

Inside This Issue



**Talking Business
With The City Council**
Page 3



**Small Business Showcase:
Naples Island**
Page 6



Shoreline Gateway Breaks Ground
Page 12



**Queen Mary Leaseholder
Assures Repairs Will Continue**
Page 18

- 2 PortSide & In The News
- 6 Small Business Dollars & Sense
- 12 Real Estate & Development
- 12 Realty Views
- 18 Newswatch
 - Update On The Breakwater
 - Brown Nixes 4 A.M. Alcohol Sales
- 24 Westside Industrial Area
- 28 Goods Movement

Despite Positive Business Climate, Westsiders Remain Dogged By Infrastructure, Homeless Issues

By **SAMANTHA MEHLINGER**
EDITOR

The business owners of Long Beach's Westside Industrial Area are tired. They are tired of sounding negative. They are tired of repeating their same concerns year after year, only to see them remain unaddressed or compounded. They emphasize that

they'd prefer to be positive. But, if they're being honest . . . to do that they'd pretty much have to zip their lips.

This isn't to say the businesses in the Westside aren't doing well. By most accounts given to the Business Journal, they are – even despite housing cost increases, technology advancements and the age of the Internet all coming to bear. Businesses are hiring, and doing (Please Continue To Page 24)



An eroded street in the Westside industrial area. As it was being photographed, a truck driver exiting his vehicle asked, 'Are you going to fix this?' (Photograph by the Business Journal's Brandon Richardson)

FOCUS ON THE GOODS MOVEMENT INDUSTRY

Warehousing Of The Future: How Technology And The Internet Are Changing The Industry

By **ANNETTE SEMERDJIAN**
STAFF WRITER

The purpose of warehouses used to be a lot simpler: a space for storing goods. Now, with the emergence of online shopping and e-commerce, warehouses have become complex headquarters for companies to ship their products directly to customers or retail stores. The management of warehouse operations, such as oversight of inventory and finances, are now often being processed in-house rather than through outside third-party logistics companies.

Along with adjustments to warehousing prompted from the rise of e-commerce comes advanced technology to efficiently handle product processing. Just as shipping

products straight to customers' doors by a click of a button has made shopping more convenient, technology has also made it more convenient for those goods to be shipped from warehouses.

Companies like Fetch Robotics, for example, make automated robots to utilize in warehouses for a

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Pages 28 to 36

more efficient workflow. The company's robots operate alongside workers as well as other equipment, such as forklifts, according to Fetch Robotics. Many of these robots often move materials from one point to another to be processed and stored.

Jim Flynn, president of industrial property management group The Carson Companies, noted that an evolution in warehousing has been driven by e-commerce. "The warehousing industry has evolved from the days that you used to move a pallet of goods from point A to a store," he said. "And now, mainly due to the proliferation of e-commerce, you're moving goods individually from a warehouse to your house. So when you think

(Please Continue To Page 34)

Hospitality Industry A Big Plus For City Coffers

Local Hotels Bring In A Record \$28.6 Million In Transient Occupancy Tax

By **SAMANTHA MEHLINGER**
EDITOR

More than 200 people turned out to show their support for the Long Beach Area Convention & Visitors Bureau (CVB) as the organization made its annual presentation before the Long Beach City Council on October 2. The nonprofit organization, which runs the Long Beach Tourism Business Improvement Area in downtown and markets the city as a convention and tourism destination, announced that in fiscal year 2017-2018 ending September 30, hotels brought in a record level of transient occupancy tax (TOT): \$28.6 million. (Please Continue To Page 19)

Proposition 6 Will Californians Pay Now Or Pay Later?

By **PIERCE NAHIGYAN**
STAFF WRITER

This November, California will answer the question that has haunted its commuters ever since the last Red Car was put out of its misery: How much are we willing to pay at the pump?

A referendum on last year's Senate Bill 1 (SB 1, or the Road Repair and Accountability Act of 2017), Proposition 6 aims to repeal California's \$130 billion plan (Please Continue To Page 22)

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MILLENNIAL PULSE Millennial Men And #MeToo

By Editor Samantha Mehlinger

On the day Christine Blasey Ford and Brett Kavanaugh testified before the Senate Judiciary Committee – she about a sexual assault she experienced and alleged was perpetrated by Kavanaugh, Trump's

nominee to the United States Supreme Court, and he in his defense – my college ex-boyfriend sent me an undoubtedly tipsy text after patroning a beer hall in Germany. (Please Continue To Page 5)

PortSide Keeping Up With The Port Of Long Beach

For Adrienne Henderson, an administrative analyst in the Port of Long Beach's Human Resources Services Division, the workday is "never boring." She explained, "I help out in many areas of HR. I get to do payroll, recruitment, employee relations, research and analysis. It's a mixture of things." Henderson, who moved to Long Beach at age 13, has worked at the port for 11 years. She started out as a booking clerk for the Long Beach Police Department. When a payroll personnel position opened up at the port, Henderson applied and was hired. "My uncle had worked for the harbor department, so I kind of knew about [the port]," she said. "I knew that the port had more opportunities, and I would have a chance to grow within the city." Henderson's main responsibilities are data entry and maintaining information related to employment, including descriptions of positions and job classifications. In a typical day, she may perform tasks such as researching a policy or answering questions about timekeeping or benefits. Although she enjoys her job, Henderson's access to sensitive material has its downside. "Working in HR can be challenging because you have to keep all the information confidential," she said. "Sometimes it makes it hard to have friends at work." Henderson said the types of projects available at the port and its diverse workforce make it an attractive employer. "Also, the port is well-known, so people want to work here because of the worldwide recognition," she said.

– Article and Photograph by Staff Writer Anne Artley



Long Beach Legacy Companies And Organizations

The September 25 edition of the Business Journal included a focus on local companies and organizations that have been in operation in Long Beach for nearly 50 years – since 1969. More than 200 firms and nonprofit groups were identified, but we knew we missed some. Here are two of them, and two more are being featured in our next edition.



League of Women Voters of Long Beach Area, 1924

In 1924, four years after the national organization was created, the League of Women Voters of Long Beach Area (LWVLB) was formed. As a nonpartisan political organization, the group encourages informed and active participation in government through voter education and advocacy of public policy issues, according to President Kimberly Ritter. The group organizes community events, moderates candidate forums, hosts voter registration events, and delivers presentations weighing the pros and cons of state, county and city ballot measures. Ritter said the primary focus this year is to "dispel the cynicism that has crept into many people's feelings about our political process and to drive civic participation." The Long Beach group has 82 members, including a 15-member board and five executive positions. Pictured from left are: Mariann Appel, member; Phyllis O'Connor, treasurer; Jan Gallup, voter editor (monthly newsletter); and Lynn Loftus, member. (Photograph provided by the LWVLB)



Machan Sign Company, 1969

Originally founded in 1917 in Ontario, Canada, Machan Sign Company made its way to Long Beach in 1969. Current President and CEO Jeff Machan is the third generation to operate the business, which was founded by his grandfather. Machan Sign Company specializes in outdoor electrical signs but produces all forms of large-format signage, from neon to banners. Machan has produced iconic signage around Long Beach, including for the Art Theatre and Joe Jost's. The company has also made signage for Molina Healthcare, Healthcare Partners, California State University, Long Beach, and the new Harvey Milk Park. Though Machan prides himself on the company's work around Long Beach, he said they get contracts nationwide, having even produced the backdrop sign for American Idol and neon signage for Taylor Swift's 1989 World Tour. Since 2003, Machan Sign has quadrupled business and grown from three to 16 employees. (Business Journal photograph by Brandon Richardson)

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Photograph at Romance Etc., 5407 Village Rd. in Northeast Long Beach, by the Business Journal's Brandon Richardson

Stacy Mungo

By SAMANTHA MEHLINGER
EDITOR

5th District

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

Mungo: On the whole we've made great strides. We've taken their input, and we've put that to work. I think that many have felt, especially in our three business corridors in District 5, that we've made a lot of progress. We have no vacancy any more. When I was elected, we had extreme vacancy in District 5, and now you can't find a place. It's severe competition. The Spring Street corridor, the Norse Way corridor and the Village Road corridor are all bustling with business. And Long Beach Exchange is here. I have really enjoyed working with the business owners as they have moved in. Some have moved from other parts of the district or the city, and some are new to Long Beach. So far, most of them have had very successful grand openings. A lot of businesses at Long Beach Exchange are some of the strongest in the whole industry. For instance, The Habit [Burger Grill] was one of the highest grossing Habits in the country. . . . It has been really great for the city.

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

Mungo: We helped form business associations in every corridor. We work with them to support what they need and what they want. We try to get out to their meetings at least twice a year. They usually meet quarterly. And in areas that don't have associations, we'll call the meeting and [talk to] the neighbors, the business owners and the managers to try to get them all out to a meeting or a mixer just so we can get to know everyone and hear what their concerns are and try to address them as quickly as possible. We have done that at Long Beach Towne Center, Spring Street, Norse Way, Village Road. We also helped with the Clark/Lakewood Boulevard [retail strip]. We have no limits.

LBBJ: What are the business associations you helped put together?

Mungo: Norse Way and Spring Street are the two strongest.

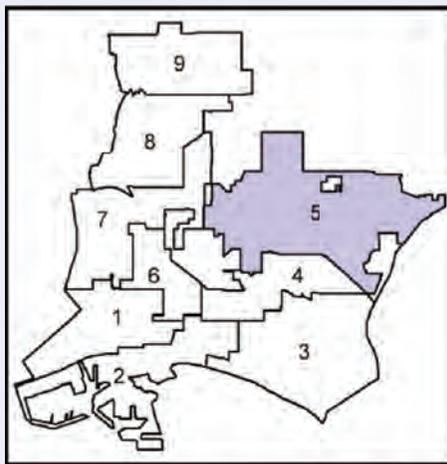
LBBJ: What are businesses in your district telling you are their biggest challenges?

Mungo: I think they were fearful that Long Beach Exchange would take away business. But we have done a lot of pre-emptive investment in the corridors, and we have helped the brokerage companies in selecting businesses that are complementary, not competitive. That has led to it actually being a supportive structure. We also do a lot of marketing for our local businesses. We'll do YouTube videos. We'll put them in the [district] newsletter. We support getting out their coupons and things to the neighbors. And neighbors really like to shop local. There are different times you need a big box store versus a local mom and pop [shop]. But the mom and pops have really been able to thrive in this investment we've put in.

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

Mungo: As chair of economic development, we did. We implemented online permitting for business licenses and for the structural changes a business might need to improve the business for their customers. We also have allocated funds to match businesses that want to invest, and then funds dedicated to improving walkability and shop-ability of our business corridors. Those would be the three main things. But most importantly, I have listened to the businesses on what they need and then implemented those strategies as quickly as possible. And a lot of those are small things that are only pertinent to three or four businesses at a time. But on the whole, they make a big difference.

Last year when I was the budget chair, I asked the council to set aside about a half mil-



lion dollars for three corridor improvement programs. Each corridor would get to be self-determining in how they wanted to handle it. We started with what we call the Carson Corridor, which could cover any component off of Carson – so Lakewood [Boulevard], Clark [Avenue], Bellflower [Boulevard], Norse Way and Viking Way. We ended up working with the different business associations on their needs and found out that the biggest need was at Norse Way. We ended up spending one-time funding on completely redoing everything. We are putting in overhead lighting. We're doing a huge event to kick that off in a few weeks. We are putting in bulb outs for better pedestrian safety in the area. We are replacing the ficus trees with crepe myrtles that don't break up the sidewalk and aren't going to ruin the pipes underground. They're flowering, and they don't drop their leaves in the pedestrian walkways. It will be more pedestrian friendly.

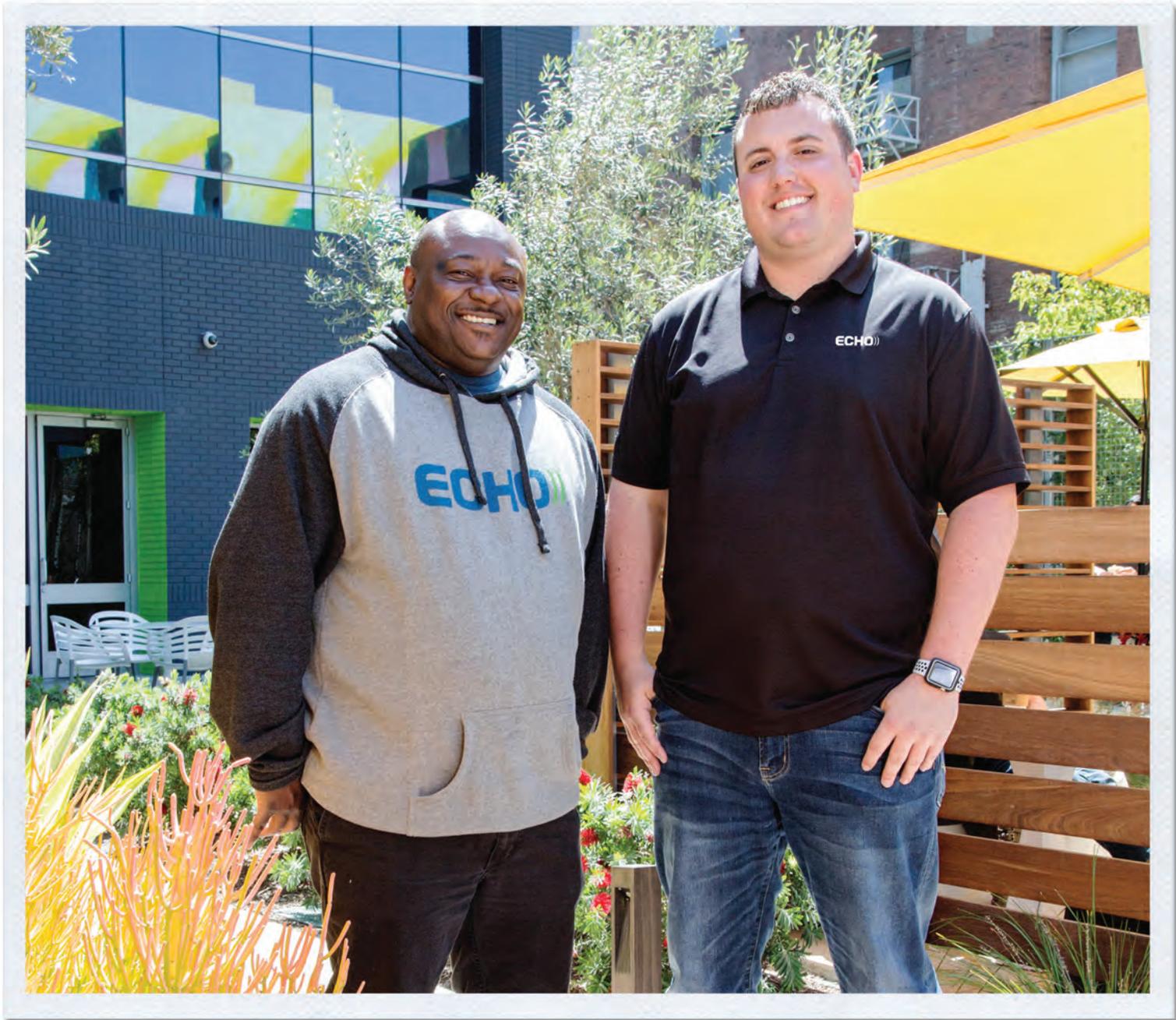
We are also working with any other restaurants if they want to do some additional outdoor seating [by] bumping out the curbs. We are creating additional parking by restriping in a more efficient way. You have a residential community that has parking restrictions, then you have an apartment community which has no parking available. And then you have a business community. The apartments and the business community are competing for the same spots. . . . We have come up with some creative strategies. We're adding parking and we're re-configuring parking. The business association is also in talks with the neighborhood association on other things that could help them collaborate better and get more customers to walk to their area.

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

Mungo: A lot of the real estate makeup is not ideal for restaurants. It has a lot to do with square footage, seating, parking. The culture of the 5th District has changed, and more people eat out than they did 25 years ago. We also are a community that likes to eat at more mom and pop type places than at your more commercial restaurant row like Lakewood has. As facilities become available, we encourage the ability for restaurants to open. But it's really hard, because the spaces aren't all conducive to that. We've looked at even supporting Baja Sonora with allowing them to have a food truck in the interim [before they re-opened their business once tenant improvements were complete] so they didn't lose their client base. We have also talked about, in some of the spaces that aren't big enough for a restaurant, doing the outdoor seating options with the curb dining or parklets. You just have to balance parklets with parking needs. There are plenty of zoned commercial areas. It's more about where restaurants want to be, and what are the businesses they want adjacent to them, what are the sizes that they need, and what are the utility needs. For instance, when Bigmista's [Barbecue & Sammich Shop] went in at Los Coyotes, they had some significant challenges in taking a bakery and turning it into a restaurant. . . . We made some accommodations for their smoker and a couple of other things that gave them some growth opportunity. They were very successful while they were here.

LBBJ: Is there anything you would like to add or emphasize?

Mungo: One of the unique things about the 5th District businesses is so many of our business owners and managers live in the neighborhood, so they really know the community and are involved in the community in really strong ways. That's a big part of the fabric that makes East Long Beach and its business community connected to the neighbors. I often like to say that sometimes in the 5th District we only want to go out at restaurants and businesses in the 5th District. And you can do that for months at a time because we have multiples of everything. We have multiple pizza shops and restaurants, multiple coffee shops and multiple flower shops, and multiple dentists and doctors and optometrists. You don't have to go far. Everything you need is in the 5th. ■



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(Continued From Page 1)

We're friendly, so I didn't find it odd that he was checking in – until I found out what he wanted to talk about.

"Hey, what's up?" I asked.

"I'm drunk and pretty worried I was a Kavanaugh-y monster in college. Well, scared? I don't recall myself that way. . . . But now I'm in a tent in the woods in Munich with a bunch of Australians and am trying to get my first college girlfriend to say I'm not a monster."

Just FYI, this isn't going to be a column about the Supreme Court nomination, and there aren't going to be any opinions about that beyond my ex's verbatim drunk, German beer-laced reaction above, so relax. Now, moving on.

My mouth fell open in surprise. Laughter quickly poured out of it. Knowing he was sincere, I composed myself to reassure him that – while he full well knows he wasn't the best boyfriend, and frankly, while he was often quite drunk around me – he never did anything that I would even put on the scale of sexual assault, period. Not even on the same page. Not even in the same book. Not even on the same bookshelf.

