



Just past the existing Long Beach City Hall tower, construction has begun on the new Long Beach Civic Center, which will include a new city hall, main library branch and port headquarters, plus multi-family residences, retail and possibly a hotel. (Photograph by the Business Journal's Larry Duncan)

Long Beach Real Estate Quarterly

Across Residential And Commercial Sectors, Real Estate Experiencing Increasing Demand

By **SAMANTHA MEHLINGER**
Senior Writer

Residential and commercial real estate markets are benefiting from job gains and wage growth, while industrial real estate remains hard to find throughout the region.

Like other major coastal cities, particularly those in California, Long Beach continues to experience constrained supply of residential properties for sale and high demand from buyers, which translates to price increases. In the commercial real estate sectors, the office market is showing improvement and the retail sector is lacking in some areas but has its bright spots, according to economists and real estate professionals.

"Coastal California markets in particular all have inventory constraints where we're just not seeing that inventory come back up," Skylar Olsen, senior economist for Zillow, told the Business Journal. "It used to be a story of underwater homeowners couldn't sell their

homes, and that's why inventory was low," she observed. Now, though, it seems would-be sellers are hanging on to their properties either because they're hoping sales prices will continue to appreciate or because it's too hard for them to find other properties to move into.

Year over year, the median sales price of single-family homes in Long Beach has appreciated by 6.9%, Olsen said. By comparison, the median sales price of homes in the City of Los Angeles increased by about 10%. "We do expect homebuying to slow down as

(Please Continue To Page 17)

Toliver and Catherine Morris Talk Downtown Real Estate

See Story Page 27

Carrying On Boeing's Vision For Douglas Park

By **BRANDON RICHARDSON**
Staff Writer

Exactly four years after Sares-Regis Group bought 190 acres of land near Long Beach Airport from aircraft manufacturing giant Boeing, approval and construction of several major projects begin to show the vision of the commercial park coming to fruition.

In late 2012, Irvine-based developer and real estate services provider Sares-Regis completed three land-sale transactions with Boeing within a few months time. Larry Lukanish, senior vice president of Sares-Regis, said that he does not recall the amount his company paid for the land off the top of his head, but that it is not important. What is important to Lukanish is what the property will be worth when it is fully developed – an amount

he estimates will be in the hundreds of millions.

"We really have tried to carry on Boeing's vision for what they had for the project," Lukanish said. "When they decided they

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Marking The 75th Anniversary Of The Attack On Pearl Harbor

By **SAMANTHA MEHLINGER**
Senior Writer

This December 7 commemorates the 75th anniversary of one of the pivotal moments in our nation's history: the attack on Pearl Harbor that catapulted the United States into World War II. It was an event of international and national significance, and, although the memories are fading for many, it was also one that was impactful here in Long Beach.

To remember the attack and its lasting national and local impact, the Historical Society of Long Beach (HSLB) is launching an exhibition, "Long Beach Remembers Pearl Harbor," with two events on December 7.

(Please Continue To Page 6)

New QM Lease, Plus \$23 Million In City-Funded Repairs, Approved

Agreement Allows Carnival To Expand Its Operations

By **SAMANTHA MEHLINGER**
Senior Writer

Despite a request by 3rd District Councilmember Suzie Price for a 30-day delay to give time for the city auditor to review the matter, the Long Beach City Council approved a new lease for the Queen Mary and surrounding acreage with Urban Commons on November 1.

Price wanted more time because the lease requires the city to front

\$17.2 million through the issuance of bonds pledged with Tidelands funding, plus cash reserves of about \$5.8 million, to fund \$23 million in urgent repairs to the Queen Mary.

The use of Tidelands funds to insure the bond debt was Price's principal concern, as Tidelands funding has already been prioritized for various projects in her district. She was the lone dissenter on the item.

Price called City Auditor Laura Doud to the speakers' podium during the council meeting.

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Business Spotlight

Bragg Companies Celebrating 70th Year

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Focus On Philanthropy

Farmers & Merchants Foundation And The Long Beach Rotary Charitable Foundation



Greg Burnight is president of the Long Beach Rotary Charitable Foundation, and Whitney Leathers is executive director of Long Beach Day Nursery, one of the groups supported by the foundation.

See Story Page 12



W. Henry Walker, left, is president of Farmers & Merchants Bank and his brother Daniel Walker is chairman of the board and CEO.

See Story Page 16

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30 Perspectives

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Queen Mary Agreement

(Continued From Page 1)

ing the meeting, who said the debt issuance was significant. She also pointed out that there was still no determination as to who would be responsible for an additional \$200 million in repairs needed for the Queen Mary. Doud said she had called a meeting with City Manager Pat West that morning and had received request documents pertaining to the Urban Commons lease that afternoon – insufficient time for her to review them.

Price repeatedly requested that her colleagues consider delaying the item for 30 days. City management explained that the lease agreement with Urban Commons had been in the works for two years, and delaying it now could be detrimental to all parties.

“This may have been going on for two years, but until this item appeared on the agenda, I did not realize that we were going to be pledging Tidelands funds for this type of debt,” Price responded.

The item passed that night, dashing Price’s requested 30-day review period.

As reported by the Business Journal on October 25, the bond issuance is a way for the city to front money it would already be investing in the Queen Mary, but sooner. Each year, the city will receive an estimated \$2.15 million in passenger fees from Carnival Cruise Line. It had already pledged to put that money, plus base rent of \$300,000 annually paid by Urban Commons, towards repairs of the Queen Mary.

The bonds essentially accelerate this payment by seven years, during which time the city would have invested about

\$17.15 million for repairs and preservation of the ship, which is a city asset.

“As the official leaseholders of the Queen Mary, our first priority will be to complete the structural repairs to the ship and also begin work on the \$15 million renovation plan to greatly enhance the guest rooms, restaurants and public spaces,” Taylor Woods, principal of Urban Commons, stated in an e-mail to the Business Journal.

A lease agreement with Urban Commons had been expected to be in place by May of this year, Kathryn McDermott, interim director of economic and property development for the city, said at the meeting. But a joint marine survey of the ship by former leaseholder Garrison Investment Group and Urban Commons revealed earlier this year that extensive repairs to the ship were needed, including \$23 million worth of urgent structural repairs.

Additionally, negotiations between Urban Commons and Carnival Cruise Line, a sublessee at the site, prolonged the lease agreement process. Carnival Cruise Line had requested the use of the entire dome that formerly housed the Spruce Goose so that it could bring in larger ships and accommodate two-way passenger flow. Urban Commons ultimately agreed and will eventually build the cruise line a replacement terminal so it can use the dome for special events.

“We are working closely with local, regional and national agencies to move as quickly as possible on the master plan for the development, which will include a new terminal for Carnival,” Woods wrote. “We believe the dome would be ideally suited

(Please Continue To Page 5)



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Queen Mary Agreement

(Continued From Page 3)

for entertainment events and would host concerts, conferences, exhibits, shows and many other similar events.”

Construction within the dome is expected to be completed in late 2017 and will triple the size of Carnival’s current terminal, according to the cruise company.

“The amended lease states Urban Commons (UC) has seven years to construct and commission the replacement terminal at its expense,” Carlos Torres de Navarra, vice president of commercial port operations for Carnival, wrote in an e-mail to the Business Journal. “We are extremely pleased with the outcome of the negotiations. Carnival looks forward to working long into the future with the city and UC.”

On November 3, following the lease’s approval by the city council, Carnival sent out a press release announcing it plans to bring the Carnival Splendor, a 3,006-passenger cruise liner, to Long Beach in 2018. The ship will replace the smaller Carnival Miracle and will offer weeklong cruises to the Mexican Riviera and 14-day cruises to Hawaii. ■

City Council Asks What An Airport Master Plan Entails

■ By **BRANDON RICHARDSON**
Staff Writer

With a unanimous vote at its November 1 meeting, the city council has requested that Long Beach Airport Director Jess Romo report back in 45 days on the process involved, the potential scope and the pros and cons of developing a long-range master plan for the airport.

“I’ve been concerned that it seems that when it comes to the Long Beach Airport, the city has been in a very reactive mode, responding to external pressures to pursue development objectives,” District 8 Councilmember Al Austin said at the meeting. “There is not a clear, articulated vision of the direction of where the city wants to see the airport going in the long term. And that has eroded confidence of many residents and impacted neighborhoods throughout the city that are truly looking at all the interests of all the stakeholders when it comes to the decisions affecting the airport.”

The idea for an airport master plan was first introduced to the council in February. However, the item proposed by Councilmembers Austin, Roberto Uranga and Daryl Supernaw was added to the November 1 agenda late, which had other councilmembers feeling left out of the process and members of the community viewing it as a tactic to delay these “external pressures.”

The greatest external pressure is the \$347,000 feasibility study conducted by Jacobs Engineering to analyze whether the airport could accommodate a federal inspections facility and the impact it would have. The study concluded that the airport could accommodate the facility, thereby allowing airlines to use some of their allotted flight slots for international flights. However, some council and community members question the study’s data and how some of the figures were determined.

Fifth District Councilmember Stacy

Mungo requested that the council receive and file the original motion and make a substitute motion in the future once several other report backs requested by the council had been fulfilled. Mungo pointed out that other 30-, 45- and even 60-day report backs have not been coming back on time, and city staff could better use their time finishing what has already been requested of them.

Mungo also asked Romo about his previous experiences with airport master plans. Romo recalled one master plan that was in the works at Ontario Airport, where he was director for some time. After four years and \$2 million, the report was shelved and never completed. He also explained that a master plan is typically created for new airports or when planning to add capacity to an existing airport, and that a master plan could add risk to Long Beach Airport’s noise ordinance.

“I know that I stand with some of my colleagues,” Mungo said, “in that the number one priority is not to expand aviation at the airport but to maintain the balance that we have today and the quality of life that we have for our neighbors. That is a high priority. So at this time, in an effort to protect our neighbors and ensure that we do not increase the risk to the noise ordinance, I would like to receive and file.”

Austin restated that his revised motion was not for a master plan but for the council to be informed on what creating one would entail and how it would affect the airport and the community. Mungo then asked for the report back to be extended to a 60-day period. At the suggestion of Romo, the council settled on the 45-day time frame.

Romo is expected to report back to the council sometime before the end of the year. ■

Long Beach Airport Makes Top 10 For Third Straight Year

Travelers from throughout the country – with more than 300,000 voting through Condé Nast Traveler magazine – have once again rated the Long Beach Airport (LGB) as among the Top 10 best in the U.S. This marks the third consecutive year the airport has made the Top 10, coming in at #7, a jump of three spots from last year. According to a statement from the city, “voters cited the nostalgic historic terminal that reminds them of the glamour of flying, as well as the Southern California ambiance of the passenger concourse, which makes LGB stand out compared to other airports.” ■



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As sailors look on at the Ford Island seaplane base, the USS Shaw explodes and the USS Nevada comes under fire at Pearl Harbor on December 7, 1941. (Official U.S. Navy photograph, National Archives Collection)



The U.S. Navy destroyer USS Shaw burns on December 7, 1941, in Pearl Harbor. Her bow exploded after coming under attack from the Japanese. Pictured in the distance, at right, is the listing USS California. (Official U.S. Navy photograph, National Archives Collection)

Pearl Harbor Exhibit

(Continued From Page 1)

A free memorial service in remembrance of Pearl Harbor will be held at the plaza at Long Beach City Hall at 9:50 a.m. The event will feature an honor guard, the playing of taps, and remarks by American Gold Star Manor President and CEO Terry Geiling.

That evening, the historical society is officially launching its exhibition, which runs through April 2018, with a reception at its headquarters in Bixby Knolls (4260 Atlantic Ave.) at 6 p.m. The event features an honor guard, guest speaker Dr. Craig Hendricks, who will relay stories of Pearl Harbor heroes from Long Beach, as well as remarks and stories

from long-time Press Telegram writer and executive, Rich Archibold. Guests will also enjoy vintage cocktails, hors d'oeuvres and entertainment.

The event costs \$75 for the general public and \$60 for HSLB members, veterans and active duty military personnel in uniform, of which \$50 is tax deductible.

According to Tim Friden, a historian associated with HSLB, eight battleships that were at Pearl Harbor on December 7, 1941, had been stationed in Long Beach in previous months and years. As a result, "a significant number of casualties either were from Long Beach originally, or had been based here for a number of years, if not 10 or more years," he told the Business Journal.

"There were over 100 widows and de-

pendents left behind [in Long Beach]," Friden continued. "The city really felt almost a personal connection to the attack in a way because the ships had been here for so long and had been such a feature. The Navy had been such a strong feature of the city that it really impacted the city very heavily."

Julie Bartolotto, executive director of HSLB, said the organization planned the exhibition back in 2013 with the intention of commemorating the 75th anniversary of the attacks, and to highlight local ties to the events of that day that many residents are unaware of.

"This exhibit will exemplify so much of what Long Beach is really about," Nikki Tennant, president of HSLB, wrote to the Business Journal in an e-

mail. "Courage, resourcefulness, and working together to solve common problems; this is what post Pearl Harbor was about for this city. After the bombing, we lost so many loved ones who were stationed on the ships that were destroyed or disabled.

"The ones left here were forced to recreate their lives, all the while helping to support the war effort and pulling together for the common good. I hope today's residents will take advantage of this once-in-a-lifetime opportunity to gain a little insight into what was a massive change for our city during WWII."

For more information about the events on December 7 and the HSLB exhibit, visit <http://hslb.org/visit/exhibits/long-beach-remembers-pearl-harbor/>. ■

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Farmers & Merchants Bank Honors 10 As California's Strongest People You Can Bank On

Each year, Farmers & Merchants Bank holds an awards ceremony to recognize community members who embody the values of the bank, and who have "shaped the very landscape of their communities and the lives of their neighbors." On October 27, the bank honored 10 Californians at a breakfast at Parkers' Lighthouse in Long Beach. This year's honorees included: Bill Nelson, president and pastor of Fresh Beginnings Ministries in Costa Mesa, who won The Honesty Award; Ken Korver, president of Compton Initiative, winner of The Faith Award; Angeles Ceballos, executive director of CREER Comunidad y Familia serving South Orange County, who won The Loyalty Award; Reggie Berry, former San Diego



Charger and founder of Goals for Life, winner of The Integrity Award; Dr. Miriam Mackovic-Basic, founder and CEO of Complete Women Care in Long Beach, winner of The Dedication Award; Patti Widdicombe, who owns the 11th-ever McDonald's in Garden Grove, who won The Gratitude Award; Mike Sheldrake, owner of Polly's Gourmet Coffee in Long Beach, who won The Humility Award; Joe Lins, co-owner of CENTURY 21 Discovery, who won The Dependability Award; Dr. Patricia Drown, founder of the San Clemente Domestic Violence Task Force, winner of The Compassion Award; and Kathy Tillotson, founder of Build Futures, winner of The Service Above Self Award. Pictured at the event in the back row, from left, are: Daniel Walker, chairman of the board and CEO for F&M Bank; Nelson; Korver; Berry; Lins; and W. Henry Walker, president of F&M Bank. Pictured in the front row, from left, are: Tillotson, Drown, Widdicombe, Mackovic-Basic, Ceballos; and Sheldrake. (Photograph by the Business Journal's Larry Duncan)



Long Beach Adoption Agency Founder Honored With Prestigious Award

On September 20, Hemplata Momaya, founder and executive director of the adoption agency Bal Jagat-Children's World Inc., received her certificate for the 2016 Angels in Adoption Award from the Congressional Coalition on Adoption Institute in Washington, D.C. Pictured on the right at her adoption agency's office with Congressman Alan Lowenthal and her daughter Mausami Momaya, who is the director of social services for Bal Jagat, Hemplata's company has more than 33 years of success uniting orphaned children with loving families. To receive the prestigious award, Hemplata had to first be nominated and then that nomination had to be seconded by Lowenthal himself. (Photograph courtesy of Bal Jagat-Children's World Inc.)

