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## Treading water: Aquarium draining cash reserves to make up for \$14 million shortfall



The Aquarium of the Pacific's outdoor exhibits are open with limited capacity but guests are required to wear facial coverings. Photo by Brandon Richardson.

■ By **BRANDON RICHARDSON**  
Senior Reporter

The Aquarium of the Pacific's multi-million dollar expansion, Pacific Visions, celebrated its one-year anniversary with its doors closed. Its theater's 300 seats sat empty and have remained so for much of the year—along with all the aquarium's indoor exhibits—due to the coronavirus pandemic, which has put a severe financial strain on the city icon.

Aquarium leaders and staff started the year with high expectations—as the first full year with the expansion, attendance numbers were expected to exceed previous years. In fact, CFO Anthony Brown said the first two months of the year were 6% ahead of anticipated attendance and revenue.

“But then everything came to a screeching halt,” Brown said.

Following orders from Gov. Gavin Newsom, the aquarium closed its doors in March and remained shuttered until mid-June when it was allowed to reopen, in-

side and out, at 25% capacity. The aquarium remained fully open for a total of 19 days before being forced to shut down all indoor exhibits again in early July following rising COVID-19 hospitalizations.

The facility's outdoor exhibits remain open to the public at 25% capacity.

“We have all the safety measures in place: social distancing, online ticketing, a face mask requirement, temperature checks—everything we could think of,” Brown said.

The aquarium budgeted \$38 million for operating expenses in 2020, with \$2.6 million in projected unrestricted earnings that would then be reinvested into capital improvements. Following closures and restrictions, Brown said he is anticipating at least a \$14 million shortfall.

Fortunately for the aquarium, there is some relief to its financial woes. Brown explained that the construction of Pacific Visions, which was delivered on time by Clark Construction and funded in

large part through donations, came in \$6 million under budget. With donor permission, the aquarium reallocated those funds to offset losses.

The aquarium also received a Payroll Protection Program loan, as part of the federal CARES Act, to the tune of \$3.5 million. The facility is working to use as much of the loan for payroll expenses as possible, in order to maximize the amount of the loan that will be forgiven by the government, Brown said.

As part of its business model with the city of Long Beach, which owns the facility, the aquarium has an operating reserve of \$5.8 million, Brown said, noting that those funds can be used to make up for the remaining losses. Earlier this year, the Long Beach City Council discussed a \$2.2 million loan to assist the aquarium if necessary, an option that is still on the table, Brown added.

Despite its various relief funds, Brown said the “only

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## Low mortgage rates mean more cash for homeowners, more demand for residential properties

■ By **ALENA MASCHKE**  
Senior Reporter

The economy may feel a bit frozen, but it's still a hot summer for the residential real estate market.

With mortgage rates at historic lows, buyers are eager to get their hands on a property, while homeowners are remodeling and upgrading with the cash provided by refinancing.

“It's the highest amount of refinancing I've ever seen,” said Glenn Daly, branch manager at Essex Mortgage in Long Beach. “It's just a groundswell of people saving money.”

For many, that money goes right back into their property in the form of home improvements, while others are putting some funds aside to buy an investment property down the line. Either way, investing in real estate remains as popular as ever.

Allen Byma, a pastor and father of three school-aged children, said his family is using the extra cash to make their home more comfortable—and more valuable—in the long run.

“The refi was so good that we were able to pull some money out and do some things that we wanted to do when we bought the house,” Byma said. The bathroom, the kitchen—especially now that the family spends more time at home, sprucing up their home makes them feel less stuck, he said.

“It feels like so much of my life is on hold right now,” Byma said. “Mentally, it's a huge win.”

And the home improvements, funded by refinancing, keep others busy as well. Contractors,

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**Q&A: Mayor Robert Garcia talks budget, coronavirus, and the loss of his mother**

■ *David Sommers, publisher of the Long Beach Business Journal, spoke with Mayor Robert Garcia this week about the city budget, the short- and long-term impacts of the COVID-19 health pandemic, and the loss of Garcia's mom, who died of the virus on July 26 at age 61.*

**DAVID SOMMERS:** You have many significant challenges around you in your professional and personal life right now, including that COVID-19 has hit home with the death of your mother, and your stepfather still in the hospital [Garcia's stepfather Greg O'Donnell died on Aug. 9, after this interview]. How are you doing?