I was shocked that he'd even ask, but after that subsided, I felt gratitude. I have never, ever, had a man ask me if he was making me feel uncomfortable – not in the moment, and not after. I can think of many instances where I wish they had. A few where I wish they had listened when I said that I was. And several where I was too naïve to know I should be uncomfortable.

But I also felt frustrated that such a well-meaning retrospective review of male-female interactions would come from someone who shouldn't have to worry about such a thing, rather than someone who should.

A few times in the past week, I've read and listened to some commentary on this topic. The discussion has revolved largely among young men, since, presumably, those are the majority still in the dating game. BBC News, for example, ran a story titled, "Brett Kavanaugh accusations: Are young men in America scared?" And, on CNN: "Trump: 'This is a very scary time for young men in America.'"

Such discussions have made me wonder . . . are Millennial men, and those younger, really scared? If a guy like my ex was questioning his past interactions

with women, how are other men feeling? Are they even thinking about this? Are they anxious? And . . . should they be?

So, I asked Millennial men in my social network to tell me how they're feeling. This is what they said.

One who traveled in my circles in college reached out when he saw my Facebook post on the topic. I haven't heard from him in eight years, which made it crystal clear to me that he was being forthright. Why else would he bother? Despite not wanting his name printed, he wanted me, and people who read this column, to understand his experience. Much, I think, like Ford originally wanted when she sent her letter to her senator.

He told me he was "100% nervous in this environment," and that he has had two women accuse him of sexual harassment since the #MeToo movement erupted. In one instance, a woman he said initiated a hug claimed it was sexual assault, and another did the same when he accidentally grazed her arm. "At this point due to the increase in hostile emotions from the left (in my opinion) I refrain from even giving a high-five to women now," he wrote in a private message.

What upset me was the next thing he had to say. "The #MeToo movement has blown up WAY out of proportion. It is a double standard. Men cannot use it (I tried and was laughed at by a woman from a sexual assault I experienced in college)."

While some men have taken #MeToo as an opportunity to express their own experiences with sexual assault – because, while less common, men of course are victims too – it was disturbing to hear that a man has been shamed for doing just that. And it's inexcusable.

Others who responded largely did so along a similar vein. A friend of a friend, whom I have met only on one occasion, said, "I'd say the #MeToo movement has caused me to reflect on my interactions with women in new ways. It's been a positive thing." #MeToo has not made him nervous, he said. "I'm not important or rich enough to be targeted by false allegations, and I've always tried my best to live above reproach, so I'd hope if I were somehow targeted, that my character testimony and honesty would hold up," he explained. He added that he understood why men in power would be nervous, "ei-

ther out of fear of false allegations or because they only they've been skeezy in the past."

Someone I was in a theater club with in college said that the #MeToo movement has caused him to reflect on interactions he has had with women in the past, and to ask his close female friends how he can do better.

Another male acquaintance said that if #MeToo "makes guys have second thoughts about saying unsolicited inappropriate things and ends up with guys making fewer creepy comments, that'd be a nice byproduct."

A guy I was quite close with in college – he dated my best friend, after all – said that he was nervous not for himself, but because of "men and boys who are so quick to jump on the fear train about false accusations." He explained, "It shows me that even a perceived threat towards men is more important to them than the statistically more common threats facing women."

While he led with his more enlightened current stance on male-female interactions, he was also honest about past behaviors he regretted. "The rise of the #MeToo movement definitely caused me to personally reflect on past behaviors, realizing just how many times I made a woman uncomfortable and I was too unaware or selfish to care," he said.

What did I learn from this outpouring of responses? (By the way, there are more, but I don't have room to share them all.)

Well, first off, the fact that I heard from men I haven't spoken with in years told me that this is an issue that men are taking very seriously, and that, if given the opportunity to have their feelings made known, they'll take it. But most won't take that opportunity unless they're anonymous; only one of them gave me express permission to use his name.

That speaks volumes. Some men are nervous of being falsely accused of sexual assault or impropriety, but even those who say they aren't worried about this are not fully comfortable voicing their opinions on the topic.

Why is that? I'd hazard to guess it's because they fear being lambasted for weighing in on what has been largely characterized as a women's movement. While rapes and sexual assaults disproportionately affect women, by far, they also happen to men too – like my friend from college. And he deserves to be heard, just like we all want to, without fear of reproach.

Millennial men, and men of all ages, shouldn't be afraid to speak about the #MeToo movement. No one should. We should be able to all discuss this openly among all genders, and those non-conforming. Just do me a favor, and do not shout each other down. Do not laugh at each other. Just listen. And when you disagree, do it with empathy. What you hear will probably surprise you.

(Comments may be sent to: samantha_mehlinger@lbbj.com) ■



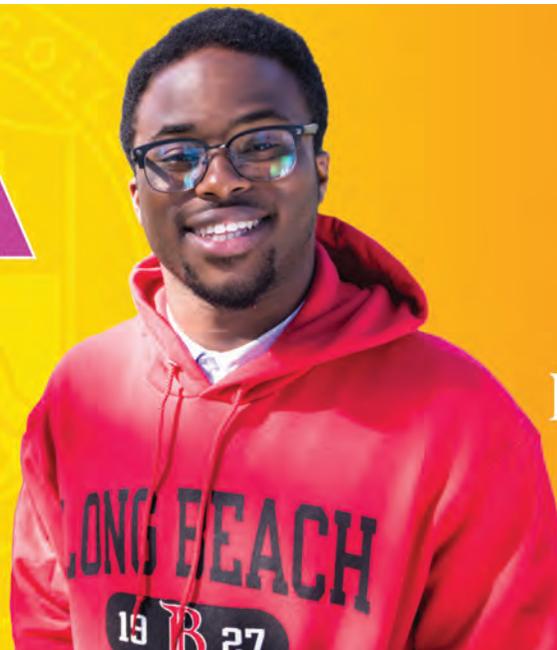
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Komo's Cocina

Lisa Buchanan, co-owner of Komo's Cocina, said the circumstances aligned to allow the restaurant to open. Buchanan's father and business partner, Ken Putnam, owned a house behind the location, which previously housed an eatery called Fora Restaurant. In 2014, Putnam was in the process of remodeling his home when his contractor gave him a tip: the owner of Fora was preparing to sell it. Putnam, also the owner of Luau Larry's, a restaurant and bar on Catalina Island, had been considering opening another eatery. They decided to buy the business and convert it to a Mexican-style restaurant since there were none in Naples. "We wanted to offer a cuisine with clean food, that doesn't use lards and fats that are in a lot of traditional Mexican restaurants," she said. Buchanan added that she recently expanded the menu to offer more salads, appetizers, hamburgers and sandwiches to appeal to a wider range of palates. The restaurant also has more than 100 types of tequila. "We research each one before we put it out," Buchanan commented. Komo's also holds events to educate guests about the tequilas. "All of our staff is super knowledgeable," she said. "We've come up with a margarita recipe that we're really well-known for." Buchanan said Naples provides a positive atmosphere for business owners. "All of the people who own restaurants on this street are kind, friendly and helpful." Komo's Cocina is located at 5730 E. 2nd St. For more information, call 562/856-9494 or visit komoscocina.com.

Sennikoff Architects

Steve Sennikoff, who described himself as "your friendly neighborhood architect," said he first knew he wanted to enter the profession in the 7th grade. "I had a Spanish teacher who had us draw a house and label everything in Spanish," he recalled. "I came back to school with a big cardboard house with bowling alleys and movie theaters." Before starting Sennikoff Architects nine years ago, the Long Beach native worked at a large firm in Newport Beach for almost 20 years. "Before the Great Recession, the firm I worked for was [made up of] about 50," he said. "Then we got down to five and we had no work. After a year of sitting in an empty office, I decided I would just come home and open up a small office." Most of Sennikoff's clients are homeowners and families who want to build their own home or remodel their current one. "Long Beach has a lot of old homes that are kind of outdated," he said. Sennikoff said he enjoys designing projects and working with clients to create their dream home. He also collaborates with small developers on residential projects. As a business owner, he also values the flexibility that allows him to spend time with his family. "Keeping everybody happy" is the architect's biggest challenge, he said. "You deal with a lot of personality types and a lot of wants and needs for homes," he explained. Sennikoff Architects is located at 5500 E. 2nd St. For more information, call 562/344-5438 or visit sennikoffarchitects.com.



Kids Under Construction

While the Great Recession stalled one career opportunity for Kids Under Construction owner Kristen Peters, it allowed her to find another. "I got my teaching credential in 2008 from California State University, Long Beach. That was the year that Long Beach Unified School District and a bunch of other [districts] were laying off teachers because of national budget cuts," she said. Peters started working as a substitute teacher, but realized she needed a project she could "take ownership of" after her dream of becoming a classroom teacher was put on hold. So she set up a booth at the American Youth Soccer Organization's opening carnival, hoping to meet moms whose kids needed tutoring. "I signed up 18 kids the first day," she said. "Then they had friends and teammates who needed help. Before I knew it, I was working six days a week with kids after school and absolutely loving it." Kids Under Construction offers both one-on-one and small group sessions for kids in preschool through 12th grade. Peters provides help in reading, math, writing, Spanish and study skills, conducting sessions both at her business and in students' homes. She also runs summer workshops and a homework club. "Today's parents are so busy. They don't have time to dive into their kids' education as much as they want to," she said. "I love to be that support system." Kids Under Construction is located at 5520 E. 2nd St., Suite K. For more information, call 562/999-2582 or visit kidsunderconstruction.com.

Small Business Dollars & Sense

How Small Business Retailers Can Get Ready For The Holidays

It may only be October, but if you're a small business retailer you know the holidays are right around the corner. Whether you're planning a big push to boost sales or working to make sure inventory can meet demands, preparation is key. From brick-and-mortar retailers to e-commerce sites, finding ways to best monitor cash flow or reach your customers can define the impact to your bottom line.

So how can retail small business owners make sure they are ready to make the most of this critical time? Below are three tips to streamline your business in time for this holiday shopping season.

Have the right plan for your business's cash flow – Your business is unique, from the products you provide to the suppliers you work with and the people you hire. Having a cash flow projection that takes into account your business's unique model means you can better monitor your cash flow needs and adjust for any fluctuations that might occur. From vendors to financing to inventory, the ability to effectively manage all of your cash flow elements using the latest tools will ensure that you are able better to serve your customers and grow your business.

Transitioning to digital payments – With 78% of consumers choosing credit cards or

mobile wallets as their preferred form of payment, now is the time to make sure the widest range of customers have access to what you're selling.

A recent analysis also showed that the average cost of processing digital payments, including direct expenses and labor costs, is 57% less than that of non-digital payments. So not only does transitioning your business to accept digital payments make sense from a customer service perspective, but it saves small business owners money as well.

Work smarter using the right tools – Having the right tools to protect your business is also important in this increasingly digital market. Ensuring your cybersecurity, both for online retail and internal systems, is critical to protecting both your business and your customer's information. From being aware of possible risks to making sure your employees are fully aware of and trained in security measures, your efforts can decrease the likelihood that a cyber-attack disrupts your business during the holidays.

Know how you're reaching your audience – The higher volume of shoppers seen during the holidays also means that making yourself stand out from the competition is more important than ever. Therefore taking an analytical look at how you're going to market your business can be very impactful to your bottom line. What discounts should be offered for the holidays? Can potential customers easily find your business if they look on a popular social media platform? These are all questions you should be considering as the holiday season approaches.

If you're a retail small business owner, the holidays are an important time to have your operations streamlined to meet your goals and provide your customers with the best possible products and service. With proper planning and the right considerations, the holidays can be a great time for you, your customers and your business as the year comes to a close.

(Natasha Mata, a 23-year veteran of Wells Fargo, is region bank president of the greater Central Los Angeles Area, which includes Long Beach and some North Orange County cities.)



By NATASHA MATA

concert 02



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Saturday, December 15 | 2pm, 7:30pm
Sunday, December 16 | 2pm
Friday, December 21 | 7:30pm
Saturday, December 22 | 2pm, 7:30pm
Sunday, December 23 | 2pm

Long Beach Camerata Singers

Handel's Messiah

Friday, November 30 | 7:30pm
Saturday, December 1 | 3:30pm

From Heav'nly Harmony – Celebrate the Season
Saturday, December 8 | 7pm

Long Beach Symphony

Brahms & Dvořák

Saturday, November 10 | 8pm

Holiday Pops!

Saturday, December 22 | 8pm

Musica Angelica

Handel's Total Eclipse—

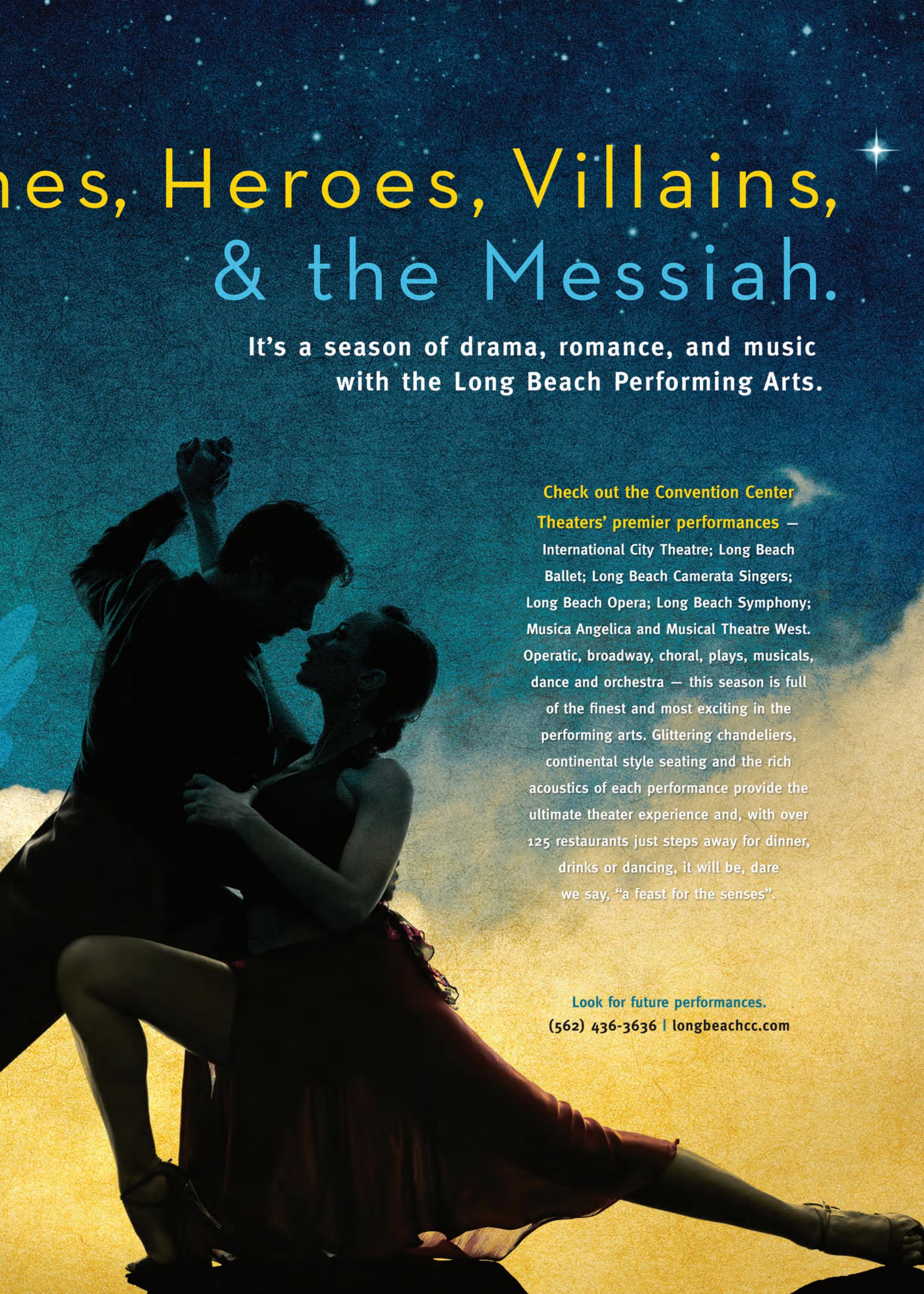
Music for Handel's Tenor, John Beard
Saturday, November 10 | 7pm

From Heav'nly Harmony—

Music of Joy to Celebrate the Season
featuring Bach's famous cantata
Jauchzet Gott in allen Landen
Saturday, December 8 | 7pm

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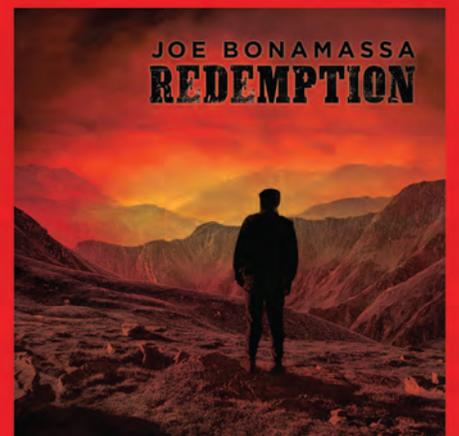
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On October 4, developers and city officials celebrated the groundbreaking of Shoreline Gateway, which will become the city's tallest building. The residential project is located on the northwest corner of East Ocean Boulevard and Alamitos Avenue and adjacent to The Current, both pictured in the rendering above. Pictured at the groundbreaking from left are: Jason Silver, director of development for Leducor Properties Inc.; Brian Higgins, regional vice president for Qualico U.S. Inc.; Todd Pennington, divisional president for Build Group Inc.; Tim Holley, vice president of construction for Leducor; Mayor Robert Garcia; Patrick Patterson, COO of Leducor; 2nd District Councilmember Jeannine Pearce; James Anderson, president and CEO of AndersonPacific, LLC; Ryan Altoon, executive vice president of AndersonPacific; and Kraig Kojian, president and CEO of Downtown Long Beach Alliance. (Photograph by the Business Journal's Brandon Richardson)

■ By **BRANDON RICHARDSON**
SENIOR WRITER

Long-Awaited Residential Development, Shoreline Gateway, Breaks Ground Downtown

The Shoreline Gateway tower, the future tallest building in Long Beach, broke ground on October 4. Located on the northwest corner of Ocean Boulevard and Alamitos Avenue, the building will be 35 stories tall, measuring 417 feet – 20 feet taller than One World Trade Center, currently the city's tallest building at 397 feet.