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Electric Utility Billing Audit Services	RFP FM 17-009	11/29/2016
Rehab of Wells Citizen 7A & Commis. 20 (EO-3312)	WD-31-15	12/07/2016
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****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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Poncho's Mexican Restaurant Celebrates 50th Anniversary

Fourth District Councilmember Daryl Supernaw recently paid a visit to Poncho's Mexican Restaurant in his district to help celebrate the business's 50th anniversary. Owner Frank "Poncho" Flores, pictured with Supernaw, bought the building – a former coffee shop – and converted it to a full service diner in 1966. Flores is nearly 80 years old, and still works every day. He plans to eventually leave the business to his employees, who are like family to him. Poncho's is open Tuesday-Sunday, 11 a.m. to 10 p.m., and is located at 4925 E. Pacific Coast Hwy. For more information, call 562/597-7891. (Photograph by the Business Journal's Larry Duncan)

P + R Architects Changes Name To Retail Design Collaborative



P + R Architects, a Long Beach-based architectural and design firm, has changed its name to Retail Design Collaborative. The name change has been in the works for a few years,

and was driven by a changing retail environment more oriented around experiential interaction with consumers, according to a company statement. The firm is focused on architecture, planning and interior design, and working with clients, cities and communities to create memorable shopping experiences where people can also work and play. The firm recently relocated to the City Place shopping center at the former Nordstrom Rack location to create a more creative and collaborative workspace for its staff. ■



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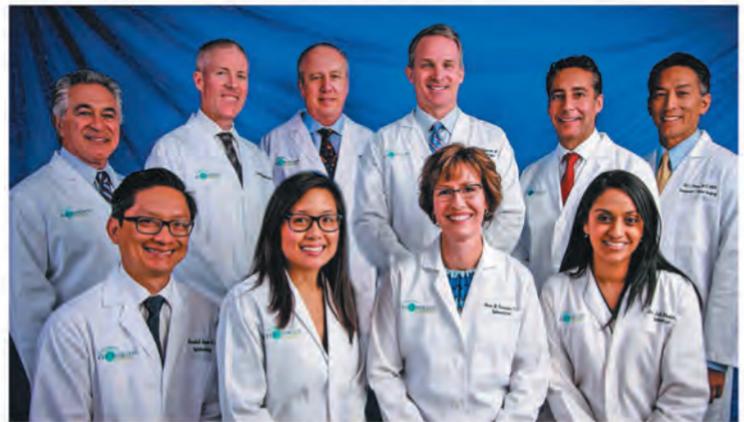
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Scott Bragg, vice president and chief operating officer of Bragg Companies, is the third generation of his family to run the company, which was founded by his grandfather, Jim Bragg, in 1946. (Photograph by the Business Journal's Larry Duncan)

From Nuclear Plants To Rocket Launch Pads, 70-Year-Old Bragg Companies Continues Tackling Tough Projects

■ By **SAMANTHA MEHLINGER**
Senior Writer

What started in the 1940s in Signal Hill as a crane rental firm with a single crane has since grown into a multidivisional company known for its ability to handle unique, complex projects. How complex? Dismantling nuclear power plants, building rocket launch pads, shoring up freeways after major earthquakes – these are just a few of the services Bragg Companies, now based in Long Beach, is called upon for.

“We have built a reputation that the tougher it is, that’s when they call us,” Scott Bragg, chief operating officer and vice president, said in an interview at the company’s North Long Beach headquarters.

Jim Bragg, Scott’s grandfather, was a crane operator – a transplant from Russellville, Arkansas – who decided to strike out on his own. He purchased his first crane and started the company, then called Bragg Crane Service, in 1946. “We started with one crane and started by moving oil rigs in Signal Hill and Long Beach,” Bragg said.

Demand from customers caused the business to diversify. “Our customers asked if we could provide transportation services for those types of equipment. So in 1955, we started Heavy Transport, which is our heavy haul trucking company,” Bragg said. That year, the company moved from Signal Hill to Long Beach, on a parcel of land on Paramount Boulevard that currently houses the company’s John Deere dealership, Coastline Equipment.

“In 1967 we started Bragg Crane and Rigging, which is our industrial construction division, because we were asked to provide labor to disassemble and reassemble,” Bragg said.

Bragg Companies’ headquarters is now located across the street on 20 acres of land purchased from Monsanto about 25 years ago.



Bragg Companies’ North Long Beach headquarters, which occupies 20 acres of land, is full of cranes and heavy-duty hauling equipment like the crane pictured on this specialized truck. (Photograph by the Business Journal's Larry Duncan)

Since the firm's founding, it has expanded to include crane rental, crane service and rigging, heavy transport and specialized services divisions, making it "a turnkey operation," Bragg said. It has 12 branches in California, Arizona, Nevada, Utah and Texas. The company also owns another John Deere dealership in Idaho and is in the process of purchasing one that serves the Las Vegas region of Nevada.

Bragg Companies is now celebrating its 70th year in business. "It seems like it has gone by in a flash," said Bragg, who has worked in the family business for as long as he can remember. Bragg succeeded his father and uncle, as well as his brother, who all passed away in 2009. His mother, Marilyn, is the company president, but he runs the day-to-day operations.

Now, Bragg pointed out, he works in his father's old office, surrounded by photos of his family. Two of his sons, Cameron and Kellen, now work for the company – a point of pride for Bragg. "They love the business," he said. "My youngest is a junior at Vanguard, and who knows what he is going to do," he added.

"I really love the business. We're blessed to have, in all of our companies, 20-, 30-, 40-year employees. You're only as good as the people you surround yourself with," Bragg reflected.

Between all its divisions, Bragg Companies has about 400 salaried employees and at any time employs between 2,500 and 3,500 people in labor positions. About 300 employees are based in Long Beach, and many have spent their whole careers with the company, Bragg said.

For Bragg and his firm's employees, one of the best parts of the job is the unique projects the company is able to take on. "We get to do a lot of unique stuff that many people don't have the opportunity to do, which our crane operators and truck drivers and iron workers in our industrial construction groups get to tell their kids about," he said. "That they built a rocket launch facility. That they built rides at Disneyland. That they built power plants to turn the lights on. High rise buildings. Stadiums."

He added, "That shows people the diversity and the experience that our employees have to take those challenges on."

Bragg Companies was called upon in 1988 to assist with the first-ever dismantling of a nuclear power plant, and has performed this task on other occasions since, Bragg noted.

The firm's biggest task to date was building The Boeing Company's Delta IV rocket launch facility at Vandenberg Air Force Base in 2000 and 2001, Bragg said. "We erected all the structural steel and all the heavy mechanical components – the swinging arms that move away from the rocket," he said.

Bragg Companies continues to partner with the aerospace industry for similar projects. It is concurrently working for

SpaceX and NASA in Florida and is also employed by Jet Propulsion Laboratory, Bragg noted.

The company is also heavily involved in the energy industry. "We work for different wind turbine manufacturers, as well as the owners of the wind farms," Bragg said, referring to wind turbine facilities near Palm Springs. These turbines weigh as much as 300,000 pounds, he added. Southern California Edison and Pacific Gas and Electric Company also employ Bragg Companies to move and install equipment. Additionally, Bragg Companies is still heavily involved in the petroleum industry, Bragg said.

While Bragg Companies continues to expand, it has faced some challenges in recent years. The company was able to weather the recession thanks to its diverse business offerings and its conservative practice of setting aside money for a rainy day, Bragg said.

"Running a business in California is not that easy," Bragg said. "It has been really constrained over the years with a bunch of new tax laws and HR issues in California," he explained.

Environmental regulations imposed by the California Air Resources Board (CARB) have necessitated purchasing new, expensive equipment. "It's really expensive in our business, with a lot of equipment and

a lot of assets, to conduct business in California. But we're still doing it." In fact, this year the firm purchased the largest cranes it has ever owned – and all are currently deployed on projects, he said.

Bragg continued, "We have to be environmentally responsible, and at the same time, we still have to build things. We still have to get things accomplished. And it's harder and harder to do. But we try to stay on the leading edge of that with new technology and new equipment to comply with the laws that we're facing."

As Bragg Companies expands, it continues to purchase assets of other crane companies. "You have to be careful what you're buying. You can't buy anything old because of all the CARB regulations and all that," Bragg noted. "But we're always moving forward."

As a longtime Long Beach area business, Bragg Companies has been involved in the community since it was founded, Bragg said. The company has working relationships with the Red Cross and the Long Beach Fire Department to leverage its equipment and services in the event of a massive earthquake or other emergency, according to Bragg. "We work with fire and rescue [teams] during earthquake situations and catastrophic events, pulling cars off

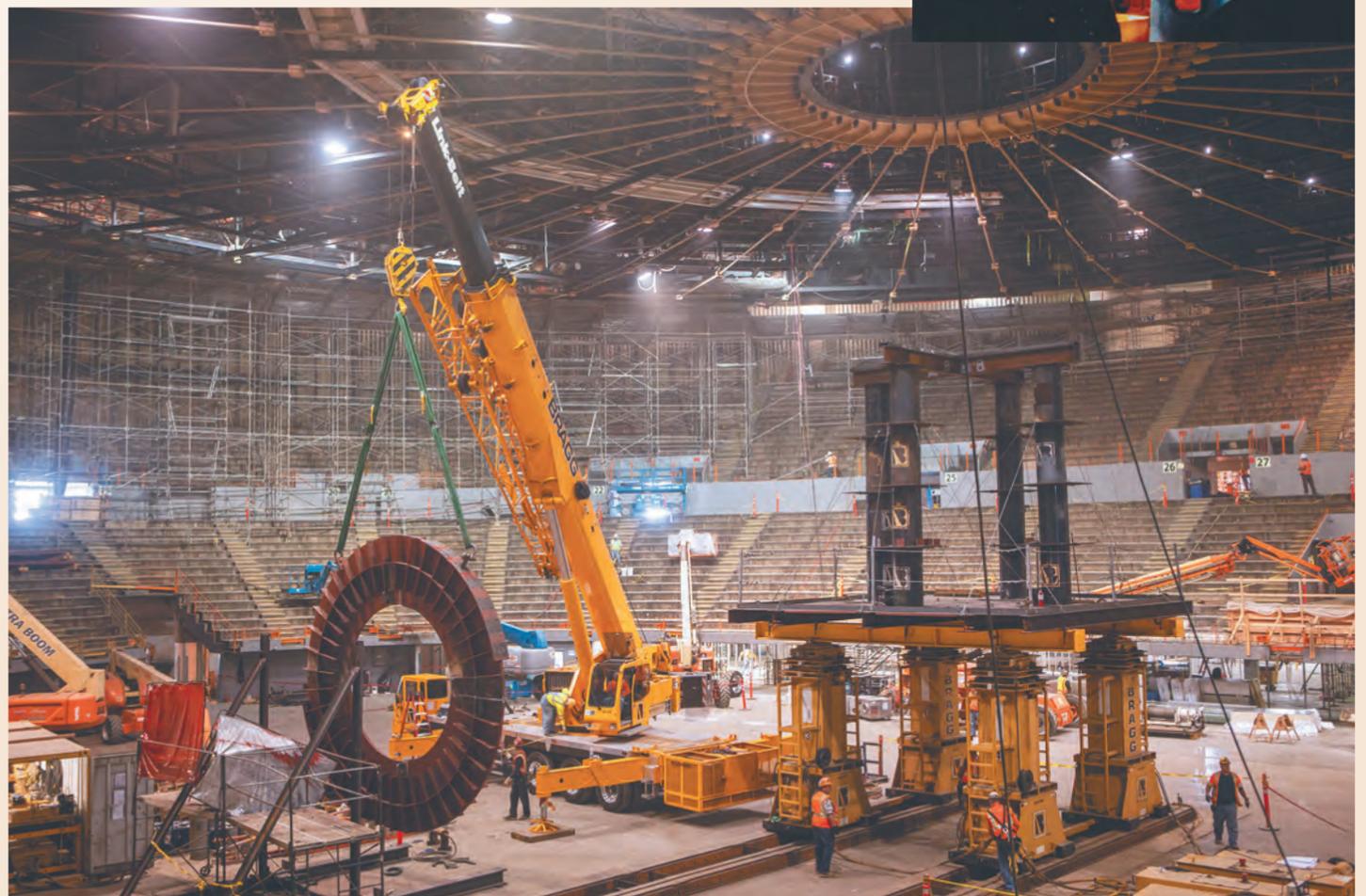
freeways and shoring up freeways," Bragg said. "We support with our equipment."

Bragg Companies has also been involved with local charities and schools. The firm hosts an annual golf tournament, which last year raised \$15,000 for Ronald McDonald House. The company has also donated funds to help seniors in the Long Beach Unified School District (LBUSD) pay for their yearbooks and for tickets to prom, which can amount to as much as \$600 total, Bragg said. Last year, Bragg Companies donated \$25,000 for this cause.

On November 2, Bragg Companies hosted more than 750 LBUSD students at its Paramount headquarters to learn about careers in the crane, rigging and specialized transport industries. The event was part of a national initiative by the Specialized Carriers & Rigging Association (of which Bragg is a member), the National Commission for the Certification of Crane Operators, and KHL Group, which owns American Cranes & Transport magazine.

In the coming years, Bragg looks forward to watching his kids and employees succeed. He reflected, "From my grandfather on, it has always been about the people you surround yourself with. You have to have good people. You can't do everything yourself. And you have to rely on them." ■

Jim Bragg, at right, founded Bragg Companies with one crane in 1946. The 70-year old Long Beach firm now has 12 branches and multiple John Deere dealerships in five states. Below is a historic photo that shows some of the early equipment of Bragg Companies, which was founded in 1946 in Signal Hill. The firm moved to Long Beach in 1955 and has been based here ever since. Bottom, Bragg Companies worked on construction at performance venue The Forum in Inglewood, using its heavy-duty equipment to install the facility's supportive diaphragm structure. (Photographs provided by Bragg Companies)





Greg Burnight, president of the Long Beach Rotary Charitable Foundation and partner in Long Beach-based law firm Curtis & Burnight, reads to children at the Long Beach Day Nursery, a long-time beneficiary of the Rotary Club of Long Beach's philanthropic giving. The nursery recently received a grant from the foundation that will help fund its early literacy program. (Photograph by the Business Journal's Larry Duncan)

Long Beach Rotary Charitable Foundation: Supporting Local Youth And Education Through Philanthropy

■ By **SAMANTHA MEHLINGER**
Senior Writer

Since the Long Beach Rotary Charitable Foundation was established in 1991, it has distributed more than \$1.5 million to at least 50 local organizations benefiting youth and education. The Rotary Club of Long Beach, now approaching its 100th anniversary, has been giving to these causes since its formation, according to Greg Burnight, president of the foundation.