**ROBERT GARCIA:** Losing my mom has been really tough and hard on my family. She was my best friend and just the absolute world to me. At the same time, I'm the mayor of our city. And it's a job that I take very seriously. And it's one that I signed up for and it's a responsibility that right now needs leadership and my focus.

**DS:** Let's start with the release of the city budget recommendation this week—the word that keeps coming up to describe this budget and fiscal year ahead is 'uncertainty.' What's the word you would use to describe this budget, and how is this budget different or unique from previous years?

**RG:** I think uncertainty is certainly correct.

We don't know a lot about what the future is going to look like as it relates especially to COVID and economic recovery. I've been telling folks to understand the seriousness of what's ahead of us and that it's unprecedented.

This is the largest health epidemic and the largest economic crisis that we have faced in our lifetime. It's incredibly serious. And people need to understand that it's not going to be solved overnight.

We have to take bold actions in the future. We're going to have to do things differently. And we're going to have to, as a community, get serious about fighting COVID-19.

The sooner we can get past this health crisis, the better we can also rebuild our economy back. But we can't build the economy back until we have this virus under control. And not until we have our businesses fully able to open, supporting their workers, selling goods, serving customers in restaurants and bars. We're not there yet. But we need to be if we're going to bounce back our economy.

**DS:** Looking at the Framework for Reconciliation recommendations and the first report, what are the concrete changes you expect to see occur in our city? What are the most significant, impactful reforms likely to be implemented?

**RG:** There are some significant and impressive recommendations. To highlight a few areas that are key, one is the focus on what implicit bias means in the workplace. What does it mean in the way folks are hired? What does it mean in the way we provide services, whether it's services at a public counter, or in policing or in housing?

Those are real issues that, as a country, we have made some good progress, but we are so far behind on understanding that racism and the history of racism has ingrained itself into not just into some people but into some institutions and the way they operate. And they've been this way for a long time.

And so we're going to do everything in our power to break those down within our own government, but also within the other institutions within the city and those that we work with.

There's also this broader idea of recognizing that there is a significant challenge, and that we need the whole city organization to work together through training, through the ability for staff to be empowered, to have programs to support people who are either marginalized within the city and outside the city. Those are all significant.

I think there's also some similar recommendations that relate to funding. So we are really restructuring and creating an office of equity that is funded, that can continue to do

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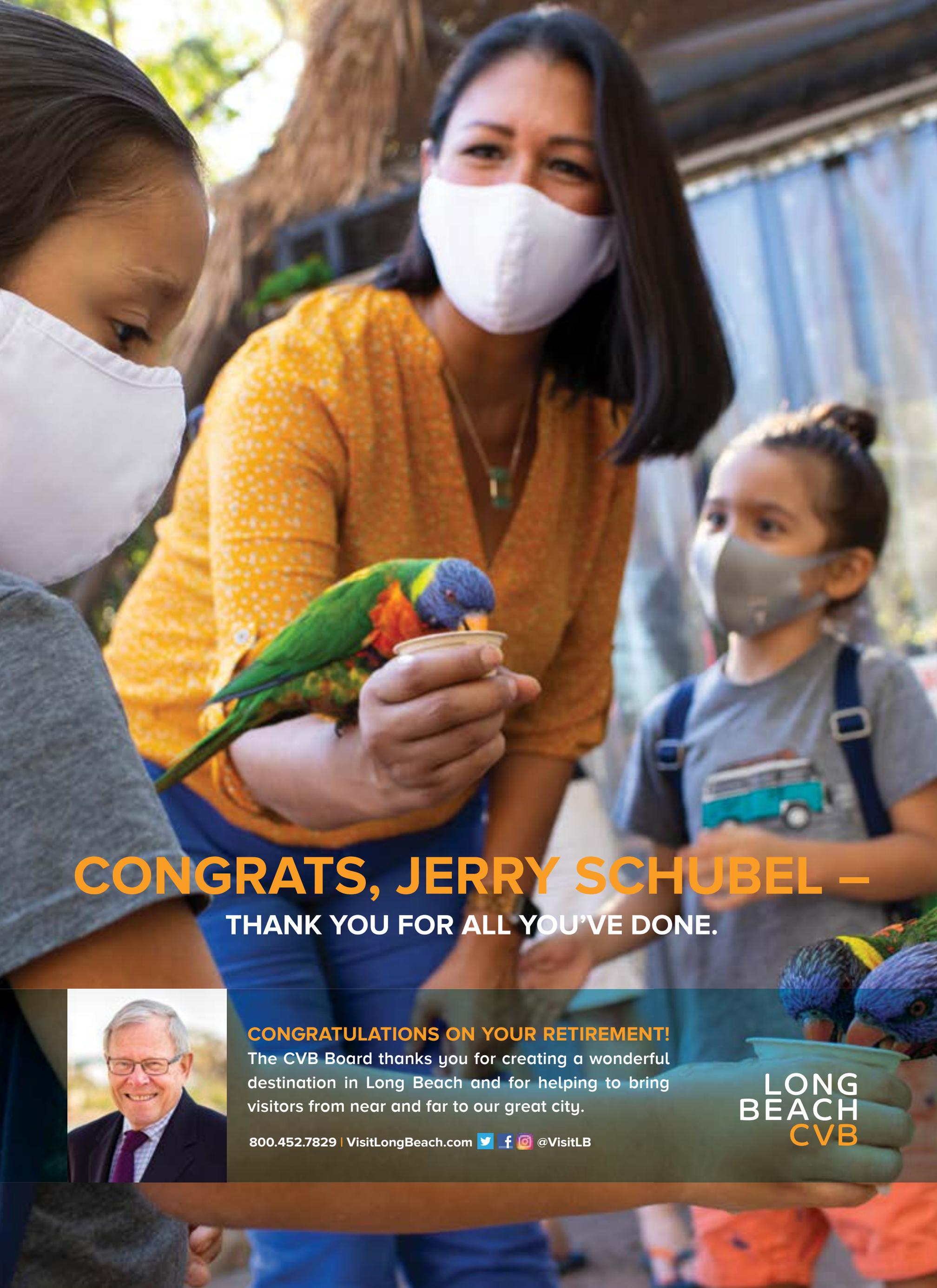