“Since 2004, Anderson Pacific LLC proposed a vision for this site which was enthusiastically shared by the community and

the City of Long Beach,” Jim Anderson, CEO for developer Anderson Pacific, said. “We greatly appreciate the members of the community, the city and our partners who have worked with us all these years to make this vision a reality.”

Following revisions to the initial proposal, project plans now include a mix of 315 studio, one- and two-bedroom luxury apartments ranging from 580 square feet to 2,480 square feet. Two-story penthouses will occupy the 34th and 35th floors. The ground floor of the development is set to include nearly 6,500 square feet of retail space.

Designed by Long Beach-based Studio One Eleven, the development includes five levels of subterranean parking and amenities, such as an ocean view lounge, a fitness

center and a community room. Other amenities include a secure dog park, a rooftop pool and barbecue area, a “creativity studio,” a bike kitchen and storage space, and a pet spa.

Shoreline Gateway is the second phase of a two-building campus by Shoreline Development Partners LP, which consists of co-developers Leducor Properties Inc. and Anderson Pacific, with their partners Qualico and Lantower Residential. In 2016, The Current, a 17-story residential tower with 223 units, was the first phase of the campus to be completed.

“The Current was a great success for us and the community, and we expect Shoreline Gateway to honor and greatly enhance that experience,” Patrick Patterson, COO of

Leducor Properties, Inc., stated. “Once Shoreline Gateway is built, it will complete the urban campus that was envisioned by planners and senior city officials more than a decade ago. It is gratifying to be here for the beginning of the end of that long process, to bring the vision into reality.”

A 10,000-square-foot shared plaza will link The Current and Shoreline Gateway. The space is to be activated by retail, resident amenities and an art installation by Jud Fine and Barbara McCarren.

While The Current was the city's first Leadership in Energy and Environmental Design (LEED) New Construction Silver project, Shoreline Gateway is the city's first LEED Neighborhood Development Gold project. LEED certification is awarded to

community land trusts have been around since the 1970s on a small scale, but are now increasing in numbers as are similar organizations like public land trusts, which are nonprofits dedicated to preserving land for public access or agricultural, scientific, recreational, historical or educational activities. They receive funding from local cities, government-backed agencies, banks and various faith-based and secular organizations, and can invest in purchasing properties to sell and rent back at a discounted price to eligible residents, based on income levels. Each of the 15 established community land trusts in California has its own unique rules and responsibilities for owners and tenants, and although they are not going to solve the housing issues by themselves, they are making progress in the areas that they do serve, while help out local governments in solving this problem.

Each individual community land trust operates differently. As an example, homeowners in a land trust agree that the trust retains ownership of the land beneath the home, similar to a condominium. This takes the form of a 99-year ground lease. Then, when the homeowner decides to sell at some point in the future, they agree to sell it at the same price they purchased it, plus an added amount equal to changes in

median area income. This practice ensures the home remains within reach of low-income households as the years pass, even if the surrounding land has appreciated significantly.

These programs are mostly based on the premise of providing affordable housing to citizens in an area such as a coastal city or downtown area where it's basically impossible to qualify to buy or even pay rent on the salary of a teacher, first responder or service worker.

While a program like this doesn't offer the same kinds of return on investment that a traditional home purchase would – since the resale price is controlled to keep it within the affordability guidelines – it is a way to live in a better neighborhood at a price that is affordable and stable.

The ultimate solution is more construction and government incentives – such as the lessening of regulation – to incentivize the private sector to build more homes and apartments at all price levels. But for now, there is some relief currently being provided by nonprofit organizations.

(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.)

Realty Views

Nonprofits Take On Housing Affordability



By **TERRY ROSS**

While various branches of government statewide continue to wrestle with the issue of affordable housing in California and how to reverse this troubling trend, the nonprofit sector in this state has actually made headway in alleviating this problem.

This is not to say that nonprofits are going to cure the serious problem of housing affordability, but the number of not-for-profit organizations devoted to this cause have increased over the past few years and they are showing tangible results – even on a small scale.

The problem itself is enormous: For example, renters in the Los Angeles area spend on average 48% of their income on

rent alone, according to 2017 statistics supplied by Zillow. San Diego and San Francisco aren't far behind, with renters spending on average 42% of their income on rent. This is significantly above the maximum recommended 31% housing-costs-to-income ratio that economists look for and most lenders favor.

Again, incomes are the issue for prospective homebuyers as California home prices have increased much faster than average incomes, rising by 71% in the high tier since 2012; 89% in the mid-tier; and 119% in the low tier of homes, according to statistics compiled by Standard & Poor's/Case-Shiller Home Price Index. But the real problem is that the median income of married households in California has only increased 15% since 2012, according to U.S. Census figures.

The lower tier/income levels are the hardest hit. And as a double whammy, most of the new home construction is taking place at the higher price levels. Construction has fallen way behind demand. Despite some efforts in Sacramento and on the current California ballot in November, the growing population of homebuyers and renters are still finding it tough to find housing that is within their budget.

The nonprofit organizations known as



Following renovations to bring tenants a more creative environment, the office building at 211 E. Ocean Blvd. in Downtown Long Beach is 98% leased. (Photograph courtesy of The Ruth Group)

“healthy, highly efficient and cost-saving green buildings,” according to the U.S. Green Building Council.

Shoreline Gateway is scheduled for completion in the fourth quarter of 2021. Mayor Robert Garcia said Shoreline Gateway will “add an icon to our skyline. We’ve been waiting for this project and [are] excited that it will bring over 300 new homes to Long Beach.”

Downtown Creative Office Building Nears 100% Occupancy

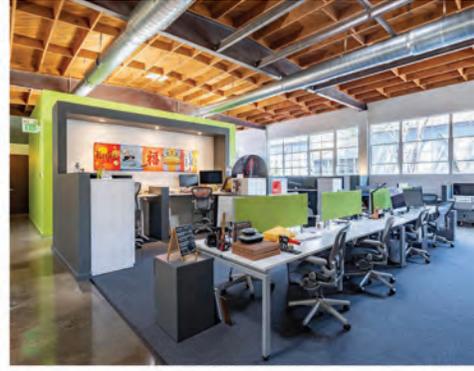
Over the last year, the office building at 211 E. Ocean Blvd. has undergone extensive renovations by owner The Ruth Group to create an open, creative environment for its tenants. Renovations were recently completed and the building is 98% leased with only one 2,000-square-foot creative suite still available, according to Vice President Brendan Lesch. There has already been

“significant interest from potential tenants,” he added. “We are excited about the leasing velocity that we have experienced at 211 Ocean in Long Beach. The property features an environmentally sensitive design with sustainable landscaping, collaborative open space, spacious balconies on every floor, operable windows on every floor and easy access to public transportation,” Ruth Group President Bob Ruth said in an e-mail to the Business Journal. “The demand for a repositioned creative office building in Long Beach has been fantastic and we are proud to have created a desirable working atmosphere for our tenants.” Current tenants include Designory, which occupies 34,175 square feet, Pacific6 (including the Long Beach Post), occupying 18,649 square feet and Novogradac, with 15,045 square feet. Other tenants include Geosyntec Consultants, Novo Fashion

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(Continued From Previous Page)

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Signal Hill Company Inks Lease At Long Beach Airport Business Park

In late August, Signal Hill-based Traffic Management Inc. signed a lease for approximately 43,000 square feet of office space at 4900 and 4910 Airport Plaza Dr. Now, the company is leasing an additional 7,000 square feet, according to Lauren Coombs, a broker associate with First Team Real Estate. The lease includes the entire third floor of each building at the Long Beach Airport Business Park. The decision was spurred by a need for more space, Coombs told the Business Journal. Proximity to the 405 Freeway and the Long Beach Airport, and free parking were also contributing factors to the company's choice to move to the office buildings, Coombs noted. Additionally, with many of its employees living in Long Beach and the surrounding area, Coombs said the company did not want to move far. The space is currently gutted and the early stages of the buildout are underway. Traffic Management is expected to be fully moved in by the end of the first quarter of 2019. The two-building property totals approximately 150,000 square feet. A Starwood Capital Group limited liability company owns the business park, with representation by Los Angeles-based real estate advisory firm Newmark Knight Frank for leasing, Coombs said.



Long Beach downtown apartment buildings sold: Above, 138 Elm Ave., and at left, 445 E. 3rd St. (Photographs courtesy of Stepp Commercial)

Final Major Douglas Park Development Underway

Pacific Pointe Northwest, the last major development at Douglas Park, is underway with construction crews grading the more than 20-acre site, according to developer Sares-Regis Group's senior vice president, Larry Lukanish. Located at southwest corner of East Carson Street and Worsham Avenue, development plans include four light-industrial buildings west of the Long Beach Exchange retail center. Building 12 is 83,823 square feet with 145 parking spaces. Building 13 is 90,607 square feet with 151 parking spaces. Building 14 is 134,109 square feet with 229 parking spaces. And Building 15 is 70,701 square feet with 144 parking spaces. With environmentally sustainable and energy-conscious design, all four buildings will be LEED certified, according to a Sares-Regis representative. Douglas Park includes 190 acres of land north of the Long Beach Airport that was previously owned by Boeing. Sares-Regis began developing the land in 2012.

Stepp Commercial Closes Two Multi-Million-Dollar Deals

Stepp Commercial Principal Robert Stepp represented the seller, Los Angeles-based 765 Cerritos LLC, in the \$5.48 million sale of a 24-unit apartment building located at 138 Elm Ave. "The buyer of this property [San Diego-based La Mirage MPI LLC] was attracted to a turnkey, non-rent controlled Long Beach asset and the building's highly desirable East Village location," Stepp stated. Built in 1914, the 11,744-square-foot property includes 16 studios, and six one-bedroom and two two-bedroom units. Recently renovated, the building includes modern, updated kitchens and a furnished rooftop deck.

Stepp Commercial Senior Vice President Michael Toveg assisted Stepp in the \$4.7 million sale of Sea Side Villa, a 22-unit property located at 445 E. 3rd St. "This property is a strategic acquisition with long-term upside in a prime Long Beach submarket," Stepp stated. "Long Beach has become an attractive and more economical coastal alternative for renters seeking an amenity rich, Southern California beach community." The Stepp team represented the seller, Los Angeles-based 131 Olive Street LLC. Cochise Capital of Los Angeles was the buyer. Also located in the East Village Arts District, the property was built in 1922 and includes 15 studios and seven one-bedroom units. The apartments were recently reno-

vated and include shared balconies, hardwood floors, granite countertops in the kitchens and custom tile in the bathrooms.

New Retail Stores And Restaurants

Mark Price, Husband Of 3rd District Councilmember, To Open Business In Belmont Shore

Construction is underway on The Lash Lounge, Mark Price's first entrepreneurial endeavor. Price, husband of 3rd District Councilmember Suzie Price, said he has wanted to own his own business since he was a teenager but he never knew exactly what that business would be. Price is a trained biomedical engineer, a profession he worked in for 25 years. After leaving his company a couple years ago, he said he used his new-found free time to research various business opportunities. Given his age, he said entering into a franchise company rather than creating a brand from the ground up was the more economically viable path toward entrepreneurship. In conducting his research, Price came across The Lash Lounge, which specializes in eyelash extensions. "It just made sense," Price said, acknowledging his lack of expertise in the field. "It is a small footprint with low inventory. The margins are good for something that isn't very complicated." The space is located at 4801 E. 2nd St. near Park Avenue at the former site of The Children's Place. The couple lives half a mile from the location, which is being subdivided into three smaller storefronts. The Lash Lounge space measures just over 1,100 square feet, Price said, adding that he expects to have about 10 employees to operate the front desk area and the seven stations. He said he is hoping for a soft open in mid-to late-November, with a grand opening in early December. "This is an up-and-coming

CITY OF LONG BEACH BID OPPORTUNITIES

TITLE	BID NUMBER	DATE
Citywide Security Guard Services	ITB LB18-123	10/10/2018
Provide Fabrication Services	WD-42-18	10/11/2018
Printed Envelopes (Citywide)	ITB LB18-086	10/11/2018
Downtown Shoreline Marina Fire System	RFP PR18-130	10/11/2018
Emergency Vehicle Auxillary Equipment	ITB FS18-146	10/11/2018
Ivanti LANDesk Maintenance Renewal	ITB TI18-140	10/16/2018
Long Beach Airport Monument Sign Improvements	R-7133	10/17/2018
Temporary Steel Plates	ITB GO18-137	10/18/2018
MS4 NPDES Permit Professional Compliance and Support Services	RFQ PW18-136	10/25/2018
Furnish, Deliver, and Install (3) Office Trailers	WD-33-18	10/26/2018
Whaley Park Concession Stand Trailer	ITB PW18-142	10/31/18
Westside Storm Drain Phase 3	R-6751	11/14/2018
Development & Implementation of Broad-Based	RFP CS18-135	11/29/2018
West Seaside Way Storm Drain Project	R-7104	12/19/2018
Qualification and Selection of Peer Reviewers	RFQ DV17-112	Continuous

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

Bidder Registration

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

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Mark Price is pictured with his wife, 3rd District Councilmember Suzie Price, at 4801 E. 2nd St., the future home of his new business, The Lash Lounge. The franchise specializes in eyelash extensions. A former biomedical engineer, this is his first entrepreneurial effort. He plans to open in early December. (Photograph by the Business Journal's Brandon Richardson; rendering courtesy of Price)



Ron Hodges, owner of Shannon's On Pine, is preparing to open The Carvery on the northwest corner of Pine Avenue and Broadway. The restaurant's menu will include premium meats, such as ribeye steak, prime rib and short ribs. The mezzanine area overlooking the booths and bar is dubbed McCarthy's Mezzanine in honor of Dennis McCarthy, the owner of the first saloon to operate at the location, which opened for business in 1890. (Photograph by the Business Journal's Brandon Richardson)

trend, which is, no pun intended, kind of eye opening for me," Price said. "There's nothing like this on 2nd Street. It's exciting." Price said he has long-term plans to open four more locations in Los Angeles County, one of which he said is likely to be located in another area of Long Beach.

Meat, Booze And Radio Coming To Pine Avenue

A speakeasy and a smokehouse are coming to Pine Avenue thanks to Ron Hodges, owner of Shannon's On Pine. Located on the corner of Pine Avenue and Broadway, The Carvery is expected to open its doors soon,

Hodges said. The original menu concept included serving up specialty, gourmet sandwiches made with meats smoked on site. However, the menu has evolved to also include other meat specialties, such as a 40-ounce Tomahawk ribeye steak, prime rib and short ribs, as well as vegan and vegetarian options. Hodges said he knows the importance of including options for those with food restrictions, as his wife and daughter are both vegetarians. All meats will be smoked and slow roasted inhouse. Buildout of the space is completed, with a few changes being made before the city approves it for opening,

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Poki Cat officially opened at The Streets in Downtown Long Beach on September 22 at 325 Promenade North. The restaurant serves poke bowls and sushi burritos, all made to order. Pictured at the ribbon-cutting ceremony from left: Austin Metoyer, economic development and policy manager for the Downtown Long Beach Alliance; Isaac Romero, executive administrator for Mayor Robert Garcia; Cory Allen, chief of staff for 1st District Councilmember Lena Gonzalez; Robert Luo, executive chef of Poki Cat; Jin Luo, managing member of Poki Cat; and Poki Cat members Yushan Wang, Jifeng Jiang and Zhaona Liu. (Photograph courtesy of Poki Cat)

(Continued From Previous Page)

Hodges explained. “I’m hoping to open up next month for sure,” Hodges said. “It’s just beautiful.” The intimate space features all booth seating and a small bar area flooded with natural light. Hodges said he has dubbed the mezzanine area overlooking the booths and bar McCarthy’s Mezzanine in

honor of the owner of the first saloon to operate at the location, Dennis McCarthy, who opened for business in 1890.

Hodges is also in the process of creating a speakeasy in the basement of Shannon’s. Like many speakeasies, Hodges said the design and decor will be inspired by 1920s prohibition, including a long wooden bar.

The space will also feature live entertainment, likely jazz, he added. With other bars such as Roxanne’s having secret entrances to their speakeasies – through an old telephone booth at the back of the bar, in Roxanne’s case – Hodges said he is still deciding on an entrance that is fun yet practical. The reason for a more practical approach is that the speakeasy also will house a radio studio. Hodges has purchased 50 hours per week of KLBP (a Long Beach public radio station) airtime during which he will air a sports show and coverage of Long beach events and news. The space will also be used to produce pre-recorded materials and as a practice space for students interested in radio, recording and sound engineering. Large windows will allow speakeasy patrons to view the radio and recording areas. Hodges said he would like to open the speakeasy by the end of the year, but that a timeline has not yet been solidified.

New Mexican Restaurant Baja Cali Opens On Pine

Co-Owners Jaime Alvarez and Lorena Varela had a soft opening for Baja Cali Fish & Tacos on September 21 at 940 Pine Ave.,

with a grand opening celebration on September 29. The restaurant is the partners’ fifth location since opening the flagship in Alhambra in March 2017. “We’re expanding everywhere there’s an opportunity,” Alvarez said. “We looked at the opportunity here in Long Beach when this restaurant came up for sale. We did our homework. It’s toward the end of Downtown Long Beach and the beginning of a residential area – we saw the socio economics from both ends and the surrounding community and felt that this was a good opportunity.”

The fast-casual restaurant specializes in fish tacos and other seafood, but also serves up various burritos, tostadas, nachos and tortas. Other menu items include loaded fries, sopes and fresh aguas frescas. The concept originated with the desire to feature authentic Mexican recipes at an affordable price, Alvarez explained. Varela, originally from Ensenada, Mexico, is responsible for all recipes at Baja Cali. Save few exceptions, meals cost less than \$10 per person, Alvarez noted. In addition to keeping menu prices low, Alvarez said members of the military who are in uniform receive complimentary meals every day. Additionally, firefighters and police officers receive a 50% discount.

Alvarez said the restaurant has received a great response from the community, adding that Long Beach’s diversity becomes very apparent when examining the customer base. “People love the food. We do take pride in that,” Alvarez said. “We continue to do things fresh every day. We want the best taste, the best flavor for everyone to enjoy when they’re here.” In the coming months, Alvarez said the company will bring vegetarian and vegan options to the menu. The greatest hurdle is fine-tuning the logistics to ensure the vegan food does not come into contact with any of the meat or dairy products throughout the entire cooking process, he added.