"Long before I was in the club, back at the start in 1917, they initiated what was referred to as the Good Samaritan Fund," Burnight, a partner with the Long Beach law firm of Curtis & Burnight, said. "And the tradition was, prior to '91 anyway, that the president during their year would be able to raise money and then designate a charitable purpose for it."

The first president of the club, a local mortician named J.J. Mattel, started this tradition by humorously fining members when they were recognized for their birthdays or other occasions, Burnight said. "Someone would make a contribution in exchange for being recognized," he explained.



Greg Burnight, president of the Long Beach Rotary Charitable Foundation, presents a check to Whitney Leathers, executive director of the Long Beach Day Nursery. The nursery, which provides early childcare and education for children of working parents, applied for the funding through the foundation's annual grant program. (Photograph by the Business Journal's Larry Duncan)

Under Mattel's leadership, a major beneficiary of the club's Good Samaritan Fund was the Long Beach Day Nursery, a nonprofit that provides childcare to children of working parents. "We contributed \$20,000 to the purchase of the Day Nursery site, which, back . . . when they purchased the site, was a more substantial piece of a purchase than today," Burnight said. The organization still benefits from Long Beach Rotary, he noted.

Long Beach Rotary's donations worked this way for about seven decades before the club decided to create a formal structure for its philanthropy through the creation of the foundation.

"In conjunction with the notion of making a difference in the community, we thought the perpetuity of a foundation would give us the ability to grow a corpus but also to receive other support from our members who wanted to make legacy-type gifts," Burnight said. Additionally, he noted, "One of the impetuses to forming the foundation was probably just legal compliance."

Following the formation of the foundation, Rotary members have created bequests and lifetime gifts to help sustain ongoing Rotary programs like Reading by 9 and Camp Enterprise, according to Burnight. Started in 1999, Reading by 9 is

a program that funds the purchase of books for local schools. "To date, I think we have raised over \$500,000 in 17 years," Burnight said of the program. He estimated as many as 230,000 books have been donated through Reading by 9.

"Literacy is one of the core missions of Rotary and, in particular, Long Beach Rotary. Youth and education are two of our cornerstones," Burnight said. Each year, the foundation allocates a portion of funds raised for Reading by 9, as well as grants for teachers, he explained. "Then the balance of it gets poured back in to the community, the nonprofits outside of Rotary [efforts]."

Long Beach Rotary's Camp Enterprise program has also been funded by gifts from members over the years. "Camp Enterprise started back in '92. It is a business entrepreneurial boot camp run by Rotarians in Long Beach," Burnight said. "We take about 50 to 60 high school students up to Big Bear to camp out and do a two-and-a-half day program on entrepreneurialism and teaching them skills and business acumen," he explained.

"We ask the high school counselors for recommendations for B students – good students that may have other challenges in their life," Burnight continued. "We had a member pass recently who has made a bequest that is going to be extremely substantial. So it will allow that program to be sustained in perpetuity and probably expanded."

In addition to funding ongoing Long Beach Rotary programs, one of the foundation's primary functions is to gift grants to organizations that benefit local youth and

education initiatives. This year, 19 Long Beach-area nonprofits received grants for initiatives like after school programming, school supplies, scholarships, arts education, tutoring, early literacy and more.

The Long Beach Day Nursery's grant this year is going directly to programs and services related to literacy, Whitney Leathers, the organization's executive director, said. "It allows us to restock our libraries, not only for the children in each of our classrooms but also for our lending libraries so that the children can take books home with their families and practice literacy activities at home," she explained. "If it wasn't for Rotary's support, not all of our families would have access to books in their home."

Leathers added, "I think what's also really special about the Rotary is their commitment to our community. They have been around for 100 years and the Long Beach Day Nursery has been lucky enough to be a recipient of their support that entire time."

Another recipient of a grant this year is the Boys and Girls Clubs of Long Beach, which is using the funds for educational programming. "The grant will help towards our diplomas to degrees program where it helps youth graduate from high school," Don Rodriguez, the organization's executive director, said. "We're just thankful that all the members of Rotary have been very supportive of the community, and especially the Boys and Girls Clubs of Long Beach."

The foundation implements a cap on the amount of funds that can be donated per grant – this year, that cap is \$2,500 – and also has a rule that one group cannot

receive a grant three years in a row, Burnight said. "Because you could easily give to . . . organizations repeatedly to the exclusion of others," he explained.

The president of the foundation board rotates each year, with the position given to the previous year's Long Beach Rotary president. "The concept being that I am giving away the money that I raised during my year as president," Burnight said. The club's current president is also on the board, as is the past president of the foundation from the prior year, plus about 11 at-large members.

Applications for the foundation's grants are available on its website. Once they are received and the application period closes, the board reviews the applications and

collectively decides which organizations to give to, Burnight explained. Key in their decision is how much of an impact the grants would be able to make on local youth, he said. "We don't fund events, and we don't fund PR materials for the organizations," he noted.

"The best services the foundation can provide through our grants is to augment things that have been cut back within the schools, or services or programs that supplement what's available for lower income parents or kids from lower income families," Burnight said. "To the extent that we can seek those organizations out and provide them with whatever support we're able to, I think that's kind of our calling card." ■



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Long Beach Rotary Honored For 100 Years Of Service And Philanthropy

By **SAMANTHA MEHLINGER**
Senior Writer

On October 25, the Long Beach Rotary was honored at the Los Angeles Board of Supervisors meeting by 4th District Supervisor Don Knabe, who wished the organization well as it prepares to enter its 100th year of service to Long Beach. He also presented the organization with a scroll to commemorate the occasion and its service over the past century.

“They have donated over 1.5 million through their charitable foundation to various local educational nonprofits. They created Centennial Park, and annually sponsor about 60-plus high school kids to attend Camp Enterprise,” Knabe said at the meeting.

“They donated over \$500,000 for over 220,000 books and e-books for the Long Beach Unified School District preschool,” Knabe continued. “And its



Pictured with Los Angeles County 4th District Supervisor Don Knabe, center, are Long Beach Rotary members, from left: Cam Killingsworth (president 1998-99 and chair of the Centennial Committee); Steve Keesal (president 2017-18); Jayne Lastusky (president 2016-17); and Gail Schwander (president 2018-19). (Photograph courtesy of Caught In The Moment Photography)

scholarship foundation has awarded almost 4,300 scholarships totaling approximately \$5 million to local students attending Long Beach City College and Cal State Long Beach.”

Recently, the club’s 300-plus members “committed to \$250,000 as a centennial

legacy gift to the new Long Beach Main Library,” which is being constructed as part of the new civic center, Knabe pointed out.

“So on behalf of myself and my colleagues, and the 10 million residents of Los Angeles County – I’m married to a

native Long Beachian, my wife Julie – we just want to say thank you for 100 years,” Knabe said. “The lives that you have touched over those 100 years and will continue to serve in the future are greatly appreciated. . . . Happy 100th to Long Beach Rotary.” ■



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Rick Rackers Auxiliary Of Assistance League Long Beach Names Tammy Newland Woman Of The Year

Realtor and philanthropist Tammy Newland has been named “Woman of the Year” by the Rick Rackers Auxiliary of Assistance League Long Beach. She will be honored during a luncheon on February 3. Newland is the owner and operating principal of Keller Williams Realty Seal Beach. According to a Rick Rackers’ statement, “Newland, who first volunteered with the Long Beach Police Department in 1986, has been active with several Long Beach non-profit organizations, including CAMEO Professional Auxiliary of Assistance League Long Beach, National Women’s Advisory Council, Long Beach St. Mary Medical Center Foundation, Long Beach Rotary International and Junior League of Long Beach, to name a few. She is currently the president of Steel Magnolias and an alumnus of Leadership Long Beach. Newland also serves on the National Association of REALTORS.” Rick Rackers is a nonprofit volunteer organization “whose purpose is to carry on a program of philanthropic work to improve the lives of children in the community.” Newland is Rick Rackers’ 62nd “Woman of the Year.” ■

www.rmhcsc.org/longbeach

Third Sector Report

Inclusiveness: Nonprofits Must Be The Example



By **JEFFREY WILCOX**

As he stood on the steps of the Lincoln Memorial and declared, “I have a dream,” in August of 1963, Dr. Martin Luther presented a worldview that would never be forgotten. In 17 minutes, his impassioned words challenged people from all walks of life to lock arms with one another to unleash the human potential that lies within every person.

A prominent attribute of the nonprofit landscape is the number of organizations that work tirelessly to turn the dream into a reality. Whether it’s making sure the arts are accessible to all, that all children enter school ready to learn, or that the health and safety of every citizen is every citizen’s concern, most successful nonprofits build their businesses around a world view in which inclusiveness with equal access and without bias holds the key to advancing the community.

In nonprofit nomenclature, it’s called Social Justice. And, what that means is making sure that all people are supported, protected, and provided tools to pursue their own aspirations, achieve a quality of life of their choosing, and can fully participate in the community without barriers.

In the 53 years since “I Have A Dream” was woven into the fabric of American society, one has to wonder just how successful the third sector, itself, has fared as the example for the other sectors to follow.

The numbers of nonprofits that claim to value diversity and inclusiveness are high, but the numbers that would illustrate their values at work in their own organizations aren’t. While the nonprofit sector has the most diverse workforce in America according to The Nonprofit Quarterly, the boardrooms and executive offices that lead these workers and volunteers into action remain significantly disproportionate to the communities they serve.

Cultivating diversity and achieving inclusiveness in any organization is not an easy job. It’s a leadership mindset. It’s an organizational culture. And, most importantly, it’s a demonstrated commitment.

Today, nonprofit organizations understand that the proof in the pudding isn’t about quotas. It’s about an organization exhibiting an intelligence quotient that indicates that it understands its continual obligation to involve people, their voices and their cultures, in creating community progress. The outcomes will speak for themselves.

Demonstrating an inclusiveness IQ can begin with continuously cultivating a culturally competent board. It is astounding the numbers of community leaders who are unaware of how cultures, other than their own, make community decisions, participate in discussions, raise their children, treat their elders, define gender roles, approach philanthropy, and celebrate successes.

A higher inclusion IQ would remove socio-economic barriers in their own organizations before pointing the finger at others. Where would the nonprofits of King’s era be today, for example, if each had mandated a “give or get fundraising policy” as the determining factor of a person’s candidacy to sit on the board of a great cause?

Intelligence is also demonstrated when an organization’s recruitment processes aren’t based on friendships. With 84% of the nonprofit board members in the U.S. being caucasian, when will we learn that most people’s friends demographically resemble themselves?

Walking the talk of inclusiveness requires breaking some bad habits: Most convenient doesn’t always mean most accessible. Easiest and cheapest doesn’t always equate to smartest. Big meetings with a few vocal people do not mean all voices have been heard.

Today, boards and executive leaders, who want to be viewed as walking their talk, put their intentional inclusiveness and cultivation of diversity in writing and hold people accountable. These intentions can be communicated in committee charges, meeting ground rules, and performance reviews. A board development committee can be held accountable for cultivating a culturally competent board as part of their obligation to the mission and its governance.

Over 50 years ago, Dr. Martin Luther King said, “Human progress is neither automatic nor inevitable.” He also said, “Nothing in the world is more dangerous than sincere ignorance and conscientious stupidity.”

The nonprofit sector holds the greatest potential to demonstrate the participatory, inclusive and just society that King advocated. It begins, however, with the leaders of organizations who are serving the community standing in front of the mirror before standing before others. And, then, based on what they see, creating actions that require no words or translation.

(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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Farmers & Merchants Bank: Giving Back To Long Beach Since The Turn Of The 20th Century



Daniel Walker, left, chairman of the board and CEO, and W. Henry Walker, president, carry on the legacy of Farmers & Merchants Bank's founder, Charles J. (C.J.) Walker. To this day, the bank upholds C.J.'s philanthropic spirit, regularly giving to local schools, healthcare facilities, nonprofit organizations and religious institutions. (Photograph by the Business Journal's Larry Duncan)

■ By **SAMANTHA MEHLINGER**
Senior Writer

There are few companies that have had a presence in Long Beach as long as that of Farmers & Merchants Bank, and perhaps even fewer that have made so many lasting marks on the community. Farmers & Merchants Bank got its start because the people of Long Beach invested in it – and the bank has never ceased returning the favor. In part because of Farmers & Merchants, schools and churches were built, the local YMCA got its start, the Long Beach Symphony is still playing, and a major hospital was able to grow.

At the bank's historic headquarters on Pine Avenue – an architectural icon of Long Beach's past, built in 1923 – President W. Henry Walker told the Business Journal that he is the fourth generation to lead Farmers & Merchants, but that it is the core values instilled by the family's first generation that continue to guide the bank's practices.

"I think when you look at our ongoing philanthropic efforts, you have to go back and consider our roots, which reach back to my great-grandfather and great-grandmother, and who they were and what they did for the city," Walker said, referring to F&M Founder Charles J. (C.J.) Walker and his wife, Carrie.

"Those values of a world gone by were

embedded into the family – stories that go back to C.J. leaving the grocer some money every week for somebody who otherwise couldn't afford groceries," Walker reflected, noting that C.J. and Carrie were very strong in the Christian faith. At one point, C.J. was mayor of Long Beach but could not finish his term due to illness. He funded the election for his replacement from his own pocket – just one example of his philanthropic philosophy in life, according to Walker.

A 104-page history of the bank, written on the occasion of its 100th anniversary in 2007, notes that, "In the 1920s, virtually every religious denomination in town built a new sanctuary financed by F&M."

C.J. Walker helped to found the YMCA of Greater Long Beach and led capital campaigns to fund a facility for the organization, eventually raising \$400,000, according to the bank's history. "The YMCA of [Greater] Long Beach, which was partially founded by my great-grandfather, has received enormous amounts of money over our 100-plus-year history in the City of Long Beach," Walker said.

Schools have long been beneficiaries of F&M's giving, and education continues to be a focus through the bank's recently formed F&M Foundation, according to Christine Walker, president of the foundation. "Education is definitely a highlight for us. It's something that we believe is a tool that nobody can take away, and that the



value of education will allow a person to go forward in whatever they want to pursue in their life," she said.

In 1968, the Long Beach Unified School District issued \$1.85 million in bonds to fund the construction of Elizabeth Hudson Elementary School in the city's Westside, according to F&M's history book. "They couldn't sell any of their bonds," Henry Walker recounted. "We bought them all. Can you imagine how we have paid generations forward on that level of investment for a city?"

Christine noted that the F&M Foundation has created an annual \$10,000 scholarship for students in California State University, Long Beach's accounting program.

While the bank has been giving back to the community since it was founded, it has only recently begun the process of forming its own foundation to ensure the bank's charitable future, Christine said. "The focus of the Farmers & Merchants Foundation was just to formalize all of the charity and donation giving that we have been doing since we got started," Chris-

tine said. The foundation is still in the process of organizing, she explained.

"What we try to look for is organizations that are helping people in need," Christine said. "We do cover a wide sector of needs from medical, education, scholarships, and then basically capital improvements to the city."

Health care has been a longtime focus of F&M's philanthropy. Long Beach Memorial Medical Center (LBMMC) and Miller Children's & Women's Hospital Long Beach exist as they do today in part because of F&M, which made a \$4 million loan for the purchase of the land where the medical campus currently resides, according to the bank's history.

Cassietta Walker, wife of the bank's second president, Gus Walker, was one of the founders of the Seaside Hospital (now LBMMC) volunteer group and remained involved for almost 50 years, the book states. Today, Christine is chair of the LBMMC Foundation.