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Mayor Robert Garcia addresses a group of peaceful protesters outside City Hall, Wednesday, June 3, 2020. Photo by Brandon Richardson.

(Continued from Page 2)

good work and expand that work, by elevating that work into the city manager's office, by expanding what that staff kind of looks like so that there's more folks involved.

There are a lot of recommendations, they're not all going to be done overnight, but I'm proud of the work.

**DS:** Earlier this summer, we saw the state start to roll back parts of the closures that had been lifted. We expected this to last a few weeks, but many industries and small businesses are still in limbo, awaiting word on what's going to happen next and when. Can we expect the state to provide new guidance soon—some of the roll-backs lifted? When do you think that will

happen?

**RG:** The state is really in the driver's seat as it relates to reopening. So there is a state-wide approach now in place that is in some ways stronger today than it was early on in the crisis.

We don't have any indication that there's going to be some additional reopenings anytime in the near future, but if the numbers keep heading in the right direction and you're starting to see a leveling off of positivity rate, granted, there are some concerns at the state level with some of this data reporting that is happening. But even with that, it does appear that there is some good progress being made around positivity rate, hospitalizations, certainly the mortality rate, so if those trends

continue and we start to make progress, I think you are going to see the economy begin to slowly reopen. But it's hard to predict when that's going to happen because honestly these things could change week to week.

We're in a holding pattern. We are as open as we are probably going to be until we see additional improvements. And certainly the city can't move any faster than the state allows.

**DS:** With the city facing a multi-year deficit, can we expect to see advocacy or push to reopen businesses and sectors that generate sales tax revenue that flows into the city coffers?

**RG:** We want our businesses, our tourism industry, our hotels, all of our amazing small businesses and restaurants—we want all of them open as soon as they can be, but safely, and we're just not there right now.

I think we can all agree that the single most important thing right now is saving human lives and ensuring that we get this virus under control. If we were to reopen too soon and numbers started going back up, we would just go back to reversing the reopenings. And it would be even more devastating for our local and national economy.

So I think the approach we have now, which is a cautious one, while very difficult for a lot of small businesses and workers, is one that is going to kind of guide the state moving forward.

We should not rush things, we should not sacrifice, particularly the elderly and seniors for opening up too quickly. We need to listen to the doctors and the statisticians and those

that will be guiding these opening decisions.

**DS:** You spend a lot of time talking with business owners and operators. What are the major concerns you hear? What are the things you want to share with those you haven't connected with about the city's economic response, how CARES Act local funds will be used and deployed, or about what's ahead for local businesses and employers?

**RG:** I talk to business owners every day. And what they're going through is unprecedented and terrible. Obviously, there's only so much that we can do as a city to provide support. We want them to get past this moment to survive.