Aside from in-store operations, Alvarez said Baja Cali caters events such as conferences and parties. Other Baja Cali locations include the flagship in Alhambra on Valley Boulevard, a second location in Alhambra on Main Street, and locations in West Covina and Pasadena. Alvarez said he is interested in continued expansion, adding that a second Long Beach location seems likely. His goal is to eventually compete with brands such as Rubio’s Coastal Grill. Baja Cali has 60 employees dispersed between all five locations. ■



Co-Owners Jaime Alvarez and Lorena Varela celebrated the grand opening of Baja Cali Fish & Tacos on September 29 at 940 Pine Ave. The fast-casual restaurant’s specialty is fish tacos, but the menu includes a myriad of Mexican food favorites. (Photograph by the Business Journal’s Brandon Richardson)

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Layers of teak wood are hauled onto the Queen Mary's top deck. The teak wood would allow the floors to match the ship's original decking. Workers hired as sub-contractors for Urban Commons are seen handling the wood. (Photograph by the Business Journal's Brandon Richardson)

As Initial Funds Run Out, Queen Mary Leaseholder Urban Commons Assures Repairs Will Continue

■ By **ANNETTE SEMERDJIAN**
 STAFF WRITER

Although some urgent projects are currently unfunded, executives with Urban Commons, master leaseholder of the Queen Mary, believe they will meet their financial obligations to maintain the ship's stability and fix any critical repairs, according to Urban Commons' Chief Development Officer Dan Zaharoni.

An initial \$23 million funded by city bonds to aid in repairing the ship is expected to be depleted by the end of the year, according to a presentation by city staff at a special meeting of the Long Beach City Council on September 18.

Johnny Vallejo, property services officer in the city's economic development department, said that although seven of the most critical repairs have been com-

pleted, 20 necessary repairs that were identified in a 2015 marine survey of the ship still remain unfunded.

The marine survey, conducted by marine and naval experts, projected a total of \$235 million to \$289 million would be needed for short-, mid- and long-term repairs. Yet, Urban Commons had projected that only \$50 million was needed for structural repairs.

Zaharoni addressed the discrepancy by pointing out limitations to the survey. "The biggest reason [for that discrepancy] is that the people who conducted the marine survey spent a week on the ship. They walked around and could only inspect what they saw," he said. "They didn't see most of the tank top; what they saw were hundreds of thousands of pounds of rusted garbage and debris that had been piled on top of the tank top over the decades." The tank top refers

to the interior lower level of the ship above where the vessel's fuel tanks are stored.

The marine survey listed limitations of the assessment, which included that it was conducted during one week and that full inspection of the tank top could only be done if "the tank tops have been cleaned of all wastesteel, fixtures and fittings that currently obscure full inspection."

The experts who conducted the survey found the damage they observed to be extensive enough to represent the state of the entire ship, according to the marine survey.

Zaharoni also said structural repairs to the ship's hull, tank top and girder system are still undergoing maintenance, but that they were not in as bad shape as originally thought. "We had structural engineers working on the ship for over a year," he said. "When we got the report back we were very pleasantly surprised that a lot of the concerns people had regarding the structural integrity of the ship were simply unfounded. And most of the hull and the

tank top and porting girder system were actually in really good shape." Zaharoni said he expects these repairs to be completed within the next couple of months.

Some of the current projects Urban Commons is working on include deck floor replacement with teak wood, restoring the outside hull of the ship and fixing the stacks atop the ship.

A portion of the \$23 million also went to an unexpected repair of the fire sprinkler system, according to Zaharoni. He claimed that the public has never been safer on the ship because of these repairs.

City Auditor Laura Doud has previously expressed concern about Urban Commons meeting their financial obligations. "We felt like the city ought to have a discussion about the overall plan for the magnitude of repairs and maintenance that the Queen Mary needs rather than just sort of focusing on a small portion," she said.

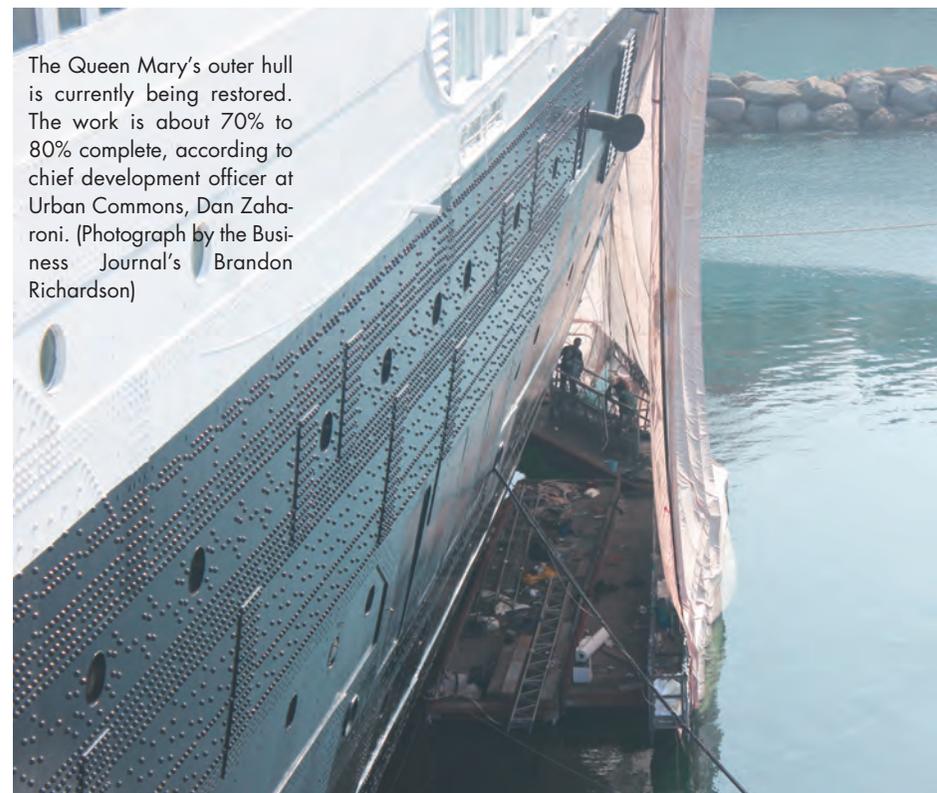
Doud continued to say that she now has concerns about Urban Commons going over budget with repairs. "There were unforeseen circumstances regarding the fire code enforcement and safety issues that took much more of the budget than anticipated," she said.

"What we reviewed is that seven projects were completed that were budgeted at about \$7.1 million, but \$14.1 million was spent on the seven projects that they've completed so far," Doud said. "Then there are approximately 10 projects that have not started. [For] those projects, the budget is \$5.1 million, and zero has been spent because the money is gone."

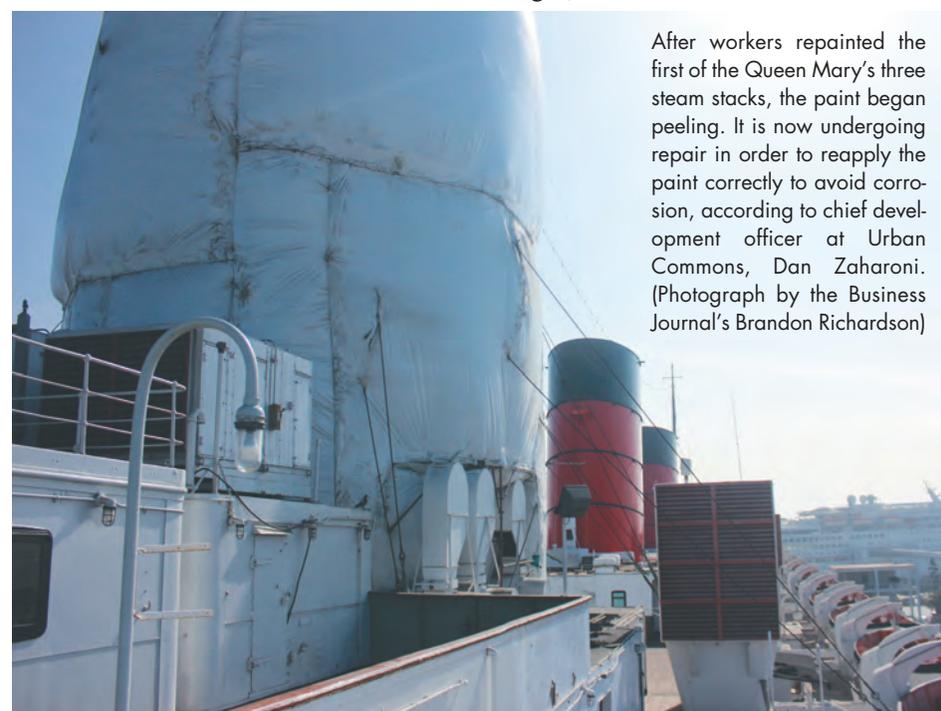
As far as considering an audit of Urban Commons, Assistant City Auditor James Lam said it is always a possibility. "We'll continue to meet with development staff on a quarterly basis to get status updates on progress of maintenance of the ship. And we'll continue to encourage the department to provide regular updates to the council and to the public on how that progress is moving along," he said.

Zaharoni assured that whether it would be through funds from the city, Urban Commons or private investors, the financial obligations for maintaining the ship would be met.

"We're doing everything we can to make Long Beach proud and make the ship everything it can be and we really wish that people would celebrate our successes as much they decry our challenges," he said. ■



The Queen Mary's outer hull is currently being restored. The work is about 70% to 80% complete, according to chief development officer at Urban Commons, Dan Zaharoni. (Photograph by the Business Journal's Brandon Richardson)



After workers repainted the first of the Queen Mary's three steam stacks, the paint began peeling. It is now undergoing repair in order to reapply the paint correctly to avoid corrosion, according to chief development officer at Urban Commons, Dan Zaharoni. (Photograph by the Business Journal's Brandon Richardson)

Hospitality Industry

(Continued From Page 1)

That's an 8% increase from the previous fiscal year and a 130% increase since 2002.

The CVB outlined its accomplishments and those of the hospitality and tourism industry over the past year, as well as challenges presented by heightening competition. In an interview with the Busi-

ness Journal, CVB President and CEO Steve Goodling noted that TOT – the room tax charged by local hotels – increased by \$2 million in fiscal year 2017-2018 compared to the prior fiscal year.

“We need to continue to monitor the horizon and invest in the [convention center] building both in the front of the house, which is what the guest experience is, and the back of the house, which keeps the front of the house working.”

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

ness Journal, CVB President and CEO Steve Goodling noted that TOT – the room tax charged by local hotels – increased by \$2 million in fiscal year 2017-2018 compared to the prior fiscal year.

Hotels are the fourth-largest generator of tax revenue for the city, Goodling said.

“The other thing is, that's just tax. That's not economic impact. That's not the jobs that are created. That's not the increase in the assessment of your real estate valuation. It's just one slice of what this industry brings in,” he emphasized.

About half of TOT generated by Long Beach hotels goes to the city's General Fund. The remainder goes to the Special Advertising and Promotion (SAP) Fund.

This year, the city's annual fee toward the Long Beach Tourism Business Improvement Area amounted to \$5 million from the SAP fund, which is in turn used by the CVB to attract conventions and tourists to the city. According to Goodling's presentation to the council, for every \$1 invested, \$6.09 is generated by the CVB. The council unanimously approved the assessment.

Asked what has driven the increase in TOT, Goodling noted that Long Beach hotels are doing a good job of managing their hotel room inventory, and are able to charge higher rates. “We have continued to have higher attendance for our conventions. Those additional attendance figures have added to the compression of hotel rooms in the city,” he said. The CVB has also attracted an increased number of in-house group meet-

ings at local hotels – events that take place in a hotel's meeting space, with attendees then staying the night there.

Asked if Long Beach's hospitality and tourism industry would be able to continue its positive trajectory, Goodling said, “I always hate prognosticating because there are so many variables, such as will the economy continue its indefinite growth. As many economists have said, we are way overdue for a correction. So with the correction aside, the answer is Long Beach is still poised for further growth.”

Why the positive outlook? The upgraded convention center, which Goodling often calls a “TED-style facility” in reference to the famous conference known for its eye catching décor and inviting networking spaces, is a key component. “Our new special event spaces are resonating, especially with younger attendees who are looking for those Instagram moments,” he said. “In addition, the downtown is continuing to fill out with the new 3,000 residential units. The vibrancy and the energy in the downtown urban core are going to be so critical to us as well, because that means safety, and that also means different beverage and dining options.”

Even though the city is well positioned to continue attracting conventions, Goodling explained that the competition is heating up. Big box hotels, particularly those run by Gaylord Hotels, are becoming an increasingly attractive option for organizations to book their annual conventions, he noted.

“If you put a glass dome over down-

town, you would have a Gaylord hotel. They have on average 1,200 to 2,800 rooms under one roof,” Goodling said. “They have about the same amount of exhibit and meeting space that Long Beach does. The competitive factor is you have a sales organization that focuses on the same groups we focus on because they are similar sizes. And they will try to sell them a three-year contract.”

Organizations typically plan their annual conferences in different locations each year, rotating between the coasts and the central U.S., Goodling said. Gaylord hotels operate hotels in the Southwest, the Midwest and the East Coast, and are trying to break into the San Diego market, he noted. This provides the option for an organization to book with one entity for three years by moving its conferences to different hotels within the chain.

“We just booked a program for next summer. After that, their next three years are locked into a Gaylord hotel. The benefit for the client is it's one contract for everything – sleeping rooms, exhibit space. It's turnkey,” Goodling explained. Gaylord offers the ability for clients to have one contract for all convention services – from hotel accommodations to meeting space to catering – rather than multiple contracts for a hotel, convention center and other services. “To book a Gaylord for three years versus booking three other cities for three years, your paperwork, your legal work is significantly reduced.”

To compete, the CVB is leveraging its tried and true approach of customer rela-

(Please Continue To Next Page)

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Hospitality Industry

(Continued From Page 19)

tions. In addition to three sales people located in Long Beach, the CVB has staff in key locations throughout the United States who focus on bringing national business to Long Beach. “We have always been involved with relationship selling, not transactional selling. Relationship selling is important because we work with the client through the entire contracting process,” Goodling said.

But the process isn’t as easy as some people seem to think, he pointed out. “Many people believe that in this day and age, we get an inquiry to have their convention in Long Beach. It’s actually the opposite,” he said. “We have to target convention association and companies that we know have meetings, and work our way through prospecting and through phone calls and through receptions and through trade shows to meet these people.” After a contact is made, the CVB works to establish a relationship with the potential client and learns more about their conference or event in order to submit a proposal to bring the business to Long Beach. If the organization is interested, the CVB arranges a site visit in Long Beach at the convention center and local hotels.

“Last year we had 122 site inspections. . . . If we get them here, we have a high conversion rate,” Goodling said. “It’s on average a three-year process to book a national association convention, from prospecting to closure. In some cases, we

have been working five years on these accounts.”

In addition to marketing the area, this is how the CVB spends its funding – bringing business to Long Beach, and going up against the big guns in the process.

Moving forward, Goodling said it is important to continue investing in the convention center. “We need to continue to monitor the horizon and invest in the building both in the front of the house, which is what the guest experience is, and the back of the house, which keeps the front of the house working. So things like chillers and other mechanical equipment,” he said. In some cases, this equipment is 50 years old – so out of date that components can no longer be purchased if it breaks down, he emphasized. “Both the front and the back of the house as any commercial asset needs continued investment to remain functioning and competitive.”

Additionally, interior assets need to be periodically upgraded. “The city has been wonderful in supporting the transition from a traditional convention center to the new hybrid being an uber-conference style facility. This has resonated with the Millennial planners and the Millennial attendees,” Goodling said. “But we also need to realize that tastes change about every five years. And the lifespan of things like furnishings in a commercial setting last about every five years because they are so heavily used.” He added, “The city has been addressing that, so I feel comfortable that we will continue to get the support that we need.” ■

Mayor Garcia Presents Six Draft Alternatives For Restoring East San Pedro Bay’s Ecosystem

■ By **ANNETTE SEMERDJIAN**
 STAFF WRITER

Mayor Robert Garcia presented summaries of six draft plans on September 24 for restoring the eastern portion of San Pedro Bay’s ecosystem, two of which include removing parts of the breakwater. Results from the East San Pedro Bay Ecosystem Restoration Feasibility Study, initiated in 2016 by the U.S. Army Corps of Engineers and the city, were the basis of the plans.

The options presented were as follows:

Alternative 1: Leave the breakwater and East San Pedro Bay ecosystem as is by taking no action.

Alternative 2: Add 122 acres of kelp reefs by the breakwater and in open water, build nearshore rocky reefs and plant approximately 25 acres of eelgrass along the reefs.

Alternative 4: Includes the proposals in Alternative 2 as well as creating 30 acres of rocky reefs in open water and an additional eelgrass habitat by the shore.

Alternative 9: Includes the proposals in Alternative 2 as well as additional eelgrass habitats for a total of seven. The plan also includes creating a nearshore sandy island, wetlands near Pier J and the Los Angeles River, seven rocky reefs in the open water, as well as oyster beds near the Alamitos Bay jetties where boats are docked.

Alternative BW1: Includes the proposals in Alternative 2 as well as the removal of 1,000-foot portions of the western part of the breakwater. The plan adds protective barriers using stones from the removed portions of the breakwater for Pier J, the parking lot near Junipero Beach and the oil islands between the shore and the breakwater. A separate breakwater would be created to protect Belmont Pier.

Alternative BW2: Includes proposals in Alternative 2 as well as removal of one-third of the eastern portion of the breakwater. Removed stones would be reused as protections for the oil islands and Belmont Pier.

President and CEO of the Aquarium of the Pacific Jerry Schubel noted how adding oyster beds as Alternative 9 proposes could aid in keeping the ocean clean. “Oysters are kind of the janitors of the sea,” he said.

Schubel also pointed out that removing parts of the breakwater and allowing the natural waves of the ocean to flow without interference would improve water quality. Yet, he stressed the significant impacts that would come with breakwater removal, such as strong waves impacting coastal structures and causing shoreline erosion.

Recalling the impact from breakwater damage in 2014 due to Hurricane Marie, 3rd District Councilmember Suzie Price expressed concern over breakwater mod-

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ification. “We had pretty dramatic storms that hit, and not only did we have breaches on the berm on the Peninsula, but the Port of Long Beach actually suffered some damage as a result of a few of the boulders on the breakwater being dislodged,” she recalled.