In 2015, F&M supported nearly 100 Long Beach-area nonprofits benefiting schools, faith-based organizations, health care, community development and the arts.

"For us, partnering with all the nonprofits and organizations that support this community is part of our banking relationship with our customers," Christine said.

The Long Beach Symphony is one local arts group that has benefited greatly from F&M's giving, Henry Walker pointed out. "The symphony has received over \$1 million by now from us in ongoing sponsorship dollars," he said.

F&M's philanthropic efforts also sometimes come in the form of generous loans. "We can't forget that philanthropy is not just [donated] dollars, but many times it can be in the form of a loan to a nonprofit that otherwise couldn't get one," Walker said.

"Does philanthropy always just mean gift of dollars? Sometimes it's involvement – even involvement at the volunteer level," Walker said. "We have close to 2,500 hours every year of volunteer time from our staff."

F&M also gives back to the community by recognizing organizations and individuals. For example, since 1938, the bank has delivered apples each Christmas to Long Beach's police and fire departments as thanks for their work in the community. And each year, the bank holds an awards ceremony called "People You Can Bank On" that recognizes people who have overcome challenges and gone on to do great things in their communities.

"We feel blessed, and with that comes a responsibility to continue to give back," Walker reflected. "To whom much is given, much is expected." ■

Increasing Demand For Residential And Commercial Real Estate

(Continued From Page 1)

home values increase and keep pushing against affordability in terms of what one needs to save for a down payment," she said.

The median age of homebuyers in the United States is 33 years old, the older demographic of the Millennial generation, according to Olsen. "Millennials are aging. They are finally reaching those major life events that will precipitate homeownership," Olsen said. "They tend to be a little bit more urban than older generations, but they too are still looking for the traditional single-family home with space."

Sales transactions have decreased in recent months, according to Robert Kleinhenz, economist and executive director of research for Los Angeles-based Beacon Economics. Increasing home prices and strict lending standards may be partially behind lagging sales, in addition to low inventory, he said.

"Homeownership rates for the state, as well as for the nation, are at 50-year lows," Kleinhenz noted. "So we're dealing with repercussions from the Great Recession and the housing downturn in that homeownership has not yet picked up." As a result, many people are renting. In the City of Long Beach, as much as 61% of households occupy rental properties, according to a recent report by Beacon Economics.

Pressure on the rental markets has led to consistently increasing rents since 2011, according to the report. Rents have increased by 5.8% from the second quarter of 2015 to the second quarter of 2016.

With high occupancy rates of multi-family units and increasing rents, local real estate professionals report that the demand to buy these properties is high. But because property owners are earning good returns on investment, they aren't as motivated to sell, resulting in low inventory. One local agent, Eric Christopher, described multi-family market dynamics as "the same song we've been singing for some time now:" high demand, low inventory, rising prices.

To accommodate demand for rental housing, there is a "huge boom" of building in that sector nationwide, Olsen said. In Long Beach, there are several new apartment buildings underway or planned in the downtown area, with new ones announced seemingly every other month. One indication of strong demand is that the developer of the 35-story luxury high-rise apartment tower adjacent to The Current recently petitioned the city to add 94 units to the project.

Petra Durnin, the Southern California director of research and analysis for CBRE Inc., wrote in an e-mail to the Business Journal, "New developments in Downtown Long Beach like The Current and the recently announced Oceanaire provide a strong indication that the renaissance is well underway." Oceanaire is a seven-story, 216-unit multi-family project planned at 150 W. Ocean Blvd. by developer Lennar.

The Long Beach industrial market is also experiencing new construction, with a new three-building addition to Sares-Regis' Douglas Park. The industrial market in Long Beach and the South Bay is very tight, with about 1% vacancy or lower, according to Kleinhenz.

In this area, "industrial [real estate] has long been recognized as having very low vacancy and benefitting from both the ports of Long Beach and Los Angeles," Damon Wyler, regional manager at the Long Beach office of Marcus & Millichap, said. That sector is becoming an increasing point of focus for his firm, he noted.

The slowest real estate sector to recover from the Great Recession has been the office market, but it is now showing signs of improvement. "We are seeing occupancy levels increasing. We're seeing Class B downtown office space at 90%, which is the highest it has been in recent memory," Wyler said. "And we are also seeing an increase in rents. There are a number of reasons for that, but most importantly it's jobs."

According to Cushman & Wakefield, overall occupancy in the Long Beach office market is about 15%.

"Vacancy rates [of office space] are lower. And it appears as though in the South Bay region, which includes Long Beach, the vacancy rates are falling more quickly than in the county as a whole," Kleinhenz said.

"Long Beach is really a tale of two markets," Durnin wrote, referring to the local office sector. "Over the past few years fundamentals have strengthened significantly in suburban Long Beach, primarily because of proximity to the 405 Freeway and expansion of larger tenants already in the market," she continued. "The longer outlook for downtown is bright due to high levels of commercial investment, tenant expansions and older product conversions in the market that will greatly improve the long-term demand for office space as supply diminishes."

While local real estate agents report

new businesses moving into office space as part of the reason for the decline in vacancy, another cause has been the removal of some office buildings from the market. Buildings like the Ocean Center Building at 110 W. Ocean Blvd. and the Security Pacific National Bank building at 110 Pine Ave. are both set to be converted from office to residential.

Job gains, too, play into increasing occupancy of office space – and into increasing retail sales activity, according to Kleinhenz. "With the unemployment rate in Long Beach as a whole as low as it has been in years and, corresponding to that, you've got household incomes on the rise and firms are doing better – all of these are the fundamental drivers of retail sales activity," he said. "So one would expect to see that new retail estab-

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<div style="background-color: #003366; color: white; padding: 2px; font-weight: bold;">CLOSED</div> <p style="margin: 5px 0;">28-Unit Multifamily Long Beach, CA \$5,000,000</p>	<div style="background-color: #003366; color: white; padding: 2px; font-weight: bold;">CLOSED</div> <p style="margin: 5px 0;">16-Unit Multifamily Long Beach, CA \$5,450,000</p>	<div style="background-color: #003366; color: white; padding: 2px; font-weight: bold;">FINANCED</div> <p style="margin: 5px 0;">26-Unit Multifamily Gardena, CA \$3,413,000</p>
<div style="background-color: #003366; color: white; padding: 2px; font-weight: bold;">CLOSED</div> <p style="margin: 5px 0;">16-Unit Multifamily Long Beach, CA \$3,100,000</p>	<div style="background-color: #003366; color: white; padding: 2px; font-weight: bold;">CLOSED</div> <p style="margin: 5px 0;">Shopping Center Buena Park, CA \$12,500,000</p>	<div style="background-color: #003366; color: white; padding: 2px; font-weight: bold;">CLOSED</div> <p style="margin: 5px 0;">12-Unit Multifamily Hermosa Beach, CA \$8,000,000</p>

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(Continued From Page 17)

ishments, including eating and drinking establishments, will continue to open up around the city.”

Long Beach’s retail real estate sector is “still in transition,” Wyler said. Some bright spots include Retro Row, Pine Avenue and the revamped The Pike Outlets, he noted. “I think that we still have a little ways to go to see how successful they are,” he said.

While Durnin acknowledged that the city’s retail market was “mildly affected by the recession,” she had mostly positive things to say about its current state and outlook. “Long Beach has often been described as the Brooklyn of Los Angeles, with emerging markets that attract young Millennials and creatives and an eclectic group of retail tenants that have targeted Long Beach’s 18.7-million-square-foot retail market,” she wrote. “Long Beach is a mecca for hip restaurants with numerous wildly popular dive bars along with craft cocktail taverns. Vintage shops and boutiques have also targeted the city, along with all major credit tenants.”

Plus, Durnin pointed out, “Long Beach Towne Center is the second largest non-

mall center in SoCal at 1.3 million square feet, with an occupancy that hasn’t dipped below 96% in 10 years.”

Overall, “we are trailing Downtown Los Angeles as far as urban core renaissance and revitalization. However, in the past few years we have seen a tremendous surge in revitalization activity,” Wyler said. “Long Beach is probably one of the best positioned submarkets in the Greater Los Angeles area.” ■

High-End Inventory And Election Uncertainty Slows Home Sales (For Now)

■ By **SAMANTHA MEHLINGER**
Senior Writer

Pending and closed sales of single-family homes in Long Beach have decreased in recent months, but it’s not for lack of demand, according to local real estate professionals. Rather, there are two issues at play. One is that the inventory of low- and mid-priced homes – those highest in demand among homebuyers – is quite low right now. Instead, high-priced homes are making up more of

the inventory. The other issue at hand has been political uncertainty due to the presidential election.

“September showed a dramatic drop in both pending sales and closed sales,” Phil Jones, owner and CEO of Coldwell Banker Coastal Alliance, told the Business Journal. “The pending sales were down 38% from September of 2015, and closed sales were down 14.3%.”

In general, the inventory of homes is too low to meet demand, Jones said, estimating that if no new listings were put on the market in Long Beach, the current number of homes for sale would sell out within 2.8 months given current demand.

Geoff McIntosh, owner of Long Beach-based Main Street Realtors and the new president of the California Association of Realtors as of November 8, said what inventory there is has lately been dominated by high-end homes. “We still have no inventory in the sweet spot, which is anything up to \$700,000,” he said. “But things over \$700K, we’re seeing significantly longer holding times.”

Due to the higher number of more expensive homes on the market, the median price of homes in Long Beach increased by about 9.4% year over year from September 2015 to the same month this year, Jones said. “There wasn’t an unusually higher number of sales, but I think that the upper

end of the market probably had an inordinate number of closings in September,” he explained.

The current median sales price of single-family homes in Long Beach is about \$600,000, according to McIntosh.

McIntosh observed that uncertainty surrounding the presidential election might also be behind slow sales. “People are momentarily paralyzed waiting for the outcome of the election,” he said. “We go through this every four years, and we never seem to remember it until it’s on us again.”

Jones, too, thought the presidential election might be behind slowing sales. “This is just conjecture, but I believe that the uncertainty around the election is causing people to pause before they act,” he said.

Kelsea Mazzocco, a real estate agent with Bixby Knolls-based Sonnocco Real Estate Group, agreed. “There is so much going on with this being an election year and historically how that always creates a bit of a hold in our market,” she said.

Pending sales for condos in Long Beach are also down. From September 2015 to September 2016, “Pending sales in the condo market were down 35%, and closed [sales] were down 10.3%,” Jones said. The median price of condos is about

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Side-By-Side Residential Developments In Downtown Long Beach

The block that encompasses Broadway to the south, Pacific Avenue to the east, 3rd Street to the north and Cedar Avenue to the west in Downtown Long Beach is the site of two residential developments with a combined 385 units – primarily apartments. Parc Broadway, with 222 units, is underway and includes ground-floor retail space, an art gallery and a “bike kitchen.” The development, across the street from city hall, includes townhomes, lofts, studios and one- and two-bedroom units. To its north is the recently approved Third + Pacific project by developer Sares-Regis. As previously reported, 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. (Photograph by the Business Journal’s Larry Duncan)





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Inventory And Election Uncertainty Slow Sales

(Continued From Page 19)

\$317,500, which hasn't changed much since the same time last year, he said, adding that the inventory of condos for sale has actually increased slightly year over year.

Long Beach is currently a seller's market, according to Mazzocco. "If your home looks good and you put it on at a good price, it sells within the first two weeks," she said. "I would say Alamitos Heights is one of the hottest communities in Long Beach right now," she said. Rose Park and areas near downtown are popular with the Millennial/hipster set, she noted.

Home prices in Long Beach haven't quite hit pre-recession highs, but they are getting closer, Mazzocco observed. "I think we're at the beginning of something turning," she said. "I don't know that it's ever going to be that jack knife that we saw before." Rather, the market will steadily become more balanced so sellers



Kelsea Mazzocco, a realtor at Bixby Knolls-based Sonnocco Real Estate Group, has noticed slowing sales transactions of single-family homes in Long Beach in recent weeks. She partially attributes the slowdown to election jitters. (Photograph by the Business Journal's Larry Duncan)

don't have quite as strong an upper hand, she explained.

Jones said he expects prices of homes in Long Beach to continue increasing next year because more Millennials are entering the market, which will further increase demand while inventory remains low. "They make up such a large demographic of the overall population," he pointed out.

McIntosh said he anticipates similar market dynamics moving forward. "The market is good, and it will continue to be good. And I don't see anything that's going to shake that up," he said.

Jones cautioned that tax reform issues coming up next year could put a pin in the market, to an extent.

"Looking into next year, we know there is going to be tax reform," he said. "And all of the proposals that we have seen can have an impact on the benefits of homeownership if they were to pass." Jones serves on the taxation committee of the National Association of Realtors' board of directors.

He added, "We have real concerns about these plans eliminating the tax benefits of homeownership." ■

After 55 Years, Former Church Site To Become Family Homes

■ By **BRANDON RICHARDSON**
Staff Writer

The longtime home of the El Dorado Park Community Church will soon be demolished to make way for a 40-home, gated community. The church vacated the six-acre site located at 3655 N. Norwalk Blvd. in February, and demolition of the current structures is scheduled to begin in March, according to Matt Hamilton, a partner at Newport Beach-based community planning firm Preface.

"We're excited. It's going to be gated and private with paseos and walkways," Hamilton said. "Big streets and lots of parking within the project. It's kind of just a traditional, single-family subdivision that you don't see too often anymore on infill sites."

The homes will range from 2,475 to 2,700 square feet and are expected to sell for \$800,000 to \$900,000 based on resale values of the surrounding area, according to Hamilton. Preface has hosted several outreach meetings for the surrounding community, which thinks the project is a good fit, Hamilton said.

Inside the community, which will be managed by a homeowners association, residents will enjoy a walking trail, a tot lot, barbecues, picnic tables and an open-space grass area, as well as private yards on their properties. Hamilton described the single-family homes as having a big, open concept, which will include a kitchen, living and dining areas, loft space, a laundry room and four bedrooms.

"Since Eldorado Park Estates, which this is kind of an extension of, is a really great family neighborhood — they've got a great neighborhood school over here, Newcomb Elementary — we really think there is a good demand

for families," Hamilton explained. "There's just no new homes in this area. These were all built in the '50s and '60s mostly."

Though the property was vacated this year, Preface purchased the property from the church two years ago. The church then entered into a lease agreement with Preface while it searched for a new home. Hamilton said the buildings were too much upkeep for the church that first bought the land in 1961 and broke ground for construction two years later.

During its 53 years of ownership and two additional years of leasing, El Dorado Park Community constructed

several buildings and erected a towering cross just outside the fellowship hall, which a member of the church is working on relocating. From 1971 to 1981, the church had peak attendance at 1,800 parishioners per week.

With dwindling numbers and members who were located in Orange County, the church decided to sell the property and relocate to a smaller facility closer to its members. In 2014, the church sold the property to Preface for \$6.5 million and entered into the lease agreement. Since vacating, the church has rented a location in Los Alamitos but is still looking for a permanent home.

The project has been through the design review process but is waiting for the California Environmental Quality Act (CEQA) document to circulate for the mandatory 45 days, which is up on December 5, according to Derek Burnham, principal at Burnham Planning & Development.

"From there, we go to a planning commission hearing, and then we'll have a city council hearing following that because one of the actions is to change the zone here," Burnham said. "It's an institutional zone, and they want to go to a residential zone, obviously more compatible with its surroundings. So that's the goal here. We don't have firm dates for either of those two hearings yet."