We're doing everything we can to lobby and get money in here. We're lobbying for federal and state support, I think we are going to be successful in that in the next few months to get more money directly to our small businesses and business owners. We want to make sure that when reopening happens, that we're going to do so in a way that's safe, and we're going to provide the tools necessary for them to be able to do so.

We're looking at canceling fees like business license fees, and doing extensions, all of which is also being worked on at the city council level.

Anything that we can do, we will continue to do so. But my promise to all of them is we're going to continue to make Long Beach a great place to do business. We want to have a strong booming economy. We had one leading up to this crisis. I hope we can bounce back better than ever. ■

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# ‘We’re gonna go out of business’: Independent restaurateurs organize for a stronger voice



The Breakfast Bar in Downtown Long Beach uses a strip of Atlantic Avenue for outdoor dining thanks to the creation of a parklet. Taken on July 30, 2020. Photo by Brian Addison.

■ By **BRIAN ADDISON**  
Reporter

Profit margins are low in the restaurant business, even in good times. So, in the era of COVID-19, the will to survive has been taken to a new level, which recently involves the formation of a coalition, the Long Beach Restaurant Association, to speak and advocate for independent, locally-owned eateries.

“There is nothing more infuriating than being told, flat out, ‘You don’t have a voice,’” said Ciaran Gough, owner of The 908 at LBX, and one of the founding members of the association.

He added: “I think the city and officials have a tough job; they’re in crisis mode themselves... Nobody caused this, we’re just in this. In my years in this business, we’ve been through a lot but this has been unquestionably the hardest thing I’ve ever had to go through professionally.”

The association already has about 50 members, including some of Long Beach’s most recognizable names in dining: Carl and Michael Dene of Michael’s Restaurant Group, Christy Caldwell of The Ordinarie, Denny Lund of Tantalum, George Miouk of Nico’s and Dave Lott from Belmont Brewing Company.

Among members, there is a genuine fear that restaurants going out of business will become an increasing reality.

“At this point, I’d be surprised if 50% of us survive this thing,” Gough said.

The implications of that are vast. Beyond restaurateurs losing their own source of income—“There’s this myth that we’re swimming in money,” Gough noted—there are large, concentric circles of money being lost.

Restaurants provide Long Beach with its second-highest source of sales tax and are one of the city’s largest employers. Should large numbers of restaurants begin shuttering their operations, that will not only bring a surge in local unemployment but mean a significant loss of funds for the city.

“We have to work together, this is not

them-against-us. This is meant to be collaborative,” Gough said.

That crisis for dine-in restaurants was one where it seemed each day dictated a new rule or new closure or new prohibition, the result being a huge loss of product since it was unable to be sold, along with mass layoffs and furloughs since the initial stay-at-home order was so strict. Following that, a brief reopening occurred as infection levels began to flatten only to have the dine-in option taken away after cases rose once again.

Policymakers have attempted to shift toward providing economic opportunity for full-service dining spaces after these issues, including the opening up of sidewalks and roads for additional outdoor seating, for many restaurants.

John Keisler, director of the Long Beach Department of Economic Development, noted that the City Council has approved a number of strategies—including emergency small business loans and fee deferments—to help full-service restaurants. However, even Keisler notes there are gaps in that support.

“I will say this: Every single person—the mayor, councilmembers, city staff, myself—wants to do more, we wish we could do more, and we’re looking for ways to do more,” Keisler said. “So we’re absolutely very happy to work with this association and this sector of the economy to find new and creative ways to address their needs, to help their businesses survive during this time.”

The new association has brought on John Edmond, former chief of staff to Councilman Dee Andrews.

“We understand that this isn’t our hemisphere,” Gough said. “We wanted to immediately bring on people to ensure that our collective voice was heard and we were doing this properly.”

A discussion on forming a Long Beach chapter of the much larger California Restaurant Association, which tends to be associated with much larger restaurant groups, is also being led by a separate group. ■

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# Postponed economic forum set to return this month with new format

■ By **BRANDON RICHARDSON**  
Senior Reporter

Normally taking place in the spring, the annual regional economic forum hosted by Cal State Long Beach and the Long Beach Economic Partnership was postponed due to the ongoing global pandemic. Now, organizers are taking the opportunity to transform the forum into a quarterly event beginning in August.

“The forums are going to dive into industry sectors in depth and with data, getting feedback from leaders in those industries,” LBEP Board Chair Randal Hernandez said.