If parts of the breakwater were removed, the 3rd District would be affected by the impact of waves. Structural reinforcement for the Belmont Pier would be needed to offset the effect of waves, which are currently blocked by the breakwater, according to the draft. Yet, Price questioned whether that reinforcement would be enough: “I have a hard time imagining a scenario where [breakwater] modification wouldn’t impact the structures [along the shore].”

Seamus Innes from the Surfrider Foundation’s Long Beach chapter advocated for partial removal of the breakwater, but disagreed with other aspects of the alternative plans that would create new habitats in the area. “They’re pursuing ecosystem enhancement, which is markedly different [than removing portions of the breakwater],” he said.

Innes and the Surfrider Foundation await the final plan and hope it will include at least partial removal of the breakwater, which the foundation has advocated for over 20 years. “If this process turns out that the Army Corps isn’t available to help us with the breakwater, then we’ll re-assess and possibly come up with a new approach,” he said. “In the meantime, we’re focused on working with the city and the Army Corps on the East San Pedro Bay Ecosystem Restoration Study.”

The six plans from the draft are scheduled for a public review this winter and will present the proposals and how to develop them in full detail. ■

Governor Brown Vetoes 4 A.M. Alcohol Sales Legislation

■ By **ANNETTE SEMERDJIAN**
STAFF WRITER

Gov. Jerry Brown vetoed a bill on September 28 that would have extended alcohol sales hours to 4 a.m. in nine California cities, including Long Beach, via a pilot program.

“California’s laws regulating late night drinking have been on the books since 1913,” Brown stated in an announcement about the veto. “I believe we have enough mischief from midnight to 2 [a.m.] without adding two more hours of mayhem.”

Senate Bill (SB) 905 would have allowed nine cities to adopt a five-year pilot program, which would have been a test for permanently extending hours for alcohol sales. Cities besides Long Beach that would have been eligible to adopt the pilot program included Los Angeles, West Hollywood, Coachella, Cathedral City, Palm Springs, Oakland, San Francisco and Sacramento.

Brown stated that certain California businesses and cities saw the opportunity for SB 905 to create a source of revenue. Yet, the California Highway Patrol believed the bill would have increased the number of drunk drivers.

Alcohol Justice, a nonprofit group and self-proclaimed “industry watchdog,” has advocated for Brown to veto the bill since it was introduced to the state legislature. The group expressed their gratitude for Brown’s decision to veto the bill in a statement.

Michael Scippa, public affairs director for Alcohol Justice, believed the five-year test would not have qualified as a proper pilot program. “A true, scientifically designed ‘pilot project’ would cover only a small sample, not over 76% of the state’s population,” he stated. “Virtually the entire state would have been exposed to additional alcohol-related harms if Governor Brown had not vetoed the bill.”

Assemblymember Patrick O’Donnell of the 70th District, which includes most of Long Beach, voted against SB 905. He also agreed with the decision to veto the bill. “The bill was, what we call in Sacramento, ‘veto-bait’ all along because the governor, like myself and others, recognized that this bill would have had significant public safety impacts across the State of California if it were to be signed into law,” he said.

Mayor Robert Garcia told the Business Journal in April that he thought the opportunity for extended hours of alcohol sales could create more jobs and increase the city’s tax base, which would then be reinvested back into the commu-

nity. Yet, he stressed that the pilot program would have to be controlled in order provide responsible entertainment in the downtown area.

Principal author of the bill, State Sen. Scott Wiener of San Francisco, announced in a statement on September 28 that he would introduce the bill again next year in order for cities to decide locally what nightlife works best for their communities. “Our 2 a.m. blanket closing time is a bad leftover policy from over a century ago,” he stated. “It is a shame that we will continue to stifle our nightlife economy, but I remain committed to modernizing these outdated laws.” ■

City Announces New Office Of Civic Innovation

The City of Long Beach is launching the Office of Civic Innovation (OCI) to “serve as in-house consultants to city departments” and create “effective approaches that address the most pressing issues,” the city manager’s office announced last week.

The OCI is a means for the city to retain the Innovations Team, which was launched in 2015 utilizing a three-year Bloomberg grant. In partnership with other city departments, the OCI has several projects slated for Fiscal Year 2019, including the development of an African American Cultural Center, customer experience for upcoming Long Beach Airport improvements, digital inclusion, police recruitment enhancements, the nuisance motels pilot program and more. ■

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Proposition 6

(Continued From Page 1)

to fix its crumbling infrastructure. To achieve this monumental goal, SB 1 enacted the state's first gas tax increase in over 20 years. That additional 12 cents on every gallon (for a total excise tax of 41.7 cents) is expected to generate over \$5 billion annually to fund maintenance and repairs to California's roads and bridges.

A "yes" vote on Prop 6 would overturn SB 1 and save drivers roughly \$1.50 on every trip to the gas station. It would also sever funding to thousands of road system projects that began in January 2018. "We're not talking about something that's going to happen way off in the future," Steve Smith, communications director at the California Labor Federation, said. "These things are happening now."

More than 6,500 transportation improvement projects are currently underway in California, their budgets apportioned from the tax revenue of SB 1. "We've had some long term needs that have not been addressed in California with respect to road and bridge safety," Smith said. "Finally, we have the resources to make those improvements, and this ballot measure jeopardizes all of that. We think it's a very bad deal for all Californians."

Carl DeMaio, chairman of the Republican-led activist group Reform California and the host of San Diego's radio talk show *The DeMaio Report*, staunchly disagrees. DeMaio is spearheading the movement to repeal the gas tax, which he calls a "blank check" to facilitate state corruption. "They want the tax increase because they want to defend their pensions in government," he said. "That's what this is. This isn't about filling pot holes, it's about filling the pension hole. And that's why unions and government officials are all locking arms trying to get into your wallet."

Politicians vs. The People?

DeMaio, a former San Diego city councilmember, frames his fight for Prop 6 as a struggle between greedy politicians and working families who are already paying too much in taxes. "We have seen a cost of

Promise 2.0

On September 26, Long Beach City College (LBCC) hosted a launch event for Promise 2.0, an extension of the Long Beach College Promise Program. The expanded initiative guarantees qualifying Long Beach Unified School District (LBUSD) graduates the opportunity to transition from LBCC to California State University, Long Beach (CSULB). Pictured in the front is CSULB President Jane Close Conoley. Pictured in the second row, from left,



are Long Beach Mayor Robert Garcia; LBUSD Superintendent Christopher Steinhauser; LBCC Superintendent and President Reagan Romali; and LBCC District Board of Trustees President Sunny Zia. Pictured in the back row, from left, are Long Beach Board of Harbor Commissioners President Tracy Egoscue; 7th District Councilmember Roberto Uranga; LBUSD Board of Education member Megan Kerr, LBUSD Board of Education President Diana Craighead; and LBCC District Board of Trustees Vice President Vivian Malauulu. (Photograph courtesy of LBCC)

living explosion in the State of California," he explained. "Working families are barely making ends meet. The gas tax and the accompanying car tax increase (tied to an annual car registration fee of between \$25 to \$175, based on the vehicle's market value) is a \$650 to \$800 increase in their tax, and they really can't afford that. Working families are already struggling. By voting yes on Prop 6 they can get breathing room immediately."

Critics of Proposition 6 warn that its passage will ultimately harm the state's economy, slashing funding for the highways, bridges and rail lines that are essential to the freight industry. DeMaio claims that California has more than enough money to fix its infrastructure if current tax dollars are spent responsibly. His Yes on 6 campaign recently released an alternative fiscal assessment that compares the current versus proposed infrastructure funding streams.

"Our fiscal assessment that we released relies exclusively on financial numbers from the Legislative Analyst's Office,

which is non-partisan, and it shows \$7.9 billion in funding can be provided under our plan versus the SB 1 tax hikes," DeMaio said. "The construction industry and business should be really excited because we're going to put them back to work."

However, DeMaio's call for the creation of a "lockbox" to prevent gas tax revenues from being misused may be redundant. In June 2018, California voters approved Proposition 69, which amended SB 1 to ensure its revenues can only be used for transportation improvement.

After the release of DeMaio's alternative fiscal report, the California State Association of Counties (CSAC) fired back with its own scathing rebuttal. "Once again, Carl DeMaio's fuzzy math doesn't add up, and puts the rest of us in jeopardy every day as we're driving on California's crumbling roads and bridges," said Kiana Valentine, CSAC senior legislative representative in the area of housing, land use and transportation. "We shouldn't let him play politics with our public safety – that's why California's cities, counties and

public safety leaders are staunchly opposed to this dangerous measure."

California's cities and counties must also contend with political forces outside the state. Republican lawmakers in Washington have contributed or loaned more than \$1 million to DeMaio's "Yes on 6, Repeal the Gas Tax" group. Among the contributors is House Speaker Paul Ryan, due to retire this year, as well as his political campaign committee.

"We've always believed that this proposition was a cynical ploy to try to energize the Republican base in advance of some very critical California congressional elections," Smith of the California Labor Federation said. "Yes, we have seen money coming in from outside the state to support the measure – we think for that very reason."

Pay Now or Pay Later

California's roadways are apolitical. Every two years, the state releases an assessment of its local streets and roads, and 2016's report was no sunnier than the last. Across California's 394,000 miles of lanes,

Yes On Proposition 6 To Repeal The Gas Tax Increase

Editor's note: The Business Journal requested that the Howard Jarvis Taxpayers Association pen an op-ed in support of Proposition 6 because a Long Beach agency had been scheduled to provide us with an op-ed in opposition to the ballot initiative. That local agency withdrew at the last minute. It was our intention to run editorials in support of both sides of the issue, but because of this development, which occurred just as we were going to press, we were unable to do so. However, see Staff Writer Pierce Nahigyan's Page 1 news story in this edition for an informative, factual piece featuring interviews with individuals who have divergent perspectives on the matter.

■ By **JON COUPAL**

PRESIDENT

HOWARD JARVIS TAXPAYERS ASSOCIATION

It's always a brand new day to the advocates of higher taxes. See a problem? Propose a new tax! How else is government supposed to work?

That was the argument last year for passing Senate Bill 1, a 12-cent increase in the tax on a gallon of gasoline, 20 cents on diesel, and \$25-\$175 on vehicle registration, said to be needed because the condition of our roads and freeways is terrible.

Lost in the discussion is the fact that Californians were already paying more in taxes than the residents of other

states and getting much less for our money.

Before last year's massive tax hike, Californians paid the fifth-highest gas taxes in the nation, yet our roads are among the worst of any state. The backlog of road and highway repairs was estimated at \$130 billion.

General fund spending rose from \$86 billion in fiscal year 2011-12 to nearly \$139 billion currently, and none of that increased spending went to transportation. The defenders of SB1 now say the condition of our roads is a threat to public safety. Why wasn't the budget prioritized to pay for essential road repairs every year?

It's no wonder that nearly a million outraged California voters signed petitions to put the repeal of the gas tax increase on the November ballot. Proposition 6 would repeal SB1 and require voter approval of all future increases in gas and car taxes.

Adding insult to injury, the state is illegally using taxpayer funds to campaign against Proposition 6. Federal transportation officials just told Caltrans to change the roadside signs that advertise SB1 funding of future projects. The website address of a campaign-style site will be deleted from the signs, again at taxpayer expense.

In the debate over Proposition 6, opponents understate the impact on the cost of living that results from these tax hikes. A recent study by the California Policy Center exposes just

how punishing last year's tax increases are for middle-class Californians and why they should be repealed.

According to the analysis, the gas tax and car tax hikes will impose on an average two-car family at least \$1,500 in taxes a year. When adjusting for the "average" tax rate, a two-car "average" family must earn almost \$2,000 in pre-tax earnings just to pay their California car and gas taxes.

The news for low-income families is even worse. A typical two-car low-income family may pay \$1,800 in taxes a year. Because low-income families are in a lower tax bracket, that two-car low-income family still must earn almost \$2,000 in pre-tax earnings just to pay their California car and gas taxes.

According to the study, using the most conservative modeling, the latest gas tax and car tax hikes alone will force a family of four to pay anywhere between roughly \$650 and \$800 more in tax and living expenses – depending on commute and consumption of goods and services impacted by fuel prices.

This tax increase wasn't necessary. State lawmakers have an obligation to prioritize the budget to meet critical public safety needs, including the maintenance of our roads and highways, ahead of other spending. It's wrong to let the backlog grow and then cite it as an excuse to raise taxes.

California voters should say yes to Proposition 6. ■

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the condition of pavement continues to decline – as do its bridges, sidewalks, storm drains and traffic signs. The average pavement condition of local roads was ranked “at risk” and, in 10 years, 22% will be in failed condition. Most bridges are built to last 50 years. Over 5,500 bridges in California are more than 50 years old, and another 2,300 are at least 40 years old.

How California will fix its infrastructure problem is up for debate, but the problem is only getting worse. A “No” vote on Prop 6 will keep the 12 cents in extra tax and contribute an annual \$5 billion towards fixing roads and bridges. A “Yes” vote will eliminate the tax as well as all the road projects currently in progress.

The question seems to be: Will Californians pay now or pay later? But Californians

are already paying for it every day in the damage wreaked by potholes alone – to their tires, wheel rims, shocks, alignment, exhaust and engines.

Activists like Carl DeMaio believe it was always in the government’s power to prevent this hazardous state of affairs, and the taxpayers are being punished for the state’s fiscal failures.

“We’re about not only providing cost of living relief with ‘Yes on Prop 6’ but ending the fraud,” he said. “We want to fix the roads, and the only way to do that is to reject the blank check tax hike and instead mandate that the existing taxes we pay go to fix roads.”

Though unions and business have rallied in support of SB 1, DeMaio asserts that “They’ve been conned. A lot of these

groups have reluctantly supported the politicians’ tax increase because they’ve been promised a piece of the pie, but like Lucy taking the ball away from Charlie Brown, they’re not going to see any of this money. The politicians are going to divert the money like they always do, whereas our initiative gives real guarantees that the money can only go to infrastructure.”

Californians are currently paying some of the highest gas taxes in the nation, second only to Pennsylvania, where the revenue pays for road and bridge projects, infrastructure maintenance, administrative overhead and the state police. Twelve more cents doesn’t sound like much by itself, but will it be the final straw for California voters?

It’s an issue that Smith and the California Labor Federation don’t take lightly. “We understand as well as anyone that a lot of Californians are squeezed,” he said. “One of the concerns that we had about the measure was whether or not voters were going to see that benefit of improving roads and public safety –as opposed to, well, maybe you wouldn’t have to pay quite as much at the pump. So far what we’re seeing with voters all around the state is that they actually do value the infrastructure improvements that are currently underway. I think, despite some of the arguments from the other side, that voters understand the value of Senate Bill 1 and the transportation improvements that go along with it.”

Californians will vote on Proposition 6 on Tuesday, November 6. ■



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Westside Industrial Area



Chunks of pavement are scattered amongst crumbling asphalt on 17th Street between Oregon Avenue and West Cowles Street in the Westside Industrial Area. (Photograph by the Business Journal's Brandon Richardson)

(Continued From Page 1)

But they feel mired in problems that never seem to be resolved in the Westside: crumbling infrastructure, litter, a pervasive homeless issue. On top of that, they face uncertainty as the area is on the cusp of change: marijuana growers and distributors are moving into the area, causing spikes in lease rates for warehousing. In a few years, a rail project planned by the Port of Long Beach stands to upend some businesses in its path and affect those surrounding it.

Overall, staff at the city and at the port are responsive, business owners said. But it still seems to them like no action is being taken to address their concerns.

The Westside industrial Area includes about 400 businesses west of the Long Beach Freeway to the L.A. city border, between Anaheim Street and north past Pacific Coast Highway (PCH), and the Magnolia Industrial Area (MIG) with about 300 businesses east of the freeway to Magnolia Avenue, between Anaheim and PCH. Many of the firms have been in the city more than five decades.

"There is a lot of negativity going on around this part of the city," Daryl Phillips, owner of more than 100-year old Westside company Phillips Steel, told the Business

Journal. He emphasized that he prefers to be positive. But since both the Long Beach Board of Harbor Commissioners and the Long Beach City Council voted to approve the port's Pier B On Dock Rail Support Facility project last year – despite vocal and strong opposition from Westsiders – he said business owners have been disengaged.

"What I have seen is there seems to be a lack of interest from the Westsiders since the Pier B vote," Phillips said. "You know, it was such a letdown and such a traumatic experience that we're just reeling from it, knowing we have zero control."

Stan Janocha, chief operations officer of Superior Electrical Advertising, made a similar observation. "It always seems like we're the ugly stepchild. The city doesn't pay much attention to us. It was obvious when they had the vote on the port," he said.

Superior is located just feet away from the proposed rail expansion, south of Anaheim Street, and Janocha has concerns about the impacts of noise and blight both during and after construction. He and other Westsiders met with their councilperson, Lena Gonzalez, as well as port officials prior to the project's approval to express these concerns.

"At the end, everybody, all the city



Lee & Associates Commercial Real Estate Services Principals Garrett Massaro, left, and Brandon Carrillo are pictured at a former redevelopment agency property on West 14th Street near Hayes Avenue. They recently secured the sale of the property, on which the new owner intends to construct a 30,000 square foot building. (Photograph by the Business Journal's Brandon Richardson)

councilpeople, voted for the port [project]," Janocha said. "So it just felt like a slap in the face. Especially after they come down and talk to us and tell us that they have not made up their mind and everything else. It's my opinion that their minds were made up all along."

Gonzalez told the Business Journal via e-mail that representatives from her office regularly attend meetings of West PAC, a business and property owners association in the Westside, to update constituents on city policies affecting the area and to connect them to city resources.

Janocha said he recently attended a community meeting about the Pier B project held by the port, where he spoke with Deputy Director Richard Cameron. "Rick Cameron was there, and I asked Rick if they are going to build a sound wall. And he said, 'If you want a sound wall, we'll build a sound wall.' And he said, 'How high do you want it?'" Janocha recounted. According to a port spokesperson, the port has yet to issue an RFP for the design of the project, which could incorporate buffer zones like the sound wall Janocha requested to lessen impacts to surrounding businesses.

"We will have to see how much it dis-

rupts us," Janocha said of the project. "We are investigating all avenues of what we can do. We have looked at options of moving to Nevada. But we'll see what happens." Superior is a 56-year-old company with more than 100 employees, and has major clients such as Disney, Starbucks, McDonald's and dozens of other well-known brands.