Burnham explained that with the new zoning, the project will actually fall two homes under the maximum allowable density. He said this is because the approach of the developer was not to maximize homes but to create a living environment with amenities people will enjoy.

According to Hamilton, the entire project will cost around \$30 million, and if work starts this spring as planned, he estimates the project will be completed in late 2018 or early 2019. ■



The gated community being developed by Preface will include 40 single-family homes ranging from 2,475 to 2,700 square feet and will sell for between \$800,000 and \$900,000, according to Preface partner Matt Hamilton. Residents will also enjoy a walking trail, a tot lot, barbecue and open-space areas, as well as private yards on their property. (Rendering courtesy of Preface)



After being located at 3655 N. Norwalk Blvd. for 55 years, El Dorado Park Community Church vacated the premises in February. Newport Beach-based community planning firm Preface will begin demolition of the site in March to make way for a 40-home gated community, estimated to be completed in late 2018 or early 2019. (Photograph by the Business Journal's Larry Duncan)

Attractive ROIs Driving Buyer Demand For Multi-Family Properties – If They Can Find One

By **SAMANTHA MEHLINGER**
Senior Writer

Sales transactions of Long Beach multi-family properties have slowed in the past month or so, with low inventory and perhaps some reticence about the presidential election as the likely causes, according to local real estate professionals. Still, demand to buy remains strong, and when properties do hit the market, they sell quickly.

“I’ll just say only in the last month, and this is just anecdotal . . . it seems to have slowed down just a tiny bit,” George Bustamante, vice president of Coldwell Banker Commercial BLAIR WESTMAC, told the Business Journal. “I think part of that is just that we have an election, [and] there is a little bit of uncertainty.” Rising sales prices of multi-family properties might also be causing potential buyers to pause, he noted.

Steve “Bogie” Bogoyevac, first vice president of investments and senior director of the National Multi Housing Group for Marcus & Millichap, also observed fewer sales transactions in recent weeks. With interest rates for loans still historically low and local rental rates on the rise, the demand to buy multi-family properties in

Long Beach is still high – there just aren’t that many on the market, he explained.

“It’s probably the lowest inventory I think I may have ever seen in Long Beach,” Bogoyevac said. As of the first week of November, there were only 15 properties with five or more units listed for sale in Long Beach, and some of those may be in escrow, he said.

Inventory is likely low because property owners are seeing good returns on their investments, according to Bogoyevac. “Rents have been increasing. People’s loans that they have on the properties are good,” he said. “So why sell?”

Properties that do hit the market sell fast – if they’re priced right. “I listed two properties last week, a six-unit and eight-unit in Long Beach, and within 48 hours I had a half a dozen offers on each one of them,” Bogoyevac said.

Both Bogoyevac and Eric Christopher, senior investment associate with INCO Commercial, pointed out that some property owners are motivated to sell to trade up into larger properties or properties that are easier to manage with a steadier income flow.

“We are seeing more 1031 exchange activity. That really gets the market rolling,” Christopher said. A 1031 exchange allows a property seller to invest in a new property and defer capital gains taxes.

“A lot of the sales that I have been doing have been for people who have been moving out of the multi-family product,” Bogoyevac said. “For example, they have got a 10-unit apartment building in Long Beach, and they sell it and buy, like, a retail property – we call them single-tenant net

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Attractive ROIs Driving Multi-Family Sales

(Continued From Page 21)

leased properties.” Often, these buyers are looking for a fast-food restaurant or a pharmacy to purchase, he added. “The tenant will pay for the taxes, the insurance and all

the maintenance and repairs on the property. . . . These are just way more passive, way less management intensive.”

Rent increases are “in full swing” and, as a result, are one of the biggest drivers of demand to purchase multi-family properties, according to Christopher. “Right now, we’re in a place where most landlords are feeling pretty good about

pushing through some rent increases,” he said. “And what that does, is it kind of trickles down to allowing values to increase in lockstep.”

Bogoyevac estimated market rental rates have increased by about 5% to 7% in the past year. “What’s happening, though, is you’ve got some people who weren’t at the market a year ago,” he said.

“And a new buyer comes in and buys the property and takes out all the linoleum and the old carpet and fixes them up. So their rents increase 20% to 25%.”

Bogoyevac, Bustamante and Christopher all expected rental rates to continue to increase into 2017. That trend is causing concerns among tenants about housing affordability, Christopher said.

A Local Developer’s Perspective On Creating Affordable Housing

■ By **BRANDON RICHARDSON**
Staff Writer

With a growing population of around 474,000 people and increasing rents, the need for affordable housing continues to escalate, while city leaders and community members work together to figure out how to tackle the issue.

“The average rent is right around \$1,490 in L.A. County and Long Beach and metro areas. These are from national databases that we look at, and that’s a two-bedroom cost,” Suny Lay Chang, executive vice president of Long Beach-based LINC Housing, a nonprofit affordable housing developer, said. “And then if you look at how many units are available, there’s a historically low vacancy in the city. So it’s really an owner’s market, if you will. It’s very hard for people to find available units.”

Despite Long Beach having 4,610 units of federally assisted, affordable rental units – 1,848 Section 8 units, 2,082 Low-Income Housing Tax Credit units, 573 Section 202 units, 55 Section 811 units and 52 public housing units – according to affordablehousingonline.com, Chang said Long Beach currently has 490 individuals approved for housing vouchers who are unable to find an available unit. She explained that spending 30% or less of a person’s income on housing constitutes affordable housing, but many people are paying upward of 50% of their income. She also noted that housing is the number one driver of poverty.

When it comes to building affordable housing, Chang said the single greatest challenge a developer must overcome is acquiring a site to build on. Southern California

land is very expensive, Chang explained, and when competing with market-rate developers for a property, affordable housing often loses.

Though Chang said an affordable housing developer often pays the same price for property, gathering funding from various government sites often leads to a longer escrow than a market-rate developer, which many sellers do not want to wait for.

“We put together funding from the city, from the county, from the state, from federal sources. So our development process can take a bit longer than a market-rate developer who’s coming in with an investor who has equity and a lender,” Chang said. She explained that an affordable housing developer’s only option is to find private sellers or public agencies that are willing to engage in a longer escrow process.

Another major challenge when attempting to develop affordable housing in densely populated areas such as Long Beach is parking. “It’s always been a challenge because we love our cars,” Chang said. “Parking also has the ability to really constrain the number of units that you build because they don’t generate additional revenue. And a lot of times when you run the calculations on a site, that is the limiting factor.”

Essentially, the more parking a project is required to have, the fewer units it is likely to have, according to Chang. She explained that this is not just because of space but also the high cost of providing parking, especially in densely populated areas that require subterranean parking. Chang argues that for certain types of housing, like for seniors or very low-income families, parking is not as important as for market-rate projects because many tenants do not own cars.

“When you’re struggling to make ends meet, the gas payments, the insurance payments and the car payments can add

up,” Chang said. “So the people who are living in affordable housing with access to transit, it’s been demonstrated that they actually are more willing and more likely to use the transit.”

In light of this, Chang said there has been action taken by policymakers to ease parking requirements for certain developments. Assembly Bill 744, for example, which was approved in October 2015, reduces the parking requirement for affordable housing in California to 0.5 spaces per bedroom if the project is located within half a mile of a major transit stop. Though Chang admitted that LINC tries to stay above the minimum to accommodate families that still need their cars, she said actions such as this enable affordable housing developers to maximize the number of units, which is necessary to aid low- to very low-income families.

When talking about the overall construction process and the finished product, Chang explained that it is not uncommon for affordable housing to actually look nicer than market-rate projects. She said this is because developers are trying to overcome the idea that affordable housing is cheap and held to a lesser standard than market-rate housing.

“I wouldn’t say that we go all out the way that a luxury apartment owner might go all out, but I wouldn’t describe it as bare bones,” Chang said. “Almost all of our projects have community rooms and amenities such as tot lots and computer centers. We . . . help provide life-enriching services, whether it’s after-school programs, job readiness, or health and wellbeing and nutrition programs – we do all of that. Several of our properties have pools. They have gyms. It’s really making sure that everybody is living in a place that everybody would be happy to call home.”

Despite the hurdles in creating affordable housing, Chang commended Long Beach officials for focusing on the affordable housing crisis. In September, Mayor Robert Garcia formed the Affordable and Workforce Housing Study Group and hosted three community meetings through October to gather community input. Chang said even the recent homelessness study was valuable to the affordable housing conversation.

LINC Housing’s only current project in Long Beach consists of 14 studio units at the site of the historic Palace Hotel on Anaheim Street. This project was created for the sole purpose of housing emancipated youths, due to the extreme rate of homelessness among that demographic. According to the California Homeless Youth Project, one in four emancipated youths are homeless.

Another project has been proposed by LINC on a city-owned site at 19th Street and Long Beach Boulevard, which is still being evaluated. Chang said the company is continuing to look at sites throughout the city for possible affordable housing developments.

To help the process of creating affordable housing, Chang said all government agencies, not just Long Beach, must do everything they can to expedite the planning and entitlement processes, as well as allow for more density and continue to prioritize affordable housing.

Chang explained that affordable housing conversations encompass much more than just putting a roof over people’s heads. She said a stable family home is most important because it is a safe and consistent environment for children to grow up healthy and succeed in school. A home that offers services and allows families the ability to work less and spend more time together is an opportunity everyone should enjoy.

“I love that we are talking about affordable housing because it is really important and really critical,” Chang said. “For LINC Housing, and for those of us that live and breathe not just the housing but the community development piece of it, it’s just the beginning of getting that flywheel of opportunity and economic growth to happen.” ■



Suny Lay Chang, executive vice president of Long Beach-based LINC Housing, a nonprofit affordable housing developer, is pictured with the company’s only Long Beach project at the historic Palace Hotel on Anaheim Street. The 14-unit project is meant to house emancipated youth and includes common areas for socializing and hanging out.



According to California Homeless Youth Project, one in four emancipated youth are homeless. The units are studio apartments and include the basic amenities necessary for everyday life. (Photographs by the Business Journal’s Larry Duncan)

“There is a little bit of a blowback coming from the structure of the rents in the market, where now there is a lot of public outcry about people having to relocate because they can’t afford to live here,” he explained.

Bustamante said the issue of housing affordability for renters might start coming more into play next year. “You can’t continue these kinds of increases for a sustained or a long period of time,” he said. An increase in interest rates could cause

demand to cool off for a couple of months, but otherwise, Bogoyevac predicts the multi-family market in Long Beach will remain strong going in to 2017. “It’s kind of a weird – you always say it’s a sellers’ market or it’s a buyers’ mar-

ket,” he said. “With where rents are going and with where interest rates are at, it’s a great time to be buying stuff. And, yeah, we’ve got such great prices that if you were thinking of selling, it’s a great time to be a seller.” ■



Union South Bay Development Breaks Ground In City Of Carson

Arizona-based The Wolff Company recently announced plans to develop a 4- and 5-story wrap-style mixed-use space (residential units and/or retail “wrapping” around an above-grade parking structure). The project, which the company calls Union South Bay, consists of 357 residential units and more than 30,000 square feet of retail space on the corner of Carson Street and Avalon Boulevard in the City of Carson. “We’re happy to welcome The Wolff Company to Carson and believe the Union South Bay development will be a vibrant addition to our city,” Carson Mayor Albert Robles said in a prepared statement. “The population of Carson is growing and the addition of this premium rental housing will help to meet the area’s demand.” Union South Bay will be located directly across from Carson City Hall and near the Carson Community Center and South Bay Pavilion mall. Residents will enjoy amenities that include a fitness center, a pool and spa, a community lounge, a rooftop courtyard, a dog park and bike areas. The project will also offer residents and shoppers easy access to the 405 and 110 freeways. “Residents at the Union South Bay will have a front row seat to the best of the South Bay area,” Nate Carlson, vice president of development for The Wolff Company, said. “Its location across from city landmarks and less than a mile from Carson’s dining, shopping and entertainment centers are unparalleled.” Groundbreaking ceremonies were held last week, and in attendance were, from left: Michael Mitoma, former mayor of Carson; Jawane Hilton, Carson councilmember; Michelle Chambers, field representative for Assemblymember Mike Gibson; Jason Illoulain, CEO Faring Capital; Charles Thomas, Carson planning commissioner; Lula Davis-Holmes, mayor pro tem; Isadore Hall, state senator; Robles; Carlson; Elito M. Santarina, Carson councilmember; Cedrick L. Hicks, Carson councilmember; and Ramona Pimentel, Carson planning commissioner. (Photograph by the Business Journal’s Larry Duncan)



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Positive Outlook For Businesses Means High Real Estate Demand Despite Political Uncertainty

■ By **BRANDON RICHARDSON**
Staff Writer

Real estate markets in the City of Long Beach continue to be strong, with high demand and supply struggling to keep up. Despite the dwindling space and the uncertainty surrounding the nation's

current political climate, commercial real estate experts in the city expect the market to continue doing well thanks to the city's booming economy.

Industrial

Local and regional realtors agree that the industrial real estate market in Long Beach – and all Los Angeles County – is strong, which has led to the market being all but sucked dry.

“The industrial market is incredibly tight. In L.A. County as a whole, the vacancy is at 1% or just below that,” Lance Ryan, senior vice president of marketing and leasing for Watson Land Company, said. “There is such a lack of supply available, and at the same time, so much of L.A. County is an

infill market where there really isn't available land to develop industrial product for the constraining supply.”

Macro indicators of the market that Ryan said he follows include port activity and volume, which he said are up year over year despite Hanjin Shipping's bankruptcy. According to Ryan, logistics is the primary driver of the industrial real estate market, specifically imports because that is what many Long Beach and South Bay Area cities utilize most.

With port growth, Ryan explained that companies are more willing to renew leases early, especially since they are aware of how tight the market is for industrial space. With a more positive economic outlook than previous years, Ryan said he is working with a lot of companies trying to expand.

“What we're seeing now in the few spaces that become available – and this is across the L.A. County region – we're seeing multiple bids in terms of leases,” Ryan said. “We're seeing multiple customers come in and make proposals, and as a result of that, rental rates have a lot of upward pressure. And we predict that will continue throughout 2017.”

Brad Miles, vice president of INCO Commercial Realty Inc., agrees that port activity and a stronger overall economy are key factors to the tight industrial market. He noted that low interest rates and confidence in California's economic future outweigh national trends.

“I think the California economy is so big that we're not impacted on the national level, except for the overall economic value

for shipping and transportation,” Miles said. “Consumers are buying stuff.”

Miles said he thinks lease and sales rates are going to settle at current levels, or maybe dip slightly, because he doesn't believe the current prices are sustainable for a long period of time. He explained that the value is tied to interest rates, and if there is an uptick in rates, then value will have downward movement. However, he believes the Long Beach market will continue to be strong over the next several years, particularly when the 60 acres of the former Boeing C-17 site become available for development.

One thing Miles does not think is affecting the market is the presidential elections because “there's a lot of confidence that Donald Trump will not get elected.” However, the presidential outcome is not the only concern for the industrial market on the ballot, according to Brandon Carrillo, a principal at Lee & Associates Commercial Real Estate Services.

Carrillo explained that his company has offices nationwide, including one in Denver where recreational marijuana use has been legal since 2012. After the state legalized it, marijuana manufacturers and distributors overran the industrial and retail real estate markets. This could be an unintentional consequence of California's Proposition 64 and Long Beach's measures MM and MA.