The annual forum was founded by the Cal State Long Beach Department of Economics in 2014, with the LBEP entering the picture this year. Hernandez said that pre-coronavirus plans for the forum were to be an “introduction party” for the group, which was founded one year ago as a vehicle to attract and retain businesses in partnership with the city.

In past years, the event followed a

standard luncheon format at the Long Beach Convention and Entertainment Center—a handful of people such as economists, business executives and city leaders spoke, while guests nibbled on chicken.

“Because of the [virtual] format, we wanted to try and make it much more interactive, rather than just talking heads,” Hernandez said.

The most notable programming addition is a panel, moderated by Long Beach Post Publisher David Sommers, which will provide insight into three prominent sectors of Long Beach business: logistics and trade, healthcare, and technology. Panelists include Port of Long Beach Director Mario Cordero, Dignity Health – St. Mary Medical Center President and CEO Carolyn Caldwell and Laserfiche CEO Chris Wacker.

Hernandez explained that sectors such as retail and restaurant, and hospitality and tourism were considered as focuses for the event but ultimately, it was decided that those sectors have been at the forefront of most coronavirus-related reporting and discussions, due in

large part to their direct impact on the general public.

“We had a very robust discussion,” Hernandez said. “But what hasn’t been elevated enough is how so many other industry sectors are responding to COVID-19.”

The virtual forum’s program also includes an economic outlook presentation by economist and CSULB professor Robert Kleinhenz and CSULB Chair of Economics Seiji Steimetz. Downtown Long Beach Alliance President and CEO Kraig Kojian and Economic Development & Policy Manager Austin Metoyer will present a business outlook specific to the Downtown area.

Additionally, Long Beach Economic Development Department Director John Keisler and Economic Development Commissioner Walter Larkins will speak about the city’s economic recovery and equity actions amid the coronavirus outbreak.

In the early days of the pandemic, plans began to formulate to host a virtual event in June but the decision was ultimately made to hold off a couple

months to allow for more data to come out related to the impacts of the virus on business and the economy.

“We’ll begin to see more trends on where the economy is heading and the impacts long-term in Long Beach and the state,” Hernandez said.

Historically, the event would not focus heavily on individual sectors or topic; however, with COVID-19 dominating the economic landscape, Hernandez said the virus will be center stage during the forum.

Future quarterly events will feature different topics and highlight other sectors, Hernandez said. For example, the fall forum is likely to take place just after the November election, which will allow for a discussion about the economic future of the country during the next presidential term. The quarterly format allows the event planning to be more nimble in its efforts to provide timely information and insights, he said.

“When we do this,” Hernandez said, “we want to make sure the information is valuable to the participants.” ■

# City proposes furloughs, job cuts to plug \$30M budget deficit next year

■ By **JASON RUIZ**  
Reporter

The city is asking its employees to take 26 furlough days and plans to eliminate 136 jobs—including 34 sworn public safety positions that will be transitioned to civilian personnel—to help plug an estimated \$30 million budget shortfall next fiscal year.

The coronavirus health pandemic and ensuing economic slowdown, followed by weeks of civil unrest after the death of George Floyd, have created an extraordinary fiscal challenge for the city, officials said.

The unemployment rate is nearly 30% in Long Beach, officials said, and several important sources of revenue have shriveled, including hotel bed tax, sales tax and oil revenue that pays for coveted projects along the coast. The city has spent roughly \$100 million in its response to the coronavirus, some of which will be reimbursed by the state and federal government.

The overall \$2.6 billion budget, released publicly on Aug. 3, calls for a range of cuts, both big and small, that will be debated by the City Council this month:

- After this fiscal year, the city will not spend or seek funding for the continuation of fire Engine 17 in East Long Beach, which was restored last year after much political wrangling
- Reductions in landscaping and other maintenance in parks
- Elimination of funding for community concerts in parks
- Nine libraries would go from operating five days a week to three, with three libraries—Michelle Obama in North Long Beach, Mark Twain in Central

Long Beach and the Billie Jean King Library Downtown—operating seven days a week to serve as central hubs. Mayor Robert Garcia, however, said he is working with staff to keep library hours to five days a week.

Overall the city will rely on \$18 million in departmental cuts, \$11 million from employee furloughs and some of its roughly \$60 million in various reserve funds to plug next year’s budget hole.

“This is exactly why you build up reserves, which we have,” Garcia said.