Asked why he would relocate, Janocha said, "It is very tough to business in California. We have got a little bit of time. We're going to see what happens." Superior's current location is beneficial due to its proximity to freeways, he noted. "We have a large number of crane trucks and other vehicles, so being close to the freeway is very beneficial to us. Other than that, the infrastructure here is kind of old. It should be improved," he said.

Phillips said that city officials had assured Westsiders that roads south of Anaheim Street, which are considerably worn, would be repaved by the fall. "Well, here we are and nothing has been done," he said. "The port is using them. And it is their trucks that are getting ruined, and their equipment is being subjected to poor roads and conditions just like ours. It's just not right."

However, some improvements are coming. According to Lee Peterson, media relations manager for the Port of Long Beach, repairs and repaving on streets south of Anaheim on the westside will begin this month. This area is port property, some of it leased to businesses. "It's coming and it's coming very soon," Peterson assured. He added that the contractor would work with businesses to make sure their operations would not be disrupted. The project should take about 10 months, he estimated.

According to the Long Beach Public Works Department, a number of road repair and resurfacing projects have been completed in the Westside industrial area, including the stretches of Cota Avenue and Seabright Avenue in between Anaheim Street and Pacific Coast Highway, as well as a handful of others. Still, photographs taken by the Business Journal indicate that some roads are in such disrepair that they have caved in in places. In some cases, chunks of pavement have come up and are littering the roadway.

"My office has worked to preserve infrastructure through Measure A," 1st District Councilmember Lena Gonzalez, who represents the Westside industrial area, stated in an e-mail to the Business Journal. "In the last two years, major improvements were administered to Seabright Avenue and Cota



Vincent Passanisi, president of Santa Fe Importers in Westside Long Beach, characterizes the Westside area as undergoing a time of both opportunity and challenges. Pictured in the back row at Santa Fe Importers, located at 1401 Santa Fe Ave., are: Gloria Garcia, prep cook; Gloria Martinez-Rangel, cashier; Argelia Rodriguez, assistant manager; Edith Cacho, cashier; Jorge Endara, general manager; Salvador Del-Rio, customer service; Eduardo Chacon, customer service; Victoria Nila customer service; Karla Contreras prep cook; and Michael Medina, store manager. Pictured in the front row are: Elizabeth Cruz, customer service; Vincent Passanisi, company president; Heather Bautista cashier; and Irene Rodas-Herrarte, prep cook.

Avenue between West Anaheim Street and West Pacific Coast Highway, Gaylord Street between Hayes Avenue just past Judson Avenue, West 14th Street at Hayes Avenue, and Gale Avenue between West 15th St and West Gaylord Street, as well as West 16th Street and West 17th Street. My staff is out in the field weekly, to proactively report potholes, illegally dumped items, and other quality of life concerns on behalf of the business owners in the area.”

To help abate water runoff issues, stormwater drain installation is scheduled to begin on Judson Avenue, West 16th Street, Seabright Avenue and West Cowles in spring 2019.

Homelessness and overnight parking of campers and motorhomes are also concerns both in the Westside industrial area and in the MIG, which is a property and business improvement district.

“There is graffiti, there is homeless, there is trash dumping. Those are daily activities that we have to stay on all the time,” Bill Townsend, president of MIG, said. “It seems like the city gets on things pretty quick. We have weekly meetings with the MIG staff and the police and private security and the council office. Those are the issues we talk about every month.”

Mike Zupanovich, owner of Harbor Diesel & Equipment Inc. in the MIG area, said that he spends most days focused on cleaning up trash and trying to encourage homeless individuals sleeping on or near his property to leave. “All we focus on is security and cleanup in our neighborhood. It’s a joke,” he said. “Then law enforcement has their hands tied to a certain extent. And it’s

just frustrating.” The firm opened in 1971.

Zupanovich said that tenants are afraid to call the police on individuals sleeping on their premises. “It just really disappointing for my employees. They are afraid to even go for a walk around the neighborhood,” he said.

He explained that landlords are often no help, as many are absentee. “There is no proactive code enforcement which we have tried to ask the city to do,” Zupanovich said. “Nobody is being held accountable to keep up their properties and stuff. I mean, there are those that do. But . . . it’s just not being policed.”

One issue the MIG was able to resolve was overnight parking of campers and motorhomes. But the issue has simply moved on down the road. “We worked really hard for a three-year period to get ‘No Parking 2 a.m. To 5 a.m.’ signs up so the motorhomes would get out of the area. Well, I go drive over to the Westside, they’re all over there now,” Zupanovich said.

Indeed, owners on the Westside said overnight camping by motorhomes is an issue. “I will say I don’t see it south of Anaheim Street, because I think the port polices that fairly well,” Phillips said. “But my neighbors on the north side of Anaheim street are bitterly complaining. And it appears as though we’re not getting support from the police department or city management.”

An ordinance banning oversized campers and motorhomes from parking overnight for more than three days at a time on residential streets went into effect in July, according to City Traffic Engineer Eric Widstrand. He speculated that it was possible owners of

such vehicles who were parking in residential neighborhoods might have moved them to commercial zones like the Westside. However, he noted that his office has received no complaints about this occurring in the Westside areas. He welcomed anyone with concerns to call him directly.

Gonzalez said she and her staff are “actively exploring amendments to the oversized vehicle ordinance” with the public works department. “It was a heavy lift passing this citywide ordinance in residential areas and we are looking to expand the protections more broadly to our industrial area,” she wrote in an-email. “Until these are finalized, my office is working on a toolkit and resource guide to educate business owners

about strategies and best practices to report campers and motorhomes and ensure that people living in those vehicles get the services they need as well. We will also see a decrease in this population as the City begins to roll out its ‘Safe Parking’ measures related to allowing people living in their vehicles to access specific lots to park overnight.”

Changing Times

As the Business Journal reported last year, the Westside industrial area and MIG are zoned for marijuana growing and manufacturing. In an effort to secure one of the limited numbers of licenses available for these activities, cannabis businesses snatched up properties in the area last year, (Please Continue To Next Page)

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(Continued From Page 25)

driving up lease rates and sales prices, according to business owners in the area.

“The [property] owners want rents based on the demand from the marijuana growers or producers,” Phillips said. “Sellers want prices that are commensurate with what the pot industry is paying. And you can’t operate a legitimate business under those conditions.”

Janocha reflected, ““The marijuana issue for sure is going to affect the Westside. We’re not sure whether it’s going to affect it for good or bad.”

Townsend, a principal of the real estate firm INCO Commercial, noted that marijuana businesses have caused real estate prices to increase in the MIG area. “Lease rates are up for the whole area. But there are owners that will take cannabis [businesses], and there are owners that won’t take cannabis on a lease and sale basis. Property values have gone up because the comps are higher,” he explained.

“We have had customers and friends that have had to close and/or relocate their businesses because they can’t afford the neighborhood anymore,” Phillips noted.

Brandon Carrillo, principal with the Long



Business owners in the Westside Industrial Area on both sides of the Long Beach Freeway have been frustrated by the abundance of motorhomes and campers parking overnight along business corridors in recent months. These are pictured near the intersection of Hayes Avenue and Cowles Street. (Photograph by the Business Journal’s Brandon Richardson)

Beach office of Lee & Associates, estimated that cannabis-related businesses now take up about 15% of Westside real estate, but that the fervor among that industry to get into properties in the area has subsided.

“It’s kind of died down because I think the city has determined who is going to get permits and stuff,” Zupanovich observed.

Asked how his business was doing, Zu-

panovich replied, “We’re hanging in there. We’re old and so we just keep our nose to the grindstone and keep doing what we’re doing.” Referring to the high cost of real estate in the area, which has little property available either to buy or rent, he added, “I just feel sorry for anybody who is trying to start out in a normal type business.”

Superior Electrical Advertising is “as

busy as we have ever been,” according to Janocha. “We are busier now than we have been in years and years. So we are lucky to have a lot of work,” he said. In the past year, he has added about 10 employees, he noted. “I think it’s mainly because the economy is doing well. People are building shopping centers and people are remodeling, so it has been pretty good for us.”

Phillips said his firm is also doing well. However, he is concerned about how the increasing cost of living in Long Beach is affecting his employees. On one hand, he said “We have employees that can’t afford to live in the City of Long Beach anymore.” On the other, “I have some employees who live in Long Beach, and they are ecstatic because they have exploded in value.”

Despite issues like trash dumping and an increased number of homeless individuals in the area, Townsend said businesses in the MIG are “doing fine.” He reflected, “It’s a good, active area. The business climate seems to be pretty successful right now. With the rail yard project there may be more stress from some businesses. We’ll see how that goes.” ■

Westsidiers Weigh In On The Area’s Business Climate

■ By **SAMANTHA MEHLINGER**
EDITOR

For the Business Journal’s annual focus on the Westside industrial area, we reached out to more than a dozen business owners for input on the following question: “How would you describe the current state of the Westside business community?” Five business owners responded with their take on the current state of business in the Westside, some offering a historical perspective for context, and others focusing on the potential of the future.

Apparent in the responses is that businesses are coping with change – changes both to the Westside, and changes to their industries. Lighting-related businesses, for example, are contending with changes related to the adoption of light emitting diode technology. There is also the matter of continually fluctuating regulations on the local, regional and state levels, as one business owner pointed out.

Day to day, the business community grapples with a number of persistent issues, including deteriorating streets, a pervasive presence of homeless individuals, litter and other problems.

Looking forward, long time business owners wonder how the new presence of marijuana growers and distributors in the Westside will change the area, and how an eventual expansion of rail at the Port of Long Beach’s Pier B could impact them.

Although some aspects of the future remain uncertain, and even in the face of some ongoing problems, a number of business owners expressed that the area is “booming,” and “full of possibility.”

Matt Cullen, President, Amber Resources

From my perspective, business on the Westside is booming. This area is famous for hearty businesses that figure out how to survive even in the tough times. With the economy doing so well, our business, as well as our neighbors, all seem to be enjoying tremendous growth. There are many port-related businesses in our area, and they all seem to be busy. With that said, businesses that are looking to expand are facing higher costs. The distinction of the Westside as a “marijuana approved” area has significantly increased both rent and sales prices. A building that was worth \$420k pre-designation is now on the market for \$2.2m with all of the necessary permits and plans to start producing marijuana within 90 days. Add to that the proliferation of the motorhome homeless and the influx of port truckers who line the streets every night, make for a congested and often dirty area. Every morning you can see employees out in front of their companies picking up the trash and cleaning up after these groups. We still have a business group (WPAC) that meets on a monthly basis that tries to work with the City and the police to address these issues, but so far as a group we have made little to no progress. All in all things are going well on the Westside, but we would benefit greatly from help addressing some of the issues I have outlined.

Gil Ficke, President, Ficke Investment Group

I believe the Westside Business Community has been stagnant over the past year. Any gains in business activities are continually being challenged by compliance with local, regional, and state regulations. The costs of compliance have not been able to be recovered with any additional profits. This, coupled with the increasing cost of labor and labor compliance have had a negative effect on the bottom line.

Specific to the Westside, the influx of homeless people has impacted the cleanliness and safety in the neighborhood. We have employed 24-hour on-site security to mitigate the panhandling and threats to the safety of our customers. Many business operators are concerned

about the impacts of the Port of Long Beach Pier B railyard which will close streets in the neighborhood and restrict access to downtown with the closure of the 9th Street bridge.

Westside businesses are a vital support resource for the port and region. My impression is this is often overlooked by our government officials, perhaps because the business community is not a voting block that needs to be addressed. I hope the relationship of the Westside Business Community with City and Port officials align for the betterment of a strong and robust Long Beach.

Stan Janocha, Chief Operations Officer, Superior Electrical Advertising Inc.

Superior has been doing business on the west side of Long Beach for 60 years. In 1960 we were Long Beach Enamellers doing business on Gaylord Street. In 1968 the name was changed to Superior Outdoor Display. And in 1972 we became Superior Electrical Advertising Inc., and moved into the closed Coca Cola Bottling Company building on Anaheim Street. My business partner Jim Sterk has been with Superior for 53 years and I have been with Superior for 50 years. That’s a lot of years on the West Side.

There has been little change on the West Side over the last 5 decades. Anaheim Street was renovated a few years ago between the 710 Freeway and Wilmington. Santa Fe Ave. has been renovated. But overall things stay the same. There are about 300 small businesses on the West Side and many of them have been in business for a long time. A handful longer than Superior. All of them bringing lots of tax dollars to the City of Long Beach.

But after all these years the West Side will be changing. The city has approved marijuana manufacturing and distribution businesses on the West Side. Growers and sellers are gobbling up properties and commercial real estate prices have skyrocketed. Those of us on the West Side are watching to see if crime increases in our neighborhood.

And the Port of Long Beach is in the process of building a 48-track rail yard on the West Side. Right in our backyard. Will the rail yard bring noise and air pollution to our neighborhood? Will the rail yard change the “small family business culture” of the West Side? How many businesses will survive in this new environment?

The business owners on the West Side feel they know the answer to these questions but in the meantime will work hard to be successful while providing jobs for many Long Beach residents. Only time will tell.

Vincent Passanisi, President, Santa Fe Importers, Inc.

From my vantage point, the Westside seems an area on the cusp of change. This small business community is largely dependent on the port, downtown, the refineries, and the surrounding residential neighborhoods. As those areas continue to evolve, so will the Westside.

Whenever there is change, there is uncertainty, and I think we are seeing some of that now. The year started off strong, but through the summer, business seemed less robust and more sporadic. Wildly busy days, the neighborhood bustling with activity, were followed by strangely quiet days where the streets seemed oddly empty. The real estate speculation early in the year brought about by zoning of the Westside for growing and manufacture of cannabis has also seemed to settle down. Where the Westside once was held together by a strong community of owner-operators with a marked interest and vision for the Westside, the area feels more fractured now. Certainly some are embracing the changes to come, while others cling to the past.

Legislative issues will also continue to weigh down the area as regulation-heavy California continues to discourage heavy industry by favoring more popular tech services and removing incentives necessary to fuel entrepreneurial growth. Legislation such as the min-

imum wage will bring further surprises as wages increase from \$11 to \$15 per hour over the next four years and business owners struggle to adapt by raising prices, automating, and reducing work staff. In addition, the imposition of new import tariffs, and the prospect of additional ones, will add a great deal of uncertainty to the business climate, in a way that a freer trade policy does not.

Finally, after years of slow and steady growth, it isn't unlikely that we are due for a correction in the business cycle – another possibility that adds to uncertainty in the neighborhood. All that being said, the Westside is still vibrant and full of possibility. I don't doubt that it will be unrecognizable ten or fifteen years from now.

Ed Spotskey, Owner, Spot Lighting Supplies

Spot Lighting Supplies has been on the westside of Long Beach since 1980, starting at 624 W PCH and moving to our current location of 1200 Oregon Ave. in 2010. Founded by Tom Spotskey (1974) and currently owned by Ed Spotskey (2000) with 3rd generation, Brian Spotskey, already in place with the Company for 5 years. By far, the most important reason we remain on the westside is the proximity to the Long Beach/405 Freeway due to the fact that we service a lot of will call customers every day. They love the Anaheim exit and we are the first street next to freeway. We are in a small unique commercial area on the westside (old West Coast Choppers location) that has lots of used/wrecked cars being exported to different countries. They all tend to use 12th Street and De Forest Ave as their own personal property to unload the vehicles, which is very irritating for traffic flow on those streets. You couple that with the many unattached trailers/chassis and it is a bit of a maze to navigate these 2 streets. One of the funny things that recently happened was the City put in some 4' steel poles to prevent the unattached chassis storage. They simply take a big fork lift and stack the chassis 3 high right over top of the steel poles. Oh well, definitely a bit of a free-for-all over here.

One of the best things that has recently happen to our area is the addition of Chavez/Drake Park and soccer fields replacing an old riparian that was a haven for the homeless/drug users. Now we see joggers, bikers, people walking with their dogs, kids playing/practicing soccer, picnickers and we use the park daily for breaks and lunch. The field is artificial turf and fenced in but gets used by leagues on the weekends. This is a great addition to the westside!

Our business climate has changed over the past few years due to the introduction of LED lighting and the Internet/Amazon. I have seen more change in 3 years than the past 38 years due to technology entering our world at lightning speed. You have to really think and react quickly, which is something our industry has not been used to. The LED technology is actually a very good source of light due to energy savings, instant on, dimmable, no mercury, and very long life/warranties. The California and U.S. governments are forcing almost all lighting to become LED in the next coming years. So get used to it because you are not going to have many options. ■

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Operational Excellence: How The San Pedro Bay Ports Are Maintaining Their Competitive Edge

■ By **SAMANTHA MEHLINGER**
EDITOR

The San Pedro Bay Ports are the single largest maritime trade gateway in the United States, principally handling the majority of the country's trade with East Asia. As of 2017, the ports' marketshare of containerized imports from East Asia was about 46.4%, according to an analysis by

Jock O'Connell, international trade advisor for Beacon Economics. To maintain that marketshare and remain competitive, the ports are focused on operational excellence – ensuring that they remain the gateway of choice by bolstering their efficiency.

As O'Connell pointed out in his recent analysis penned for the Pacific Merchant Shipping Association's (PMSA) newsletter, the ports of Los Angeles and Long Beach

lost about 10% of marketshare of inbound East Asian maritime trade from 2003 to 2010. But Mario Cordero, executive director of the Port of Long Beach, takes issue with 2003 as a reference point for how the ports are faring competitively today.

In 2003, the ports were experiencing double-digit growth in cargo volumes, Cordero noted. This was also several years before the expansion of the Panama Canal

was completed, before the expansion of Canada's Prince Rupert Port was completed, and before East Coast ports like those in New York and Savannah had completed infrastructure projects. In other words, it wasn't the same environment as it is today, competitively speaking.

Using 2010 as a baseline, the ports have managed to hold their share of maritime trade, Cordero pointed out. In 2017, the ports handled 35.4% of all containerized cargo coming into the United States, he said, while in 2010, they handled about 36.9%. Cordero characterized this as a "de minimis" differential.

"For me, the message is, in light of all the developments with regard to what other gateways have done, we've done pretty well. Because many believed in 2003 that we would be in a much worse scenario," Cordero said. Moving forward, he said he anticipates the ports will retain current marketshare, with fluctuations in the 1% range.

Chris Chase, business development manager for the Port of Los Angeles, noted that a number of factors, mostly related to cost, play into cargo owners' decisions on where to ship their goods. "The biggest advantage that we have that keeps us incredibly competitive here in Southern California is the amount of warehousing here," he said. "You can do local, regional [and] national distribution and e-commerce out of the same building because of the huge population in Southern California and also because of the incredible connections we had with the railroads and the road network to the rest of the country." He pointed out that nearly all of the Port of Los Angeles' terminals have their own railyards.