“It basically priced out all the industrial users in the market place. What happened was they saw values pretty much double because of that,” Carrillo said. “You imagine [Long Beach's] real estate is already very expensive compared to other areas na-



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Industrial real estate continues to face rising sales prices and lease rates, according to John Eddy, an agent and broker at Long Beach-based Coldwell Banker Commercial BLAIR WESTMAC. (Photograph by the Business Journal's Larry Duncan)

tionally and globally. You put this variable in here, and that could really change where values go. And I just get concerned that we could have a Denver situation.”

According to Lee & Associates’ third quarter industrial market report, the average rent for industrial space in the Los Angeles and Long Beach area is \$0.81 per square foot, and the average sale price is \$149.54 per square foot. Carrillo said California propositions, as well as the presidential election outcome, make the future of the market and how it will play out in the coming years murky.

Though businesses are somewhat uncertain about the national political climate, Long Beach has seen a rise in businesses coming in from outlying areas,

according to John Eddy, a real estate agent and broker at Coldwell Banker Commercial BLAIR WESTMAC. Eddy explained that Long Beach has traditionally been a market fueled by Long Beach businesses, but in the last several years, companies from surrounding areas have seen the value in the coastal city.

Even with this surge and prices continuing to rise, Eddy said the pace of the market has slowed from a year ago. “I’m cautiously optimistic,” he said. “The days of the easy negotiation are certainly over. They’re long and drawn out, and people are cautious about the future. There’s just so much uncertainty. I wouldn’t want to speculate out more than a year, that’s for sure.”

(Please Continue To Page 26)

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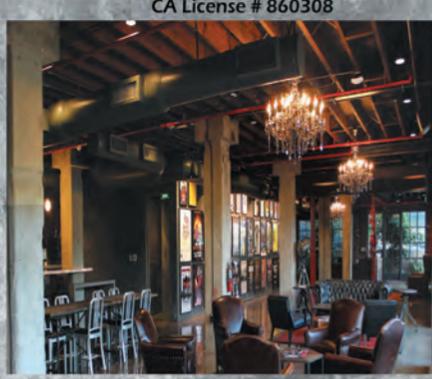
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John Garey, senior director at Cushman & Wakefield, described job growth as the fuel for office space demand, which he said continues to experience positive absorption with the city's office vacancy just below 16%. (Photograph by the Business Journal's Larry Duncan)

Positive Outlook For Office, Retail

(Continued From Page 25)

Office

With an overall vacancy rate in Long Beach at 15.9% – including 10.7% downtown and 7.1% in the suburbs – the city's office real estate market has seen continued positive absorption, largely as a result of job growth, according to Robert Garey, senior director at Cushman & Wakefield.

"Job growth is the fuel for office space demand, and we're seeing that trickled into the market here," Garey said. "Health care has been a primary driver in the Greater Long Beach area. Molina [Healthcare's] corporate headquarters are here and continues to expand in the market. They took additional space at the World Trade Center."

Aside from health care, the most notable change in the market is the rise in technology and creative firms and the demand for creative space, Garey explained. WeWork is hoping to meet that demand when it opens creative office space in The Hub at 100 W. Broadway. In addition, Urbana Development LLC is constructing the Terminal at Douglas Park, which will include four buildings totaling roughly 100,000 square feet of creative office space.

"I think WeWork came to the market because they think Downtown Long Beach is the right environment for creative companies, which I truly believe as well," Garey said. "You have the live-work-play environment there, which that industry is looking for. Cool, trendy restaurants. Nightclubs. Shopping. Places to live. You don't have to have a car – you can ride a bike, take public transportation if you need to."

Garey described this creative shift as being similar to Santa Monica, Marina del Rey and Venice. He also thinks companies like WeWork will be a catalyst for more creative companies to relocate or start up in Long Beach.

New capital being deployed to purchase or reposition buildings is also having an impact on the desirability of the market, according to Garey. Major conversions and repositioning to buildings such as 444 W. Ocean, 211 E. Ocean and 100 W. Broadway have already taken place or are underway. Garey said the investment is already seeing a return in companies looking to Long Beach.

However, while makeovers and several

projects are aiding the office space market, it also is facing severe contractions. "In Downtown Long Beach, the 110 Pine building is being converted to residential, and they've given notices to their tenants to move them out. Just like the 200 W. Ocean that is going residential and other buildings that are looking to go residential," Garey said. "The stock in Downtown Long Beach has actually been reduced over the last couple years due to the conversion of some of the older buildings."

Garey said the city is not seeing enough construction of new projects to offset the losses, with many of the new downtown projects being residential. However, Garey added that residential is needed to create density so the retail businesses and restaurants can thrive. But regardless of product loss and the current political climate, Garey thinks the market will remain strong over the next year.

Jeff Coburn, a principal at Lee & Associates, attributes the market's success to Long Beach being conveniently located to serve a large area and its population.

"Long Beach has always been a great midway point, as we find ourselves right at the border of L.A. and Orange County," Coburn said. "So traditionally, it's been a market where companies, instead of having a Downtown L.A. office or an Irvine address, they could have something in Long Beach. And it really serves both those areas."

Coburn agrees with Garey that the downtown market is appealing due to the restaurants, retail and other amenities afforded to employees in the area. He added that the suburban market, such as Douglas Park, is easily accessible by being conveniently located near the 405 Freeway and has ample parking. Along with these attributes, Coburn pointed out that Long Beach is still less expensive than surrounding markets, such as Irvine, El Segundo or Newport Beach.

According to CoStar Group Inc., a Washington, D.C.-based commercial real estate information and marketing provider, the average asking rent for office space is currently \$2.17 per square foot in Downtown Long Beach and \$2.02 in the suburban market.

"For office product, if you're an owner-user, you're in the mid-\$200s [per square foot] for older product. We're at \$325 per square foot for new product in Douglas Park," Coburn said. "Projects in El Segundo that are very similar to [the Terminal at Douglas Park] are in the high \$400s to low \$500s per square foot range."



Doug Shea, president of INCO Commercial, said the retail real estate market continues to be strong and that tenants are becoming more selective with where they want to be located. (Photograph by the Business Journal's Larry Duncan)

Retail

Much like other markets, retail prices continue to see upward movement, according to Doug Shea, president of INCO Commercial. However, unlike other markets, Shea said retailers are getting more selective in where they want their businesses located.

"For instance, one of our clients is Jimmy John's. And whereas before, they'd go into any center, now it's got to be a corner – it has to be a lighted corner – and they prefer a drive-thru," Shea said. "So it seems more and more retailers are getting more refined in their request requirements."

Shea describes Long Beach as the most underutilized retail city of its size in the nation. But that is based on the amount of businesses and retail space, not the vacancy rate, which he said is upward of the high-90% range for desired locations. However, he acknowledged higher vacancy in places with low density, low demographics and high crime.

There are two key components that could contribute to further improving the retail market in Long Beach, according to Shea: more space and more realistic pricing in certain areas.

One project that has been discussed but has yet to overcome countless hurdles, according to Shea, is a retail center near the corner of 2nd Street and Pacific Coast Highway. He said this project would be great for the city but faces pushback from residents regarding traffic concerns, the aesthetic appeal and even the concern that birds would fly into the buildings.

Another project, which was recently approved, is Burnham USA's Long Beach Exchange on the corner of Carson Street and Lakewood Boulevard. Construction is expected to begin by the end of the year on the 26.67-acre vacant lot. Once completed, the project will include 266,049 feet of retail and restaurant space.

"That will be great. That will be fantastic. I think you have the correct demographic," Shea said. "Up there by the airport, you have a lot of businesses. And it keeps growing. That will help the retail during the day when it's quiet."

As far as pricing, Shea said 2nd Street is finally starting to price restaurants out of the market. Le Donuts & Croissants has closed its doors and will soon become another Long Beach taco spot. The Shore Public House became The Shore Steak House, which will soon become Rances,

a Chicago-style pizza joint that has another location in Costa Mesa.

Brian Russell, vice president of Coldwell Banker Commercial BLAIR WESTMAC, agrees with Shea, adding, "There are three vacancies in Belmont Shore, and I can't remember the last time we had three vacancies right on 2nd Street. Off 2nd Street, yeah, but not right on 2nd Street. What's that tell us? I think it's kind of priced to the top there."

Despite 2nd Street's pricing, Russell said the market has seen 67 lease deals since July 1. He explained that when looking at the market, one has to keep in mind that the city is comprised of many small pockets: Bixby Knolls is different from Los Altos, which is different than Naples, which is different from North Long Beach.

Russell pointed out two properties on his company's third quarter retail sales report that demonstrate the vast difference in location pricing within Long Beach. The 2,123-square-foot property at 5296 E. 2nd St. is currently under contracting with an asking price of \$1.95 million, which comes out to \$918.51 per square foot. On the other hand, a 6,000-square-foot sale at 6082-6090 Atlantic Ave. is in escrow with an asking price of \$949,000, which comes out to \$158.17 per square foot.

Sean Lieppman, a senior associate at Lee & Associates, said, "I think just the lack of product is driving those rates. But I think the city has been good at incentivizing businesses from outside of Long Beach to come in, and I think there have been a lot of good things drawing businesses to [the city]."

Lieppman said the Long Beach market saw the vacancy rate decrease from 3.8% to 2.78% in the third quarter overall and saw the average lease rate per square foot increase from \$2.06 to \$2.12. Noel Aguirre, also a senior associate at Lee & Associates, said the numerous projects around the city, including several mixed-use residential buildings that feature retail on the ground floor in the downtown area, should help the market in the coming years.

Aguirre also said the larger projects, such as the development of land near the Queen Mary by Urban Commons and the Long Beach Exchange, will be a huge boost for retail in the city, but that until the projects are completed, the market will continue operating under the status quo.

"It's been fun to see changes and the evolution of things and the incorporation of culture and the arts and everything that sort of gives this city its soul," Aguirre said. "It's been great being part of that process." ■

Downtown's Urbanism Is Attracting Creative Firms, Millennials, Eateries

Toliver And Catherine Morris Of William Morris Commercial Say Long Beach Has 'Arrived'

■ By **SAMANTHA MEHLINGER**
Senior Writer

Long Beach has arrived – at least that's how Toliver and Catherine Morris, Downtown Long Beach office and retail professionals and partners in William Morris Commercial, see it.

Not everybody has had this realization yet, but those who have – creative firms and the Millennial generation – are making their mark and changing the commercial real estate environment of the city's once stigmatized downtown, the couple told the Business Journal.

The so-called old guard of downtown's office market – like Merrill Lynch and other national professional firms – “all go home at the end of the day at 5 o'clock,” Toliver said in an interview with his wife, Catherine, and the Business Journal at the Downtown Long Beach Alliance's offices. Toliver recently took over as the business improvement organization's chair.

Such is not the case for the creative firms moving into the city, he said. Take Glu Mobile, for example. The firm purchased Cie Games in 2014 and moved into the company's full floor at Landmark Square, a Class A office building managed by Toliver. “When the whole [Cie Games] group moved into the building way back when, 10% of their workforce lived in downtown. Now 70% of the workforce lives in downtown,” he said.

“The creatives have figured it out. They have figured out, hey, I can be in a coastal environment in an urban core that's cool and funky and gritty and authentic, at a price point that's attractive,” Toliver said. “And I can live, work and play in the same environment – when I'm being priced out of West L.A. and maybe parts of Orange County that are not so cool anyway.”

Long Beach's appeal to creative firms is part of a growing national trend toward urbanism, a concept of urban lifestyle in downtown environments where you can live, work and play all in one place, according to Toliver. “The creatives and the millennials have figured it out, and they're coming here in droves,” he said.

Don't believe it? Toliver pointed out that the building he was speaking in at 100 W. Broadway, now known as The Hubb, is undergoing a remodel to appeal to creative firms – and it's working. WeWork, a na-



Husband and wife duo Catherine and Toliver Morris are partners in William Morris Commercial, a Long Beach real estate firm specializing in retail and office in Downtown Long Beach. The two often give prospective clients sky-high tours of Long Beach atop Landmark Square, which Toliver manages and where they are pictured. (Photograph by the Business Journal's Larry Duncan)

tional creative workspace provider, is set to take up two whole floors of the building, he noted. Multiple other firms have also signed leases, he said.

The entirety of office space at nearby 130 Pine Ave. is now occupied by creative firms, Toliver pointed out. Tenants include Pelican Products, which makes waterproof cases for mobile phones; SET Creative, an experiential advertising firm; and the non-profit Human IT, he said.

“In the last six months, downtown has seen over 100,000 square feet of creative office tenants move in,” Toliver said. “That's the trend. You know, Long Beach has been discovered.”

Creative firms tend to invest in their offices, Toliver noted. So, while Long Beach has seen about 70% of its downtown office space change hands over the last three to four years, new investments from these firms might change that turnover rate, he explained, going so far as to say downtown's office market is experiencing a renaissance.

Currently, downtown's office market is about 85% occupied and has seen a reduction in vacancy of about 5% over the past few years, Toliver noted. “I think that, as we continue to see that migration come in, we can get in the fairly near future toward a single-digit vacancy,” he said. He pointed out that some office buildings in the downtown area have been or are going to be converted to residential, which also impacts those projections.

While creative firms are increasingly moving to downtown, large corporations still play a major role in the downtown office market. In Landmark Square, for example, California Resources Corporation takes up 100,000 square feet of office space, and Wells Fargo has 70,000 square feet, Toliver pointed out. His firm manages about 1 million square feet of office space downtown, he added.

The retail environment in downtown is

also changing, according to Catherine, who manages the City Place shopping center's retail pads that are smaller than 7,500 square feet. When she took over leasing for the center, the part of Pine Avenue it touches to the north of 4th Street was essentially without retailers, she said. But seeing retail activity just to the south, Catherine was convinced the momentum could move northward. So she took her client, Laurie Gray of The Pie Bar, to see a retail pad at 450 Pine Ave.

“We stood there, and it's like that movie, ‘Build it and they shall come,’” Catherine said, referencing “Field of Dreams.” She recalled, “I said, ‘Trust me. I'll bring you the tenant mix. Just trust me.’”

Since then, The Pie Bar has “had an unbelievably successful first quarter,” and Jet-Blue even recently ordered 250 jarred mini pies from the business for its inaugural flight from the Long Beach Airport to Reno, Catherine said. Now, Catherine has signed on Romeo Chocolates – a Long Beach business opening its first storefront location – to the same block, plus a florist and a creperie called Crepe Crafters.

Other businesses that have already signed leases or are in the process of doing so at City Place – which is undergoing renovations to become more contemporary – include a raw food business called Planet Junkie, plus eateries Poke Cat and Party Monkey. National burger brands and make-your-own pizza joints are also looking into leasing space at City Place near 3rd Street and The Promenade North, Catherine said.

Thousands of new residential units planned for the downtown area are driving interest from restaurants and fast casual dining establishments, according to Catherine.

Catherine has also recently gotten interest from a church group looking for a downtown space, experiential retailers like escape room groups, and supermarkets, she noted.

Getting high-end retailers in any downtown seems to be increasingly difficult, ac-

ording to Toliver, who recently attended a national symposium of downtowns held in Atlanta. Part of the issue is that large high-end retailers are compressing their brick-and-mortar retail presence due to more activity in online sales, he explained.