The city also plans to spend nearly \$3 million for racial equity initiatives in the wake of protests over police use of force and racial injustice.

## Employee cuts

A total of 136 city positions could be impacted by the proposed budget cuts, but City Manager Tom Modica said Long Beach would do everything it can to avoid layoffs. Of those threatened positions, 77 are currently filled by workers, and 59 are vacant.

The layoffs could affect nearly every department—with the exception of the Health Department, which is largely funded through grants.

The city’s proposed furloughs for its workers could wind up as a 10% loss of pay for non-sworn employees; police officers and firefighters are sworn positions and would be exempt.

The furloughs would result in certain city services being closed one day every two weeks, with the exception of trash collection and street sweeping.

The employee furloughs must be negotiated with labor unions, which Modica

said he hopes to resolve by Oct. 1, when the new fiscal year begins. If the furloughs aren’t approved, the city would be forced to cut another 106 positions, he said.

## New fees and taxes

The city will also seek new revenue sources, some in the form of increased fees, though Modica and others said they are cognizant of the dramatic effect the coronavirus has had on residents and businesses.

The staff budget proposes to raise more money by:

- Increasing the cannabis business license fee by 1% on both medicinal and recreational shops
- Instituting a new fee of \$25 per participant for youth sports teams, with a fee waiver for low-income families. The mayor said Monday he is opposed to this fee.
- Increasing vehicle and parking pass lot fees by \$1 for a daily pass at El Dorado Park, and by \$5 for a yearly pass
- A yet-to-be-determined increase in ambulance fees, which are typically covered by insurance
- A towing fee increase between 8% to 17%
- The city is also pursuing a 10.4% increase for gas utility customers

## Public safety

Of the 136 positions proposed for elimination, 54 are sworn positions from the Long Beach Police Department and five are from the Long Beach Fire Department, though many of these spots would be back-filled by civilian workers at a lower cost than a sworn officer or firefighter.

Amid calls for defunding police, city staff is proposing to civilianize certain functions previously handled by sworn personnel: Lower-level crime, such as taking reports for property crime, would be handled by civilians; and the Fire Department’s HEART Team—which focuses on the homeless—would be staffed by nurses or social workers instead of firefighters.

The total proposed cut to the LBPB budget is \$10.3 million, with much of that coming from the elimination of unfilled positions in the city’s bike and motorcycle traffic units. Other significant cuts propose transferring the department’s crossing guard program and converting 16 officer positions to civilian positions for non-violent 911 calls.

Staff said cuts in the department will affect the vice, narcotics and K-9 details, along with reductions in the Metro Blue Line contract and the elimination of its contract with Long Beach Unified.

Rich Chambers, president of the Police Officers Association, the union that represents police, said the city has not undertaken any detailed studies to determine whether residents will be safer or services more efficient.

“Less patrol cars on the street means longer response times to emergency calls,” Chambers said in a statement. “It means less time for officers to do community policing and less time to build relationships in neighborhoods.”

He added that allowing unarmed civilians to respond to 911 calls “is a recipe for disaster.”

“There is a role for civilians in policing, but placing unarmed civilians in harm’s way should not be one of them.” ■



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# Development of thousands of residential units delayed or abandoned amid COVID-19 pandemic



A construction worker seals a crevice on the 14th floor of the Shoreline Gateway development, which will soon be the city's tallest building at 35 stories. Photo by Brandon Richardson.

By **BRANDON RICHARDSON**  
Senior Reporter

Construction continues on multiple developments across Long Beach, but the coronavirus pandemic has delayed or put many projects on hold—and even caused at least one prominent project, a student housing tower, to be scrapped.

Thousands of proposed residential units, which are required to meet the state's housing requirements, will be delivered months later than anticipated or not at all.

"The city remains very concerned about any interruption in the delivery of much-needed housing units and is committed to work with the public and our development partners to find solutions during and after the pandemic," said Christopher Koontz, deputy director of Long Beach Development Services.

A seven-story, 77-unit residential development by Urbana Development at 320

Alamitos Ave., now a surface parking lot near Fourth Street, has been put on hold, said Michael Bohn, senior principal for Long Beach-based architecture firm Studio One Eleven. The main issue for this project is acquiring the financing because banks are continuously changing their loan requirements amid the pandemic, Bohn said.

One of the city's largest developments, the West Gateway project by Trammell Crow, also has been delayed due the pandemic, a source close to the project confirmed.