"There is no gateway that has the kind of rail infrastructure that we do here in the Southern California region," Cordero said. "I am talking about the rail infrastructure that connects to the inland to the Midwest Ohio Valley." Not to rest on these laurels, the Port of Long Beach continues to invest in rail infrastructure as part of its focus on operational excellence, he noted.

Case in point, the Long Beach Board of Harbor Commissioners, which governs the port, recently approved an \$870 million budget for the Pier B On Dock Rail Facility project. The expansion of rail at Pier B will enable 17 trains 10,000 feet in length to leave the Port of Long Beach per day, doubling its current rail capabilities, Cordero explained. It will also help the port move closer to its goal of moving 50% of cargo by rail, thereby decreasing use of trucks.

Chase said that both ports got a jump start on infrastructure investments to become big-ship ready in advance of other ports in the nation. "One of the reasons we are competitive is we have, amongst other ports, a 20- to 30-year head start on a lot of these infrastructure projects – major billion-dollar infrastructure projects," he said.

"From 2015 to 2024, I think our capital plan is about \$2.5 billion, much of that centered around modernizing or upgrading facilities," Chase continued. "A big trend in the marketplace here in Southern Califor-



When complete in late 2019, the replacement for the Gerald Desmond Bridge will expand vehicle traffic from one lane each way to three. It will be the tallest structure in the City of Long Beach. (Photograph provided by the Port of Long Beach)



A tugboat ushers a container ship in the San Pedro Bay. (Photograph provided by the Port of Los Angeles)

nia has been to put larger and larger ships in. Well, that has a different demand on how the land is used, and the size and strength of wharves that are necessary, and the size of the cranes that need to go on them. So we have to prepare for that.”

The Port of Long Beach is in the midst of a \$4 billion capital improvement program, the centerpieces of which are the redevelopment of Long Beach Container Terminal (LBCT) in the port’s Middle Harbor and the replacement of the Gerald Desmond Bridge. The first and second phases of the Middle Harbor Redevelopment project are complete, and the third and final phase is on schedule for completion in early 2020, according to Cordero. About 172 acres of the terminal, which has been outfitted with automated electric cranes and cargo handling vehicles, are operational, he said.

When completed, “that terminal alone in terms of the capability of moving 3.3 mil-

lion containers would in effect qualify as the sixth largest containerized port in the United States,” Cordero said. “That terminal will have the capability of receiving a 24,000 TEU vessel at some point. I can’t tell you when that type of vessel will arrive at the West Coast, but in years to come, the decade to come, I predict that the carrier industry will be moving in that direction.”

The new bridge under construction over the entry to the port’s inner harbor will expand traffic flow from one to three lanes in each direction. It is also being built higher than the Gerald Desmond, allowing for larger ships to pass beneath. “That is a great endeavor to not only alleviate and create more efficient movement of containers by truck, but it also puts us in a position to receive larger vessels that will be able to come into the harbor and under that bridge,” Cordero said.

The ports are also investing in technology to boost operational efficiency. Both San

Pedro Bay ports have partnered with GE Transportation on a pilot project to test software that tracks cargo as it makes its way through the supply chain – from point of origin to ship to dock, and then to truck or rail. “This industry has not been known to be on the cutting edge of technology on the e-commerce side. So we’re starting a project in that direction,” Chase said of the endeavor.

Cordero noted that he hopes to adopt a portwide information portal like the GE system, but a specific program has not been selected.

Also of importance to the ports is the effort to reduce truck turn time – the amount of time it takes for trucks to pick up or drop off a container at a terminal. “The good news is many of our terminals have reduced turn time. You’re talking about the average right now somewhere around 70 minutes, as compared to 90 minutes-plus a couple years back,” Cordero said.

Dwell time for containers – the amount of time a container sits on the dock before being transported to its destination – has also decreased. “That dwell time, according to some recent studies, more specifically one that was noted by PMSA, is on average here in Long Beach about 2.7 days. And that’s down from 3.71 [days] if you go back to July,” Cordero said.

Both Cordero and Chase emphasized that their ports are planning for trends decades in advance in an effort to set themselves up for success. As they do so, the main focus is what they can do, as landlords, to improve efficiency of operations throughout the port complex.

“The customer wants the cargo now and doesn’t want to wait too long to get it. If we continue on that track, then we’ll be very competitive no matter what gateway you are referencing as an alternative,” Cordero reflected. ■



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From Tugboats To Trucks: Green Tech Developments Serve Each Part Of The Supply Chain

■ By **ANNE ARTLEY**
 STAFF WRITER

With the help of grants from state agencies and partnerships with trucking companies, the San Pedro Bay ports are testing several forms of green technology. These include zero-emissions trucks and cargo handling equipment, upgraded engines for tugboats and solar panels at the terminals. Although many of these are still prototypes, environmental leaders at the Port of Long Beach and the Port of Los Angeles are optimistic about meeting the goals outlined in their joint Clean Air Action Plan (CAAP).

The Clean Air Action Plan, the guiding document for the ports' environmental initiatives, sets forth the goals of implementing zero-emissions cargo handling equipment by 2030 and zero-emissions for drayage trucks serving the ports by 2035. It also outlines the goal of reducing greenhouse gas emissions to 80% below 1990 levels by 2050, which Long Beach Board of Harbor Commissioners President Tracy Egoscue described as "very ambitious."

Egoscue described the developing technologies as cutting edge and as the "final frontier" in green supply chain operations. "The CAAP provides a path," she said. "We all need to pull together: the shipping

industry, the terminals. . . to meet these ambitious goals. This is a heavy lift."

With the help of outside agencies, the San Pedro Bay ports are demonstrating green technology for each component of the supply chain. In September, the Port of Long Beach received a preliminary grant award for \$50 million from the California Air Resources Board (CARB) to deploy 33 electric yard tractors, a top handler, five battery-electric trucks with two charging outlets, two container ships with clean engines and an electric-drive tugboat.

"We're driving the direction of where future port operations need to go to address environmental impacts," Heather Tomley, the Port of Long Beach's acting managing director of planning and environmental affairs, commented. "The scale of these demonstrations is something that's not being done anywhere else at this point."

TransPower, a California company that offers clean transportation and energy storage solutions, is developing the battery-electric trucks and tractors. "The trucks are quieter and smoother to operate," Joshua Goldman, TransPower sales and marketing vice president, commented. "They have diesel-like performance in terms of acceleration and operation." Although they are currently more expensive than a diesel

truck, they cost less to operate and maintain overall, Goldman said.

The Port of Los Angeles (POLA) is also working to implement battery-electric equipment. Tests are underway to compare battery-electric yard tractors to tractors run by renewable, natural gas. "We're going to see which one performs better and which has better operating maintenance and duty cycle performance," POLA Chief Sustainability Officer and Director of Environmental Management Chris Cannon said.

Another project taking place at POLA is the installment of solar panels to collect energy and store it in batteries for use after sundown. "That's pretty exciting because [the facilities] would have a series of zero-emissions equipment that could be charged using the battery or solar panels," Cannon explained. "That would be the first in the world, a terminal that could operate off the grid. . . . In the event of a natural disaster or if the power goes down, it could handle disaster relief or otherwise serve the region."

Both ports are also working towards converting the engines on their current fleet of tugboats. A retrofit device upgrades an engine that meets the Tier 2 emission level standards set by the Environmental Protection Agency to Tier 4, the 'cleanest' category. "This can be done for a couple hundred thou-

sand dollars as opposed to doing a full re-power of the engine," Tomley said.

She added that the Port of Long Beach has issued a request for proposals for the development of different systems to reduce emissions from at-berth vessels. "Shore power is an option for a lot of the container terminals, but we're looking at alternative technology for the other vessel types," she said. Shore power allows a parked vessel to draw electricity from the grid rather than by running its engine.

The San Pedro Bay ports are in the process of testing trucks powered by different clean technologies. In the summer, the South Coast Air Quality Management District (SCAQMD) and Daimler Trucks North America announced a project to develop 20 heavy-duty, battery-electric trucks, with seven deployed at the ports of L.A. and Long Beach. According to SCAQMD, the initiative is slated to begin in December. Tomley said the project is pending approval by the boards of the two ports, which have proposed providing \$2 million in match funding.

Cannon commented that while battery-electric vehicles are not new, the technology is innovative because it has just recently extended to the heavy-duty category of trucks. "That's because the demands on the battery in the heavy-duty industrial sector are really high," he explained. "It requires really large batteries that have a lot of energy-storing capability. That part of it is still new."

Because of a previous CARB grant, electric transportation company BYD has four Class 8 (heavy-duty) trucks servicing the Port of Long Beach. The trucks have been in use for about four months now. "Since drayage trucks generally have limited mileage, return to a home yard every night, and spend a large amount of time in creep mode [moving at a slow pace], they represent an excellent opportunity to test battery-electric technologies with the potential for commercial viability," BYD Media Relations Specialist Jim Skeen stated in an e-mail. In early 2019, BYD plans to roll out nine more of these trucks to service the port.

More recently, CARB preliminarily awarded \$41 million to POLA for its zero-emission freight "shore to store" project in September. The initiative entails the deployment of 10 Kenworth and Toyota fuel cell-powered Class 8 trucks, the construction of two large-capacity hydrogen fueling stations in Wilmington and Ontario, and the addition of two zero-emission forklifts at Toyota's POLA warehouse.

According to the Fuel Cell and Hydrogen Energy Association, a national advocacy group that represents companies advancing clean technology, fuel cells operate by converting fuel into electricity through a chemical process. Unlike batteries, they do not need to be recharged, but continue to produce electricity as long as they have a fuel source.

Cannon expressed excitement about the possibility of Toyota's equipment since fuel cell technology expands the range of electricity-powered trucks. According to Cannon, battery-electric trucks have a range of about 100 miles, making them better-equipped for short-haul drayage within the port complex. "But if you've got to make a



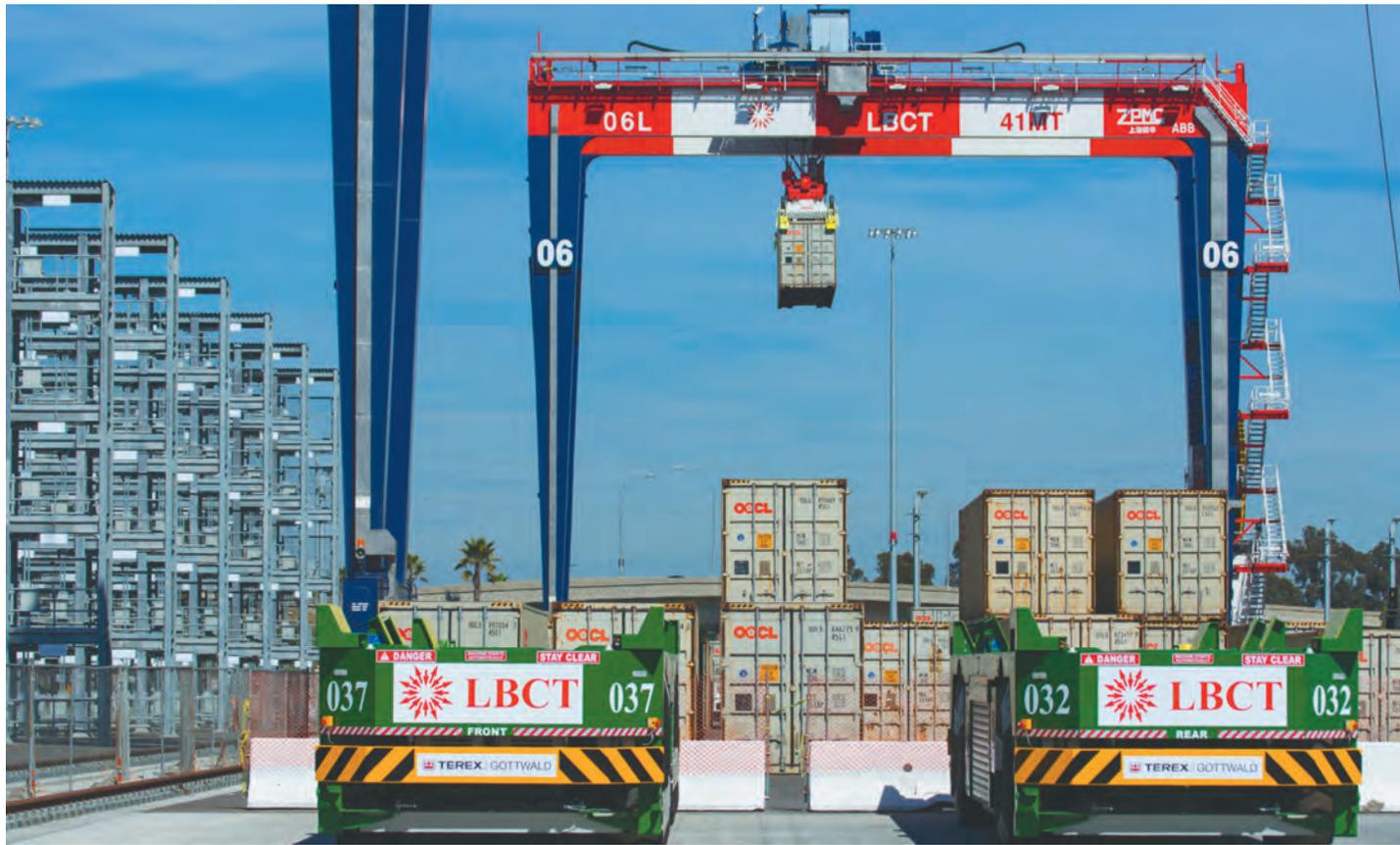
An emissions capture system is hooked up to a container ship berthed at the Port of Los Angeles. The technology is used on older vessels that do not have the capability of plugging into shore power while at berth. (Photograph courtesy of the Port of Los Angeles)

100-mile drive or even an 80-mile drive, all of a sudden, you're getting to your outer range of that capability," he said. "[Toyota] thinks they have a range between 300 to 400 miles and, so far they've been able to test up to 200 miles. They believe it's because [the trucks have] a fuel cell and a battery operating together."

The San Pedro Bay ports are also expanding battery-electric technology to another form of short-range transportation: a switcher locomotive. This vehicle assembles trains for long-haul transport. It also moves railroad cars around or makes short transfer runs. "We have a port-wide switching company called Pacific Harbor Line whose purpose is to move rail cars. They set them up and build longer trains so that the long-haul railroads, BNSF Railway and Union Pacific Railroad, can come in and pick up the trains," Cannon explained. "They already have a clean switching fleet, thanks to the work of the CAAP."

Cannon estimated that the lump sum of grants awarded to the two ports is over \$150 million. The ports' environmental leaders stressed the importance of positioning the port complex as a pioneer in green initiatives. "We've been participating in not only going after grants when they're issued, but also working with agencies on their investment plans to ensure that the port complex is a priority as they're coming up with future grant programs," Tomley said. "We've been lobbying the legislature to make sure funding is available for these types of projects in upcoming budgets."

Currently, about 13% of the equipment operating at the Port of Long Beach is zero-emissions, Tomley said. She esti-



An example of an electric-powered automated guided vehicle at Long Beach Container Terminal at the Port of Long Beach. The zero-emission equipment moves cargo throughout the terminal. The Clean Air Action Plan, the guiding document for environmental initiatives at the San Pedro Bay ports, sets the goal of implementing zero-emissions cargo handling equipment by 2030. (Photograph courtesy of the Port of Long Beach)

mated that it would be up to 16% by 2020. At the Port of L.A., 6.8% of in-use cargo-handling equipment is zero-emissions, as are less than 1% of heavy-duty vehicles, Cannon reported.

Tomley agreed with Egoscue's assessment that the goals of the CAAP are ambitious, but said the ports are headed in the right direction. "We recognize that the goals are very aggressive and that there

are a lot of challenges, but that's our goal, and we're making the progress we need to get on track."

According to Egoscue, since the CAAP was adopted in 2006, the Port of Long Beach has seen a reduction in certain air pollutants such as diesel fuels and oxides of nitrogen and sulfur. But greenhouse gases are "a tougher nut to crack," she said.

"All over the world, burning fuel is what

we've relied upon. Ships burn fuel and trucks burn fuel, and even our terminals use fossil fuels, which cause greenhouse gases," Egoscue said. "I think that's why what we've seen is particularly difficult and problematic to address. We have to switch our expectations of what fuels our economy. That's why the marketplace hasn't had these technologies available, because we haven't been relying on them." ■

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Heavy duty trucks hauling containers from the ports line up at Harbor Avenue in the Long Beach Westside Industrial Area. The trucking industry, particularly in the harbor area, is increasingly subject to environmental and labor-related regulations. (Photograph by the Business Journal's Brandon Richardson)

How Drayage Firms Are Contending With Ever-Changing Regulatory Environment

■ By **SAMANTHA MEHLINGER**
EDITOR

In a state that prides itself on taking the lead on environmentally-friendly regulations and that is well-known for a rigorous regulatory environment around business, the trucking industry – a major source of air pollution in the state, particularly around ports and highways – is often one of the industries of focus for environmental and labor regulators. The industry in California is contending with a patchwork of rules and policies dictated by statewide agencies, local governments and air quality districts.

In the San Pedro Bay harbor area in Southern California, the drayage industry is centered around the ports of Long Beach and Los Angeles, which handle the majority of maritime trade coming into the United States. In addition to federal and state requirements regulating air emissions for the types of heavy-duty trucks that do business at the ports, the trucking industry is also subject to regulation by the ports themselves.

Chris Shimoda, vice president of government affairs for the California Trucking Association, told the Business Journal that even as the trucking industry is still trying to figure out how to pay for required upgrades to its vehicles to comply with current state regulations, it is already being forced to anticipate forthcoming additional rules.

The California Air Resources Board (CARB), a state agency tasked with creating regulations to curb air emissions, approved its Drayage Truck Regulation in 2007, with an update in 2011. That rule dic-

tates what model year of trucks are allowed to move cargo to or from California's ports and intermodal rail yards. Currently, trucks must meet model year 2007 engine emissions standards. On December 31, 2022, they must meet model year 2010 standards.

But the ports of Long Beach and Los Angeles have more ambitious requirements per their Clean Air Action Plan, which was updated in 2017. The ports' Clean Trucks Program requires that, as of October 1, all new trucks registering with the ports must be model year 2014 or newer. Older trucks already on the registry that meet CARB's specifications are allowed to continue operating at the ports, according to the plan. By 2035, all trucks doing business at the ports must operate on zero emissions.