“I think people are looking for value,” Toliver said. “That's why The Pike is doing so well from a retail perspective. It continues to kill it out there, as it relates to Restoration Hardware, H&M, Nike, Forever 21.”

Catherine has been talking to representatives of The Pike's management team about bringing in higher-end value retailers like Saks Fifth Avenue OFF 5th and Neiman Marcus Last Call. “If we can support Restoration Hardware, we can certainly support Neiman's and Saks' outlets,” she said.

For companies and businesses that don't know about the momentum in Downtown Long Beach, it can be difficult to get them to come see it and talk about leasing space, Toliver said. But when they do come out, Toliver and Catherine take them to the roof of Landmark Square to get a bird's-eye view of what's going on in the city. “By the end of these tours, they're like, OK, tell us which location. Let's pick one,” he said.

The couple has learned to avoid the roof during certain times of the year, however. “The only month we don't tour people on the rooftop is the month of April, when the peregrine falcon is guarding her nest and decides to take off people's toupees and attack their heads and kill pigeons midair,” Catherine said with a laugh. Toliver added, “Our security system is in full force in April.”

In the future, the Morrises expect Downtown Long Beach to become more densely populated and each of its neighborhoods to develop more defined identities. Toliver reflected, “You know, urbanism has become this kind of new buzzword across the country. And I think Long Beach is embracing that.” ■

Douglas Park

(Continued From Page 1)

were going to sell the rest of this land at Douglas Park, our whole goal was to just carry on the vision they laid out – kind of still paying [homage] to all the airplanes that were built there over the 70-year history.”

Many projects have been completed and occupied for some time, including the Virgin Galactic building, the Courtyard Long Beach Airport hotel and the Universal Technical Institute, to name a few.

Larry O’Toole, president and chief executive officer of Rubbercraft, a custom rubber products supplier already located at Douglas Park, said, “It’s been an enabler to our success, quite frankly. It’s enabled us in terms of a green-field approach in designing a facility that met all of our needs. It’s given us quality access to the customers that we serve. And it’s certainly given us a quality environment for our workforce.”

Some of the benefits O’Toole noted about being located at Douglas Park include its proximity to Long Beach Airport and the 405 Freeway, which gives easy access to the park. He said his employees also enjoy being able to take a quick stroll to eat lunch at nearby restaurants like The Habit Burger Grill and California Fish Grill.

Lance Kenyon, a partner at MHP Structural Engineers, also an occupant at Douglas Park, agreed with the benefits mentioned by O’Toole and added, “We love it here. It’s convenient to housing for our employees. We have a lot of employees that live in the city. And we have some that rent, some younger ones that we hire out of school. And it’s a lot more affordable than Santa Monica or the South Bay or a lot of areas.”

The original Douglas Park consisted of 260 acres west of Lakewood Boulevard, between Carson Street to the north and Long Beach Airport property to the south. The property butts up to the Lakewood Country Club to the west. Later, when Sares-Regis purchased the former Boeing commercial buildings and a large parking lot east of Lakewood, they were added to the Douglas Park footprint.

Most of the completed projects at Douglas Park are on the interior of the property, several of which were developed prior to Sares-Regis’ involvement. Three projects are currently under construction along the Lakewood Boulevard corridor, and the city’s planning commission recently approved the largest project in the park to date for the corner of Lakewood Boulevard and Carson Street.

Long Beach Exchange

At the beginning of October, the planning commission approved the site plan for developer Burnham USA’s



Above: Ceremonial shovels in hand, Jan van Dijks, left, principal at Urbana Development, 5th District Councilwoman Stacy Mungo, Mayor Robert Garcia and Richard Lewis, principal at Urbana, commemorate the groundbreaking of The Terminal at Douglas Park on October 28. Left: With Lewis looking on, Larry Lukanish, left, senior vice president of Sares-Regis Group, which bought 190 acres of land in Douglas Park in 2012, gave a brief update on park projects. (Photographs by the Business Journal’s Brandon Richardson)

Long Beach Exchange (LBX), a massive regional shopping center that will contain retail stores and restaurants.

The 266,049-square-foot Long Beach Exchange is planned for the southwest corner of Lakewood Boulevard and Carson Street on a 26.67-acre vacant lot within the Douglas Park North Planned Development District.

“They plan on breaking ground by the end of this year, and I would assume that’s about a 12-month build out. So that’s probably going to be done by the end of 2017,” Lukanish said.

The project includes plans for six anchor tenants that will have spaces ranging from 18,000 to 40,000 square feet. Four anchor tenants will be located on the north block of the complex along Carson Street in connected buildings. A junior anchor tenant will also be located in the northern section of the development with a floor area of 10,900 square feet.

The remaining two anchor tenants will be located on the south block of the site with the storefronts facing Lakewood Boulevard, with an adjoined 7,500-square-foot junior anchor tenant. The 16,800-square-foot Hangar retail building sits behind the main building, along with the project’s 1.24-acre central plaza. According to city documents, the Hangar will house a “unique assemblage of retail and restaurant uses housed within an open-air structure with a rolling door system that opens onto the central plaza space.”

The central plaza will consist of “hard-scape amenities, a reflective water element and interpretive features that pay homage to the history of the property and Douglas Park,” according to city documents. Two detached retail buildings measuring 12,000 square

feet each sit behind the Hangar building.

“What they are doing is very ambitious, very creative. And you hit the nail right on the head, don’t just build it, make it come alive and make it sustainable,” Corey Alder, president of the Nexus Companies, developer of the Courtyard Hotel and upcoming Hampton Inn and Homewood Suites in Douglas Park, said. “I can tell you that this group is very meticulous. They are very creative. You have a group that knows how to do it, [has] the fortitude to do it and [has] the financial backing to do it. We’re all in favor of it.”

The development also contains four commercial pads, designated Pad A, B, C and D. Pad A will be located in the southeast corner of the site and will include 2,882 square feet of floor area and a 243-foot drive-thru lane. Pad B, located adjacent to the intersection of Lakewood Boulevard and McGowen Street, consists of 5,200 square feet of floor area and a 245-foot drive-thru lane. Pads A and B are planned for the south block along Lakewood Boulevard.

Pad D contains 3,867 square feet of floor area and a 350-foot drive-thru lane, while Pad C has 6,500 square feet of floor area and is the only pad not to feature a drive-thru. Pads C and D are planned for the north block along Carson Street.

The project includes 1,345 parking stalls, 106 of which will be angled and parallel stalls along Huggins Street and angled stalls on both sides of McGowen Street.

The Terminal

The Terminal at Douglas Park by Long Beach-based Urbana Development

had the most recent groundbreaking ceremony, which was on October 28. The project site is located on the northeast corner of Lakewood Boulevard and Conant Street and will consist of four two-story buildings measuring more than 25,000 square feet each.

“The idea behind the project was to have an office building that really responded to the way that people wanted to work,” Richard Lewis, principal for Urbana, said. “People just work so differently now. What we’re used to doing on a computer, people are now doing on smartphones. And they don’t need to be sitting at a desk. They’d like to be sitting outside. They like collaborating with people.”

Two of the four buildings will be split into 20 office condominiums with an average size of about 2,500 square feet. Office condos are bought and sold much like residential condominiums, whereas leasing office space is like renting an apartment, according to Jeff Coburn, a principal at Lee & Associates Commercial Real Estate Services. Coburn explained that one of the buildings will be retained by Lee & Associates to be leased to several companies, while the last is going to be sold in full to one larger company.

Appraisal Pacific Inc., a local appraisal company with 15 appraisers, has been leasing office space in Lakewood for the last 18 years but has already committed to buying space in the new development.

“This came up as a good opportunity to buy office space in a creative office, which there’s not much of in the [area],” Andrew Mitrosilis, principal and partner at Appraisal Pacific, said. “Most of the buildings

The site of the Hilton dual hotel of Hampton Inn and Homewood Suites is well into construction, with wood framing rising multiple stories. Costa Mesa-based Nexus Development, the same company which developed Courtyard Long Beach Airport, is developing the project. Each wing will be dedicated to one of the hotel concepts, according to Sares-Regis Executive Vice President Larry Lukanish. One wing will consist of 143 Hampton rooms, while the other will consist of 98 Homewood Suites rooms. Both concepts will share the lobby, parking and common areas, such as a gym, an outdoor pool and recreation areas. (Photograph by the Business Journal’s Larry Duncan; Rendering courtesy of Nexus)



are older, or you just don't have that opportunity for smaller space. So the office condo market is brand new for this area, basically."

The creative office units are each different, according to Coburn. Some units have balconies, some of the balconies are covered, and downstairs has glass roll-up doors that open up into a shared, outdoor common space with seating and landscaping.

Of the first 20 office condos, 14 are already under contract, including the space for Appraisal Pacific. Other confirmed occupants include The Core Group, CalCom Federal Credit Union, E-Commerce Exchange and PostCity Credit Union.

"I think that Urbana selling 75% of the office space before a shovel hit the ground is a demonstration of businesses that want to be in Long Beach," 5th District Councilmember Stacy Mungo said. "In the last two years, we've opened 523 new businesses in the district, and with the additional space available, that number will soar."

Construction of phase one of the project is scheduled to begin this month. Phase two is set to begin in 2017. Lewis estimates the entire project will be completed by August of next year. Once finished, the project will consist of more than 100,000 square feet of office space and 40 individual office condominium units.

"It's going to be a great project for business," Long Beach Mayor Robert Garcia said. "We're having thousands of jobs created and generated out of this Douglas Park development, so this is going to be a great addition with really adding a lot of small businesses."

Hampton Inn And Homewood Suites Hotel

The dual-hotel project by Costa Mesa-based Nexus Development, which includes 143 Hampton Inn rooms and 98 Homewood Suites rooms, is well into its construction with wood framing visible from Lakewood Boulevard. The Hilton dual hotel is scheduled for completion in August of next year.

"The building is like a horseshoe or a C, so each wing will be one of the concepts," Lukanish said. "It's pretty cool, I've never been in a hotel with that concept before, but that's what they're doing."

The lobby, parking and common areas, such as a gym, an outdoor pool and recreation areas, will all be shared by guests of each brand.

Pacific Pointe East

Already under construction, Pacific Pointe East is a three-building project by Sares-Regis that is being built speculatively, meaning they have yet to secure tenants. Two of the three tilt-up buildings have walls up on the southwest corner of

Lakewood Boulevard and Conant Street, directly south of the Mercedes-Benz buildings.

"The one on the corner is a 140,000-square-foot building, and we're building about 20,000 square feet of spec office. So it's definitely going to be a corporate headquarters for someone," Lukanish said. "Then the building next to it is 110,000 square feet, and we're building out 15,000 square feet of spec office."

Sares-Regis is in negotiations for the second building with a local Long Beach company that wants to expand and stay in the area. Lukanish anticipates the first two buildings will be completed by March 2017 and said the company is excited to have an active proposal on one of the buildings, especially from a business from Long Beach.

According to Lukanish, the third building of the project won't be complete until May of next year. However, since each building is a separate parcel, companies can move into the first two while the third is still under construction. Building three will be 220,000 square feet, but there is no construction or leasing activity on it yet.

United Pacific

The future home of United Pacific, formerly United Oil, is well under construction and will be located directly north of the Universal Technical Institute and west of the Nexus hotel site. The 40,000-square-foot headquarters and support center is scheduled for completion in May 2017.

The company is currently located in Gardena, and President and Chief Executive Officer Joe Juliano decided to relocate. He said the company looked at where all its employees lived, and Long Beach was the most central location for all.

"That was important for us, that we didn't have one employee going too far out of their way. And hopefully a few would actually have a reduced commute," Juliano said. "Other considerations were we wanted to be near a major airport. We also wanted to be off of a major highway – the 405 obviously checks that box."

"Once we saw Douglas Park, we were really excited about the location, some of the companies that were already there operating their headquarter facilities and some of the future development that was there," Juliano added. "And compared to some of the other opportunities, it fit nicely within our budget."

The company is sparing no expense on the project, and it will include all new furniture and equipment to help with a smooth and seamless transition. The building will also include a gym, common areas, collaborative spaces, a break room and fun activities for employees such as pool and an air hockey table.



United Pacific's new 40,000-square-foot headquarters is under construction. Joe Juliano, the company's president and CEO, expects the project to be completed by May 2017. He said the site will feature a fully functioning convenience store that the company will use as a prototype lab and training facility for its chain of gas stations and convenience stores. (Photograph by the Business Journal's Larry Duncan; rendering courtesy of United Pacific)



Also included at the company headquarters will be a gas station canopy with fuel islands and dummy dispensers, as well as a fully functioning convenience store that the company will use as a prototype lab and training facility, according to Juliano.

"We're excited to be in the City of Long Beach," Juliano said. "We have about a dozen stations already in the City of Long Beach, so we have a presence there already by virtue of our gas stations and convenience stores. Now to call Long Beach our home is pretty exciting."

Other Projects

According to Lukanish, there are two smaller projects in the works at Douglas Park south of Carson Street and North of McGowen Street. One project is a 43,000-square-foot industrial space that Sares-Regis is building speculatively for a corporate headquarters. The other project was a land sale to Sean Hitchcock, president of 2H Construction, who plans to build a 34,000-square-foot industrial corporate headquarters for his company.

The Sares-Regis project is currently in the grading phase, according to Lukanish, who hopes the buildings will be completed by the end of March 2017, though it has no interested parties yet. Lukanish did not have any additional information regarding the 2H Construction project.

The former Boeing C-17 site on the westside of the airport is still up in the air with no end in sight. "They've had a lot of community outreach meetings on what to do with that former C-17 site. We've been attending all of them. They've been hosted by the city and Boeing," Lukanish said. "It seems like it might take a while for that

property to be available. I think Boeing has got a lot of work there. I don't know what the timeframe is, but we track it. So hopefully it's sooner rather than later."

The Architects

Many of the buildings at Douglas Park have been designed by Irvine-based DRA Architects. When Sares-Regis first started building speculative projects at Douglas Park, Carrie Hoshino, owner and principal of DRA, and her company were designing the buildings.

"They work with the city very well. They know the Douglas Park standards inside and out," Lukanish said. "Anyone I've sold land to, I get them a meeting with [DRA] because it helps the consistency of the project in my mind. I can't force [companies] to use them, but they are very well recommended. We kind of want the architecture to have the same design and characteristics throughout the whole project."

Aside from older Douglas Park projects, DRA has designed The Terminal, the United Pacific headquarters and the Long Beach Exchange retail center. Lukanish said the architectural firm is not making Douglas Park a cookie-cutter site, but instead making sure that each original design has a consistency that would not be possible if too many designers were part of the overall development.

"Every developer has their own vision, but then Carrie puts it together and makes it fit within Douglas Park," Lukanish said. "It is neat to see everything being built out there. And in the next 12 months it's going to be almost built out, so it's going to be fantastic to see all this stuff." ■



Phase one of Sares-Regis' Pacific Pointe East, which consists of two spec buildings – one 140,000 square feet and the other 110,000 square feet – is well into construction and is expected to be completed by March 2017. Phase two, which consists of the third and largest building at 220,000 square feet, is scheduled to be completed in May 2017. (Photograph by the Business Journal's Larry Duncan)

Inside City Hall

Is The City Ready For A Big Earthquake?