A previous iteration of the development included nearly 700 residential units in multiple buildings, including a 40-story tower that would become the city's tallest building if constructed. However, the plans are being adjusted to "reflect economic conditions," Koontz said. The project is located at 600 W. Broadway, another surface parking lot adjacent to the World Trade Center.

Last month, the Business Journal re-

ported that Texas-based JPI Development pulled out of the nearly 600-unit Long Beach Civic Center mid-block project. Master developer Plenary-Edgemoor Civic Partners is seeking a new firm to construct the project, which consists of two eight-story buildings between the new city hall building and future Lincoln Park, following the demolition of the old city hall.

The CSULB Village, an ambitious proposal by Tony Shooshani, owner of The Streets retail hub in Downtown, in partnership with Cal State Long Beach, has also been scrapped.

"The current status of the project is the unfortunate result of the ongoing COVID-19 crisis and challenging economic times," Shooshani said in a July interview.

The now-defunct project, located on Long Beach Boulevard between Fourth and Fifth streets, included housing for over 1,000 Cal State art students and teachers in a 22-story building. The development also would have included meeting rooms, an art gallery and museum, and ground-floor retail. But university President Jane Close Conoley said she has not given up hope for university housing in the Downtown area.

Across the country, construction projects are being put on hold due to the economic uncertainty brought on by the ongoing pandemic. According to a recent report by Moody's Analytics, many metropolitan statistical areas have experienced a drastic reduction in the number of units expected to be delivered in 2020.

"Prior to the outbreak of COVID-19, Moody's Analytics expected over 300,000 units to come on line for the national multifamily market in 2020," the report states. "If that had come to pass, the sector would have registered its highest figure for new construction in two decades. But updated

forecasts ... have reduced the 2020 figure for supply growth by 21%, to just slightly under 246,000 units."

Some areas' multifamily construction estimates decreased between 58% and 81% after the outbreak of COVID-19, including Rochester, Norfolk and Buffalo. Retail, office and industrial development estimates were also drastically reduced. In San Francisco, Boston and New York, industrial development was completely wiped out, with 100% of projects being halted.

For the numerous projects already under construction, both in Long Beach and nationwide, the pandemic has extended completion dates.

"Construction delays were more acute in March, April and May as contractors adjusted to new safety requirements and dealt with periodic interruptions in the supply chain," Koontz said. "It is a new reality and it may impact some developers differently than others."

At the Shoreline Gateway construction site, which will soon become the city's tallest building at 35 stories and include 315 residential units, work has been delayed by the pandemic, according to Ryan Altoon, executive vice president of Anderson Pacific, one of the developers of the project. Early on, he said all work came to a halt for several days when one person tested positive for the virus. Now, all 150 workers get tested weekly.

"The project adheres to, and generally exceeds, CDC standard guidelines," Altoon said. "While these preventative measures have increased costs substantially to the project, the health and safety of those working on site is a high priority for us."

A more severe example of the virus's impacts on the immense project is that the glass that will adorn the exterior of the skyscraper is produced in a Chinese factory, which shut down for a month. Altoon noted that the project teams have been able to regain some time and the project is still on schedule to open in summer 2021, but later in the summer than originally planned.

Delays in construction are not a novel concept. In fact, according to the Moody's report, 82% of all multifamily developments in the U.S. between 2002 and 2019 encountered delays. Most office and retail developments also encountered delays during the same time period—73% and 79%, respectively. Only 45% of industrial projects experienced delays.

The Moody's report explains that industry expectations are that a 200-unit or more multifamily building can be erected in 12 to 18 months; however, the average completion time over the last 18 years is 22.2 months. Average construction time for other commercial projects are also months later than expected.

The report noted that the early days of the pandemic played a role in further delaying projects: "The COVID-19 crisis adds several layers of complexity as shelter-in-place policies are disrupting supply chains and (in some places) halting construction activity altogether." ■



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# Future of commercial real estate remains uncertain as business owners navigate an unrelenting year

By **BRANDON RICHARDSON**  
Senior Reporter

The COVID-19 pandemic, for better or for worse (mostly for worse) has left no industry untouched, including all commercial real estate markets. Across all markets—industrial, office and retail—vacancies have increased but that has not translated to a decrease in asks for rents.

## Industrial

“Industrial does well when the economy does well,” said John Loper, associate professor of real estate at the USC Price School of Public Policy. “People buying stuff has gone down, port imports have come down, which impacts warehouses for goods that come in from the port.”