Weston LaBar, CEO of the Harbor Trucking Association, took issue with the way these rules are structured. "I feel like finding an arbitrary [model] year does not necessarily mean that the truck is cleaner," he said. "You can have an older truck that, if maintained or has certain sorts of retrofits on it, may actually be cleaner than a newer truck." He added, "CARB has talked about moving forward with some sort of a smog check program for heavy duty trucks. We feel like that may be the better approach to set the standard; and if the equipment meets the standard, let it operate."

The California Trucking Association remained neutral on the Clean Air Action Plan update, Shimoda said, noting that the plan essentially pushes up the deadlines to meet CARB's requirements. "In a couple of years you're going to need to bring in new equip-

ment anyway. . . . I don't think you're going to hear much of an outcry from the trucking industry on that," he explained.

Per the Clean Air Action Plan, beginning in mid-2020, trucks doing business at the ports that do not meet a near-zero or zero-emissions standard will be subject to a fee. CARB is currently working to create a definition of "near-zero emission." For trucking companies attempting to make business decisions in advance, not knowing what this definition will entail complicates things.

"Our members are still sort of figuring out how they are paying for all these upgrades, and still going through the process of complying with everything that's already on the books from the environmental side," Shimoda said. "And while that's happening, we're starting to have those discussions about what new regulations might be imposed on the industry."

"Quite frankly, we have been caught between a rock and a hard place as we advise member companies what they can or can't buy," LaBar said. "We don't know if they bought brand new 2018 trucks today whether they would be charged a clean truck fee or a dirty truck fee, whatever they want to call it, at the ports." He added, "We feel like sometimes we are being asked to do things blind."

Shimoda noted that the United States Environmental Protection Agency sets new engine emissions standards. To ensure the cleanest trucks are operating on state roadways, CARB has instituted fleet turnover requirements to upgrade to newer trucks, he explained. Then there is the South Coast

Air Quality Management District (SCAQMD) – an agency that monitors and regulates primarily stationary sources of air pollution in California's South Coast Air Basin. The basin includes portions of Los Angeles, Riverside, San Bernardino and Orange counties.

In March 2017, SCAQMD's board adopted the 2016 Air Quality Management Plan, which included directives to reduce emissions from vehicles associated with facilities – a concept referred to as "indirect source measures." This May, the board directed staff to develop indirect source rules for warehouses, rail yards and airports. According to a presentation from an August SCAQMD working group meeting, an initial concept is to require the warehousing industry to do business with trucking fleets that "on average are cleaner" than CARB requires. Warehousing agencies would have to pay a fee if they did not comply with the new rule.

The proposal adds another layer of regulations and compliance measures for the trucks visiting the vast network of warehouses in the South Coast Air Basin, which includes the harbor area. "You are looking at increasingly more of a patchwork [of rules,]" Shimoda said. "You can't just look at one single place and figure out what you're supposed to do. You really need to keep your eye on all these various agencies to try to do your business planning."

The trucking industry is also facing a challenge that could upend its entire business model. Many drayage firms employ

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truckers as independent contractors. But in recent years, that model has been called into question by national media reporting that revealed hundreds of labor violations on the part of trucking companies. The International Brotherhood of Teamsters formed a group, Justice for Port Truck Drivers, that has been picketing in earnest over the past two years in attempt to highlight what participants view as “indentured servitude.”

This year, a California Supreme Court case and a piece of state legislation directly addressed the issue. In the case of *Dynamex Operations West, Inc. vs. Superior Court of Los Angeles*, the supreme court established new rules to identify whether someone should be considered an

employee of a company or an independent contractor. One stipulation notes that a worker is only an independent contractor if the work he or she conducts for a company is separate from that company’s usual course of business.

As Shimoda explained it, a truck driver would no longer qualify as an independent contractor, as his or her service is the usual course of business for trucking firms. “I think it’s early to say what the specific ramifications are going to be for businesses,” he said. He called the ruling the “number one” issue for the industry right now “by a long shot.”

The Western States Trucking Association has challenged the Dynamex ruling, filing a complaint with a federal court to

rule the decision invalid. “We won’t have clarity on that issue for several years, is my guess,” LaBar said.

LaBar pointed out that recently passed state legislation, Senate Bill 1402, also stands to impact the trucking industry by penalizing its customers. The bill makes retailers, shippers and other companies jointly liable for labor violations made by trucking firms they employ for services. The bill by State Sen. Ricardo Lara attempts to address “exploitation of truck drivers who haul cargo from California’s ports.”

The California Division of Labor Standards Enforcement (DLSE) has awarded \$45 million to more than 450 truck drivers for “unlawful deductions from wages and out-

of-pocket expenses,” according to SB 1402.

As a result of the legislation, “I have members that have spoken with their customers who have asked them. . . to prepare plans of action for moving goods into another freight corridor, as opposed to L.A./Long Beach,” LaBar said. “That is a decision that cargo owners are going to make because now they feel there is a certain level of exposure for them.”

As the trucking industry continues to contend with existing and impending regulations, LaBar said that “collaboration is the key” in order to “make sure that the solutions we’re coming up with don’t create a system of winners and losers but create joint success for everybody.” ■

Cargo-Tracking Platform Improves Efficiency At San Pedro Bay Ports

■ By ANNE ARTLEY
STAFF WRITER

Due to positive feedback from supply chain partners, the San Pedro Bay ports plan to continue working with General Electric (GE)’s transportation division to develop its Port Optimizer platform, a data-sharing program that aims to improve the efficiency of the supply chain.

Noel Hacegaba, deputy executive director of operations and administration at the Port of Long Beach, explained that the cloud-based platform allows users to track cargo at different points in the supply chain. Data is entered into the Port Optimizer by multiple entities, such as the terminal operators, shipping lines and U.S. Customs and Border Protection. Supply chain stakeholders are able to access the program online with views customized to fit their needs. The Port Optimizer gives each company tasked with moving cargo advanced notice of its arrival and destination points.

Hacegaba compared the Port Optimizer to Expedia, a travel platform that enables users to book flights, make hotel reservations and rent a car through one website. “The Port Optimizer brings the same streamlined advantages to the supply chain,” he commented.

The enhanced visibility of container movement is the program’s most important feature, Hacegaba said. “Historically, each segment of the marine supply chain developed its own systems over time. That has created silos where, for instance, the shipping line, the terminal operator, the truck operator and the railroad all have their own discrete operating systems that don’t talk to each other,” he explained “What you end up with is information that is not 100% accurate, and partners in the supply chain who are not able to make real-time decisions because the data is not available.”

The Port of Long Beach began a pilot program to test the technology in August. The pilot is scheduled to run until the end of October. The platform was implemented at three marine terminals: Long Beach Container Terminal, Total Terminals International and International Transportation Service, Inc. The three major ocean carrier alliances are also involved, as well as three railroads: Union Pacific, BNSF Railway Co. and Pacific Harbor Line.

“We’ve been very impressed with the response we’ve received by our customers and users,” Hacegaba said. “There’s a lot

of interest and hopeful expectation that could really help us as a port industry move to the next level.”

The technology was first implemented at the Port of Los Angeles, which issued a request for proposals for the software’s development in the summer of 2016. GE Transportation was selected to develop a program. The port has been working with Port Optimizer since May 2017, when the earliest version debuted. “We saw some good results in the pilot. . . the plan is to have it rolled out to the entire port as soon as we can make that happen,” Port of L.A. Marketing Manager Chris Chase said.

Hacegaba said the Port of Long Beach is working with GE to develop new features, including one that would allow truckers to make terminal appointments across the San

Pedro Bay port complex. “Right now, a trucker has to go to each individual terminal’s website to book an appointment,” he explained. “This [new function] is an example of how we believe technology can enable efficiencies.”

Another new feature would help truckers conduct dual transactions at terminals. “How can we leverage this optimizer so that a truck coming into the port to pick up a container can also drop off an empty container at the same time?” Hacegaba queried. “That way, instead of having two trucks performing two tests, we can just have one truck.” According to Chase, the online portal gives each supply chain partner access to different information in order to protect data and privacy. “If you’re a trucking company, you have a

given view. If you’re a cargo owner, there’s a different set of data that you’ll be allowed to see,” he explained. “We’re not trying to make a consumer-level site. This is a business-to-business website.”

Chase emphasized that the Port Optimizer is not replacing any other system, but rather coordinating the existing ones. “We’re trying to take a lot of information and distill it down to a common user interface,” he explained. “That way, users don’t have to go to a dozen websites to track their cargo, they can go to one screen.”

The Port of L.A. estimated that it achieved a 10% increase in efficiency in port operations for the technology’s pilot phase, Chase said. “We’re trying something new. If it was easy, someone would’ve already done it,” he commented. ■



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Vice president of operations at Cabi, Arvid Pedersen, is pictured here in the fashion company's warehouse in Carson. The warehouse is a Watson Land Company property that was constructed with offices attached to the warehouse to accommodate Cabi's employee base. (Photograph by the Business Journal's Brandon Richardson)

(Continued From Page 1)

about the dynamics between that and how labor intensive that is . . . the software, robotics and systems to deliver that are evolving as quickly as they can, just to make it more efficient."

E-commerce companies have unique needs for how their warehouses are built, according to Flynn. "One of the challenges, not necessarily for our buildings which are relatively new and built within the last 15 years, but some of the older buildings, is that they don't have the parking or truck storage necessary to support any e-commerce facility," he said.

Many e-commerce warehouses need space for delivery trucks to pick-up and deliver products, according to Flynn. He also noted how e-commerce facilities tend to be more employee-oriented because they handle their warehouse operations in-house.

Flynn noted that there is little opportunity to develop new industrial spaces in the South Bay, which is built-out. Industrial real estate in the area has a vacancy rate of about 1%. As a result, he is seeing an increase in re-development of existing warehouses.

"What happens in larger facilities is that they get taller, and they build mezzanine structures within them," Flynn said. "So there may be one or two or three stories within what looks like a single story building. And on each mezzanine section there will be people and machines picking and moving goods. We've built several of those facilities throughout the Los Angeles Basin for some of our customers."

Lance Ryan, executive vice president and chief operating officer of Watson Land Company, also noticed more space being added in existing buildings. "What we're

seeing, specifically in the South Bay, is larger office build outs, meaning we have larger office footprints [within warehouse buildings]. There are more office jobs, there are larger IT rooms and there are larger break rooms," he said. "So we're finding from our analytical evidence that there are more jobs being created by these type of companies."

Incorporating technology in warehousing brings up other considerations, such as whether a building is equipped with the proper electrical infrastructure and power requirements for material-handling equipment, according to Ryan.

"What I think we're going to see is a better utilization of buildings," he said. "What we've seen in the last five to 10 years has been both an increase in speed of adoption

of technology by our users and also an increase in innovation."

One of Watson Land Company's properties that represents an increase in innovation is women's fashion brand Cabi, according to Ryan. The company has their main corporate office in the same building as their warehouse in Carson. The offices for marketing, finance, IT, quality control and other services are located onsite.

"We wanted to be close to the operations here. If there's an issue, we could walk down and see it for ourselves," Arvid Pedersen, vice president of operations at Cabi, said. "We've been able to make significant improvements here in productivity and we get to keep that ourselves rather than a third party logistics company keeping that [profit]."

Cabi currently uses roller rails that act as a freight conveyor to transfer goods in tote bags for workers to grab and then process. Cabi looks forward to adding more advanced technology through an automated conveyor system for employees to manage freight, according to Pedersen.

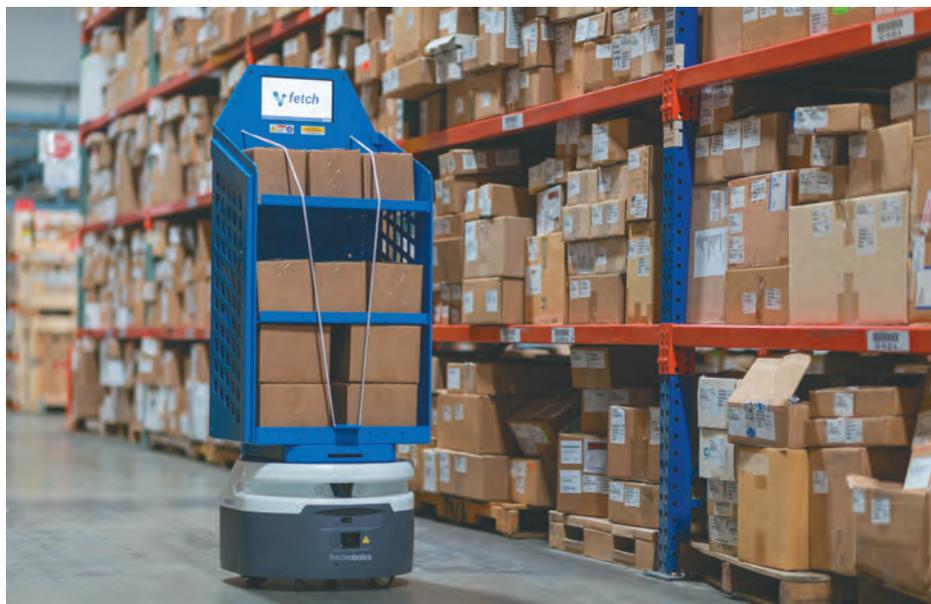
Yet, Pedersen acknowledges that relying too much on technology is not an option. "I think some companies over-automate," he said.

Some automated systems for material handling in warehouses tend to be fixed in the volumes of materials they are able to handle. What Pedersen noticed while touring different facilities was that, in some warehouses, not all high-tech equipment was being utilized when the volume of freight was lower.

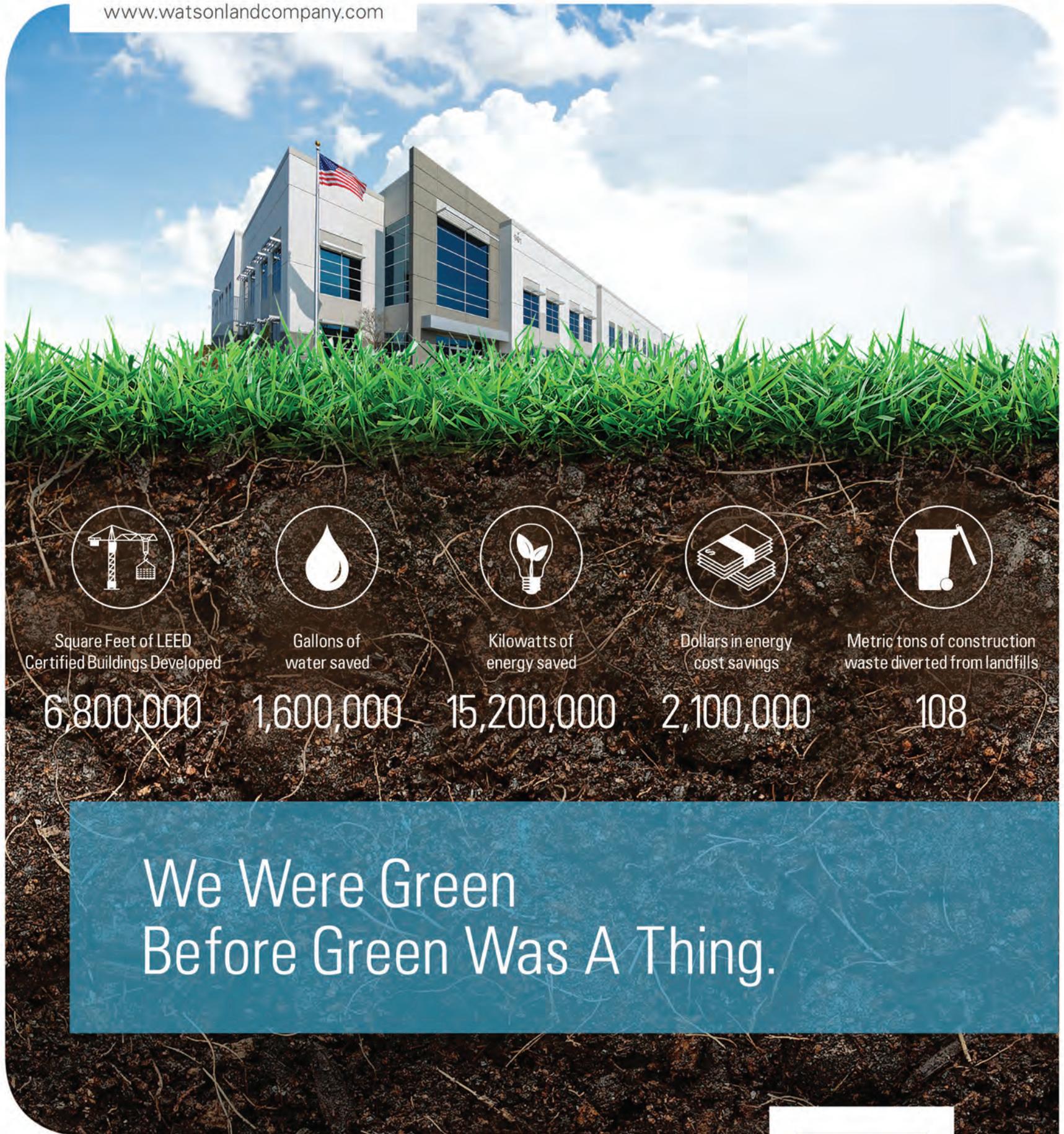
Thus, Pedersen stressed that there is no one model to fit every warehouse. For Cabi, in terms of its freight volume, the current model with less-advanced technology was the most suitable. As the volume increases, Pedersen will consider using more advanced technology.

In terms of the South Bay's warehousing industry, although land for new development is scarce and many buildings remain occupied, Ryan sees potential for growth.

"When you think of online sales, the real discussion point is about the last mile. And the last mile is right here in the South Bay. We've got a 40 million-person population well inside a one-day truck drive," he said. "There's just no doubt that we're going to see an evolution in technology [in warehousing] and we'd expect that [the South Bay] would be right at the nexus of where it's going to happen." ■



A Fetch Robotics VirtualConveyor™ robot is pictured transferring packaged goods in a warehouse. According to Tim Smith, a representative for San Jose-based Fetch Robotics, their autonomous mobile robots are able to move in a number of directions to transport materials, rather than on a fixed path. (Photograph courtesy of Fetch Robotics)



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