By **GERRIE
SCHIPSKE**

The latest rumblings in the Salton Sea area had emergency preparedness officials in the State worried that what was happening was the prelude to “the big one” – a massive earthquake on or adjacent to the San Andreas fault line. While we dodged that bullet, it is not a matter of if a massive earthquake will strike, but when.

So is the City of Long Beach prepared? And why, if the city hall is such as seismic hazard that it has to be torn down and replaced with a \$513 million dollar civic center, has it not been vacated?

Several years ago, the city manager appointed Deputy City Manager Reggie Harrison as the director of emergency preparedness. Harrison has been working with the various city departments – police, fire, public works, gas, water, airport and harbor on what he terms as “plans and training” designed to deal with “natural disasters, biological incidents, manmade and national security emergencies.”

Harrison also points to the CERT program (Community Emergency Response Team) training that residents can take to learn what needs to be done immediately following an earthquake. To date, the city has trained more than 5,000 residents. Annually, the city hosts “Ready Long Beach” in September (similar to what I started in the 5th Council District), which brings together families, vendors and experts to learn about how best to prepare. In October, the city participated in the “Great California Shake Out” earthquake drill.

Long Beach is also one of the first cities to be a beta testing site for the “Earthquake Early Warning System” (EWS) which in theory detects earthquakes and alerts the fire department to remove equipment out of stations to keep it from being trapped and gives the gas department time to shut off gas lines.

In order to prepare the community to work together during a disaster, the city hosts an annual “whole community preparedness and training” exercise with local hospitals, utilities, neighboring cities and schools.

It is estimated that most Southern Californians will be on their own for 7 to 10 days, so neighborhood organizing is critical. Residents can receive notifications about emergencies by signing up with the ALB (Alert Long Beach) system, which sends alerts via e-mail, cell phone and text. Alerts are also sent using American Sign Language. You can sign up at www.longbeach.gov/disasterpreparedness/alert-long-beach/ or download and mail a registration form to the City of Long Beach.

The key agency in getting residents prepared is the American Red Cross, which offers its “Map Your Neighborhood” program that encourages residents to map out their neighborhood and designate the skills and equipment available and to know where elderly and disabled residents live so they can be helped.

When asked when the city would evacuate city hall since it is “seismically unsafe,” the answer is: “Public works is anticipating that we will be moving during the 3rd quarter of 2019, based on all the available planning and information at this point in time.”

Let’s just hope “the big one” doesn’t hit before then.

Next column: Maybe We Need To Break Up – Part I: Do We Need An East Long Beach?

(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

Failures And Mistakes Are Horrible Things To Waste



By **MICK
UKLEJA**

Failure and mistakes do not create anxiety. Anxiety is created by the fear of failure and mistakes. Anxiety takes our precious energy and consumes it in a future place that is not real. Energy is only productive when exercised in the present.

“Anxiety is nothing but repeatedly experiencing failure in advance. What a waste.” – Seth Godin

One thing we know for sure is that we *will* fail and make mistakes. The variable is our personal definition of failure and what we do with it. It is either empowering or disempowering. There are varieties of failures – a failed company, a job loss, a relational breakup, a bad investment, an inventive flop.

Add to that the fear of future failures – the fear that . . .

- I’m not good enough
- I’ll mess up
- I’ll lose my power

- I’ll lose my job
- I’ll lose my reputation
- I’ll lose my business
- I’ll lose my relationship
- I’ll lose my health

These are tough things to deal with, and most of us can empathize with the situation. But this is where your attitude about failure and mistakes sets your trajectory.

Failures are building blocks or stumbling blocks. Fear of failure holds you back. Embracing failure as a part of life propels you forward.

Since fear and failure go hand in hand, let’s look at some important facts about fear.

Fact 1: We subconsciously believe that fear is essential to keep us motivated. The reality is that it’s a poor substitute for inspiration. Inspiration lasts and builds on itself. Fear, as an energizer, quickly burns out.

Fact 2: Fear is not an emotion like sadness or happiness. Fear is a necessary survival signal. But it’s only helpful when danger is a present reality. Anxiety is a state that keeps fear activated – not helpful or healthy to say the least.

Fact 3: Anxiety continually releases the fear adrenaline, which actually blunts our ability to see real danger (remember the folks around the boy who cried “wolf”).

Fact 4: We get stuck in the future, which is fantasy at its worst.

Success leaves clues. And successful people think of failure the way most people think of learning.

Small Business Dollars & Sense

Start, Run and Grow: Business Planning Tips For Veteran Entrepreneurs



By **BEN
ALVARADO**

As we celebrate Veteran’s Day and Military Family Month in November, it is a great time to honor veteran small business owners and the many contributions they make to the economy and our local communities.

There are 21 million veterans in the U.S., and 1 in 10 veterans owns and runs their own business. This important segment of the population accounts for more than 2.5 million businesses nationwide, and these businesses employ more than 5 million Americans.

Despite this success, some veterans face obstacles as they establish and operate their ventures. Having a well-thought out business plan is helpful for many business owners; here are a few tips to help veterans utilize a business plan throughout every stage of their business:

Start – Preparation is crucial when starting a small business, and it’s important to get your ideas out of your head and onto paper in the form of a written business plan. A business plan should include four key sections:

- a company overview that provides a clear description of your business;
- an analysis, which features competitive intelligence and customer insights;
- a financial data section to outline your starting balances and sales forecasts;
- an executive summary that provides a high-level business summary and recaps the key features of your business plan.

Consider tapping into free tools and resources for help creating a business plan, such as Wells Fargo’s Business Plan Center, which features step-by-step guidance for creating and updating a written business plan.

Run – Entrepreneurs wear many hats to run a business – from managing day-to-day business responsibilities such as finances and marketing, to developing long-term growth strategies. It’s important to build a team of professionals for guidance along the way. A team should include a CPA to support the business’s tax and income strategy, a lawyer to help with business legalities, and a financial advisor or business banker to help with business financial needs. A business owner should plan to meet with that team on a regular basis, and commit to updating the business plan as priorities change. Developing a business plan isn’t a one-time process. It requires regular maintenance as your business evolves and your needs change.

Grow – Whether expanding into new markets or adding staff, growth is an exciting time for a business. And often, when a business gets to this stage, a business owner may need to seek additional financing to move forward. During the business growth stage, a small business owner should take time to carefully explore credit and financing options through resources such as the Business Credit Center. It’s also a good time to meet with a business banker. Having an updated and organized financial data section in a business plan will be as important as ever during this stage.

America’s veterans have made incredible contributions to our nation through their military service, and we are proud to support their entrepreneurship journey throughout every stage. Every small business owner is bound to experience both successes and challenges, and revising a business plan during these times can save a business owner time and money in the long run.

(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.)

We’ve heard the stories of successful failures. We’ve been inspired by those whose path was filled with disappointing detours. We’ve heard speeches illustrating how innovation and failure go hand in hand. But will we take this to heart in our personal lives?

Fearing failure snuffs out inspiration to go forward. Embracing failure is a blueprint for success. There is an expression – “Fail first, fail fast, fail often.” I’m not sure that’s the first thought I have or want when I get up in the morning.

However, this is what I know. The quicker I see a failure as a lesson learned, make the appropriate adjustments, and move forward, the more productive I will be as I focus my energies on the here and now. That’s where work gets done. That’s how progress is made. And that’s where greatness lies.

Our greatness lies outside our circle of comfort. And we will never step over that line if we fear failures and mistakes.

It is a lot easier to go from failure to success than it is to go from excuses to success.

Embrace your failures and mistakes. They are horrible things to waste.

What has fear of failure stolen from you? How has it stopped you from being, doing, or achieving? What have you done to overcome this way of thinking?

(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

Historically, Homes Less Affordable For Many



By **TERRY ROSS** Despite the huge correction in home prices over most of the last decade, a new study shows that homes are getting less affordable for many Americans – a trend that looks to continue as the current year closes out.

According to the Home Affordability Index compiled by ATTOM Data Solutions, in the third quarter of this year, 24% of U.S. county housing markets were less affordable than their historic averages, reaching the highest level since 2009. This was an increase from 22% in the previous quarter and 19% a year ago. For comparison, in the third quarter of 2009, 47% of markets were less affordable than their historic averages.

Although all home markets have not returned to their pre-recession levels in terms of pricing, consumers' ability to pay increasingly higher prices has not kept up. Limited supply – due to owners not putting their homes on the market coupled with the construction turndown during the recession – has kept prices on an upward curve that is outpacing wage increases.

“The improving affordability trend we noted in our second quarter report

reversed course in the third quarter as home price appreciation accelerated in most markets and wage growth slowed in most local markets, as well as nationwide where average weekly wages declined in the first quarter of this year following 13 consecutive quarters with year-over-year increases,” noted Daren Blomquist, senior vice president at ATTOM Data Solutions. “This unhealthy combination resulted in worsening affordability in 63% of markets, despite mortgage rates that are down 45 basis points from a year ago.

“Some silver lining in this report is that affordability actually improved in some of the highest-priced markets that have been bastions of bad affordability, mostly the result of annual home price appreciation slowing to low single-digit percentages in those markets. This is an indication that home prices are finally responding to affordability constraints – a modicum of good news for prospective buyers who have been priced out of those high-priced markets.”

Some of the other telling statistics show that, although 37% of the U.S. markets improved in affordability over a year ago, the growth of home prices outpaced wage growth in 89% of the counties in the report. This will not be healthy moving forward in terms of increasing homeownership, which has sunk to historically low levels.

Affordability worsened in 63% of the counties studied – including Los Angeles, which is among the 261 markets where affordability is worse than a year ago. L.A. and San Diego counties were among the markets where home prices are currently outpacing

the growth of wages. As for markets where wage growth is outpacing increasing home prices, you must look at Clayton County (Atlanta); Woodbury County (Sioux City), Iowa; Comal County (San Antonio); Stafford County (Washington, D.C.), Virginia; and Peoria County, Illinois, for counties that are bucking the national trend.

One of the most significant statistics is that home prices have increased 10 times faster than wages since 2012, per the ATTOM study that also included data from the U.S. Bureau of Labor Statistics in these 414 U.S. counties. Average weekly wages are down by 1/10th% while median home prices are up by 7% nationally for the year. Since hitting the bottom at the beginning of 2012, median home prices have increased 60%, while wages have risen 6% in those four years.

Calculations were made on data from a population of 203 million from the 414 U.S. counties, with wage earners needing to spend 36.3% of their income to buy a median-priced home, using 3% down on a 30-year fixed mortgage and including property taxes and insurance. The historic average for the income needed to support owning a median-priced house is 38.8%, but only a year ago that number was 35.8%.

While prices and affordability go in opposite directions, the impact on homeownership and the general economy figure to have far-reaching consequences over the next few years.

(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.)

Trade & Transportation

Investing In Talent: Recruiting And Training Future Transportation Professionals



By **TYLER REEB** A recent U.S. Department of Transportation blog post stated that the nation's transportation systems were fast approaching a “demographic cliff.” Others have referred to a “silver tsunami,” a perfect storm of Baby Boomer retirements along with an alarming lack of skilled professionals to assume those critical transportation occupations. In this perfect-storm scenario, transportation jobs remain unfilled, the movement of people and goods grows more inefficient, companies lose revenue, and the national economy suffers. To prevent that scenario, thought leaders in transportation and education must develop innovative ways to bridge the gap between the skills job seekers bring and the skills that employers need.

According to a joint report from the U.S. Departments of Transportation, Labor, and Education, transportation employers will need to hire “4.6 million workers – 1.2 times the current transportation workforce – in the next decade, due to the industry's employment needs that will result from growth, retirements, and turnover.”

Transportation employers across all sectors are increasingly responding to these workforce challenges by investing more time and resources into developing skilled transportation professionals. Major supply chain employers are now developing nontraditional apprentice programs to create their own minor leagues of talented professionals after realizing that such efforts are more sustainable than poaching employees from competing firms.

Apprenticeships are most commonly associated with training programs for union workers. But there is a growing trend in private-sector firms to develop non-union apprentice programs to bridge the skills gap between classrooms and workplaces. Investing in appren-

ticeships can save organizations recruitment and training costs, given that employees can be more accurately placed in positions that match the knowledge and skills gained in the apprenticeship. As a result, these programs help employers to reduce skills gaps. In an Urban Institute study consisting of 900 organizations with apprenticeship programs, approximately 90% of organizations reported they would highly recommend apprenticeship programs to others, because the programs helped meet skill demands and reduce gaps.

The emergence of nontraditional apprentice programs is part of a larger trend toward more workplace-learning initiatives formed through employer-educator partnerships. It is commonly observed that K-12 and post-secondary education fails to prepare students for the workplace because it emphasizes individualized work and abstract theoretical knowledge over workplace competencies and multi-disciplinary understanding. The modern work environment calls for workers who have in-depth knowledge of their discipline, but a breadth of knowledge in regard to how their field intersects with others.

In response to those challenges, the U.S. Chamber of Commerce Foundation (USCCF) recently launched the Talent Pipeline Management Academy to engage employers and their educational partners to close the skills gap. USCCF developed its academy by applying lessons learned from innovations in supply chain management to develop a call for employers to “play a new and expanded leadership role as ‘end-customers’ of education and workforce partnerships.”

Robert G. Sheets, research professor at the George Washington Institute of Public Policy, and Jason A. Tyszko, senior director for education and workforce at the U.S. Chamber of Commerce Foundation, describe such employer-educator partnerships as a new approach to developing “innovation talent” at all levels of the workforce.

It seems the days of laissez-faire hiring strategies are long past for employers seeking sustainable workforces. It is no longer sufficient to post a job description on monster.com or indeed.com and passively wait for talented applicants. Savvy employers understand that investment in employee talent

(Dr. Tyler Reeb is director of research at the Center for International Trade and Transportation at CSULB and associate director of the Southwest Transportation Workforce Center.)

HealthWise

Walking Through Life with Diabetes



By **NAFFOLI H. WEINGARTEN, DPM** More than 29 million people in the United States are living with diabetes. Whether it is Type 1 or Type 2, those who have diabetes should know that it is a manageable disease. However, having too much sugar, also known as glucose, in the blood for too long can lead to serious complications, including poor circulation and nerve damage.

While these complications can affect many parts of the body, the feet are especially at risk. Of the 29 million Americans with diabetes, 25 percent will develop foot problems related to the disease – causing pain, discomfort and the impaired ability to perform everyday tasks.

Poor Circulation – Diabetes can cause blood vessels in the foot and leg to narrow and harden, resulting in poor circulation. Poor circulation can lead to swelling, dryness, ulcers and infection. The lack of oxygen flowing to the foot makes it harder to fight infection.

Nerve Damage (Neuropathy) – Diabetic nerve damage can lessen the ability to feel pain and temperatures in your feet. As a result, cuts, scrapes, blisters and sores can develop on the feet and often go unnoticed due to the developed insensitivity. It also can lead to changes in the shape of the feet and toes including bunions and hammer toes. The most common symptom of neuropathy is a numbness or tingling sensation in the feet.

Other Common Foot Problems – Some of the most common foot problems for people with diabetes include: dry and cracked skin; corns and; hammertoe; and toenail fungal infections

All of these conditions can lead to infection. Signs of infection include redness, increasing pain, warm skin and pus. It is critical to call your health care provider if you have any of these symptoms with these conditions. Infections can lead to the development of gangrene and even amputation of the foot if untreated.

(Dr. Naftoli H. Weingarten provides podiatry services at Community Hospital Long Beach.)

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