

As home affordability decreases again due to the escalation of prices over the past few years, taking away the mortgage deduction is going to make homes even less affordable with the elimination of the tax advantage.

Some lawmakers have advocated that the deduction is not fair, since someone in a 40% tax bracket is going to be able to deduct more than someone in a 15% bracket, but then the person in the higher bracket has to pay more taxes as well. For those homeowners who claimed the deduction, 14.3 million returns were from taxpayers with household incomes between \$100,000 and \$200,000 – who claimed a total deduction of \$28.8 billion. For taxpayers with household incomes above \$200,000 – representing 17% of returns – the deduction was \$30 billion, or 42% of the total

of their deductions. For those with household incomes of \$50,000 or less, only \$1.6 billion was deducted from 2.9 million returns – representing 2% of the dollar amount.

Probably the biggest issue for those in the lower incomes is the fact that many of these homeowners don't itemize their deductions, which is a requirement to take advantage of the deduction – or any deduction for that matter.

One of the fundamental questions is, do you throw out a tried-and-true economic stimulator like the mortgage interest deduction because someone doesn't take deductions or isn't making enough to make them very valuable, and penalize an entire economy? Most officials within the housing and mortgage industries feel that current calculations of home prices in the open market depend on this important financial tool. To take this away would be a major disruption to housing, real estate and the economy in general and cause much more pain than the increased tax revenue would alleviate.

"If the belief is still that a high level of homeownership has economic benefits for the country – [that it] gives the middle class an opportunity to acquire and maintain some degree of wealth – then anything you can do to stimulate homeownership responsibly would seem to make sense," noted Rick Sharga, chief marketing officer for the Ten-X real estate website. "If the deduction is changed, the aim shouldn't be to punish people who aren't taking advantage of it by taking it away. It might be a better idea to come up with something for taxpayers who don't itemize."

One proposal to spread the benefits of this deduction is to give first-time homebuyers a one-time \$10,000 tax credit so they would not have to itemize. Something along these lines would make a lot more sense than simply eliminating a deduction that has served the American economy well for more than a century.

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

Third Sector Report

Nonprofit Executive Compensation: It Makes a Statement



By JEFFREY WILCOX

For most, it's a double-edged sword. For many, a subject that should be left alone. The topic is executive compensation, and it's one leadership responsibility that can't be ignored.

How a nonprofit organization decides to engage in dialogue, deliberation and decision-making regarding its compensation policies and practices speaks volumes.

It's a message about how people choose to compensate other people who have directed their lives' passions, educations and careers to creating social benefit.

The process by which board chairs and boardmembers engage in discussion about the compensation of their paid professionals sends an unmistakable message about stewardship. It also demonstrates the organization's position on such issues as advancement, equity, value and self-respect. Outcomes that many nonprofits are funded to achieve for the people they serve.

Everyone knows the subject of pay for nonprofit professionals is loaded. On the one hand, there are contributors and payors who provide hard-earned personal funds or public dollars to support nonprofit organizations who are rightfully concerned that their funds are being put to best use. On the other, what constitutes underpaid or overpaid is an opinion contest that has few winners.

Regardless of perception, more and more nonprofit boards that are replacing their vacated executive positions are finding the predecessor's salary is insufficient to attract equal or greater talent to continue advancing their organization. Apparently, market value and replacement costs aren't considered an essential element of fiduciary responsibility to the mission.

Sweeping the executive compensation discussion under the table can no longer be tolerated for any nonprofit that considers the outcome of its work is rooted in social justice and community progress. The reason is that what nonprofits are paying their people is no longer just a matter of dollar and cents.

If only it were as simple as recreating budgets to respect cost of living increases, make allowances for modest pay raises or consider incentive-

based pay within the ethical guidelines prescribed by the Association of Fundraising Professionals.

Today, nonprofit compensation practices make a statement about gender and racial equality, due respect for the position the Third Sector plays in the economic vitality of the community, and the leveraged partnership that must exist between government and the nonprofit sector to provide quality of life services.

An Allison Sesso article describes the reality best when she wrote, "In the social service arena, many nonprofit organizations receive 80 to 90 percent of their funding from government. Nonprofits cannot increase prices or pull from a profit margin to fund wage and benefit increases. Despite the clear importance of the services they provide, the members of this workforce increasingly find themselves in the very same position as their clients."

For the longest time in American history, charity was viewed as "women's work" which created a spawning ground for gender inequality in its most blatant forms. A perception that leaders of community are substantially subordinate to leaders of corporations further compounded the compensation equation.

And, there's one more serious factor: While nonprofit boards struggle to reflect the diversity of our society, the nonprofit workforce is proudly a different picture. People of color have been on the front lines of feeding the hungry, caring for the elderly, teaching young children and cleaning up community messes at production rates and levels of diverse representation that other industries would boast about.

Today, the compensation conversation begins with a board understanding the market value and replacement costs of its professionals and establish multi-year budgeting goals and reserve policies aimed at adequately compensating the hands and hearts that mobilize the mission.

The strategic planning discussion must include specific directives about how the organization intends to retain and recognize its talent. The public message about compensation must be framed around taking a leadership role in social justice that begins with the organization itself.

As taxpayers, boardmembers also have a responsibility on behalf of their people to advocate their elected officials to design government spending mandates that balance fair compensation for the people on the front lines of their contracts in nonprofit organizations.

Executive compensation is a complex issue with no right answer. What every socially responsible nonprofit board must have today, however, is a justified answer.

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

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EDITOR & PUBLISHER

George Economides

SALES & MARKETING EXECUTIVE

Heather Dann

PHOTOGRAPHER AND

STAFF ASSISTANT

Larry Duncan

EDITORIAL DEPARTMENT

SENIOR WRITER

Samantha Mehlinger

STAFF WRITER

Brandon Richardson

CONTRIBUTING WRITER

Michael Gougis, Gerrie Schipske

COPY EDITOR

Kellie O'Reilly

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Office

South Coast Publishing, Inc.
2599 E. 28th Street, Suite 212
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Ph: 562/988-1222 • Fx: 562/988-1239
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