Despite still being the hottest sector, the local industrial real estate market’s vacancy rate surpassed the 2% mark for the first time in at least four years, according to a report by Lee & Associates. Industrial vacancy increased to 2.4% in the second quarter from 1.8% in the first. Average asking rents remained unchanged quarter-over-quarter at a historic high of \$1.09 per square foot.

While rising vacancy is uncharacteristic, Loper said anything below 5% is considered a strong market with low inventory. Along with a reduction of imported goods, a slowdown in manufacturing due to the pandemic is likely another culprit of the vacancy increase, Loper said. But warehousing for e-commerce has gone way up as online shopping has become more popular for those trying to avoid coming in contact with large crowds, he added.

“I’m not concerned about the industrial market’s health,” Loper said, “because for every manufacturing facility that isn’t going to expand, there’s an e-commerce company—the Amazons of the world—that needs more space. People are still going to [mostly] buy online for another six months to a year.”

Even amid the pandemic, the average sale price for industrial space increased \$47.64 quarter-over-quarter to \$244.57 per square foot. Total sales transactions in the second quarter was \$150.8 million, surpassing first quarter sales by nearly \$3 million.



Around 20 storefronts along Second Street in Belmont Shore sit vacant. Photo by Brandon Richardson.

Nearly 1.2 million square feet of industrial space is under construction in the Long Beach and South Bay area, up from less than 370,000 during the first quarter.

## Office

The office market is in an interesting holding pattern due to uncertainty revolving around future needs in the workplace, Loper said. He explained that in the short- to medium-term, many companies are having staff work from home at a much higher rate than prior to the pandemic, which translates to less need for office space.

On the flip-side, Loper said the trend of open and collaborative office environments is now requiring more space, as employees must be spread farther apart to maintain social distancing.

(Please Continue to Page 10)

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(Continued from Page 9)

“A lot of tech companies actually can’t fit everyone because they were cramming people in—the number of people per thousand square feet has gone up dramatically over the last 20 years,” Loper said. “Now, they need six feet in all directions and they can’t fit a third of the people they used to.”

The overall vacancy rate for office space in Long Beach increased across the board, according to a recent report by Cushman & Wakefield. In the Downtown market, vacancy increased from 18.7% to 19.2% quarter over quarter, while the suburban market saw a 0.6% increase to 13.8%. Net absorption in both the suburban and Downtown markets was down in the second quarter, at -16,730 and -18,886, respectively.

Despite increased vacancy and negative absorption, average asking rents continued to increase in the suburban market, according to the Cushman report. Suburban rents increased from \$2.41 per square foot in the first quarter to \$2.45 in the second. In the Downtown market, average asking rents

went unchanged at \$2.51 per square foot.

The future dynamic of office is likely to remain uncertain until the pandemic has passed, when companies can reevaluate their structure under the “new normal,” Loper said. For now, companies are not committing to reducing or expanding space, just maintaining current levels, he said.

## Retail

“This is a perfect storm,” Loper said. “Retail was in trouble before and coronavirus is just kicking it while it’s down.”

Brick and mortar retail has been fighting an uphill battle for years, as online shopping continues to increase annually. Malls, big-box stores and traditional department stores have been closing locations en masse over the last decade. Most recently, J.C. Penney announced the closure of 242 locations—nearly 30% of its stores.

The availability rate of retail in Downtown Long Beach is 8.3%, while the suburban market sits at 5.8%, according to data from Lee & Associates. Loper said vacancy

has not spiked due to eviction moratoriums but that he expects drastic increases when those expire in September, following an extension by the Long Beach City Council.

Market rent in suburban Long Beach is \$28.31 per square foot, while space in the Downtown area is \$32.28 per square foot. Rent in both markets continues to increase but at a slower rate than previous quarters.

Shopping centers have been hit exceptionally hard by the pandemic. Loper explained that with traditional retail dwindling, shopping centers have pivoted to cater to the experiential desire of visitors, which included relying heavily on entertainment and restaurants.

“Entertainment and restaurants are the first things that got closed and the things that tended to stay closed,” Loper said, noting that grocery stores have seen an uptick in business due to restaurant closures forcing people to cook at home more often.

In Long Beach, numerous restaurants have already announced permanent closures, including Rock Bottom Restaurant

& Brewery in Downtown, Fox Coffee Shop in the Wrigley neighborhood, La Strada in Belmont Shore and Claim Jumper on the southeastern-most border. The closures have outstripped the few announcements of new restaurants, including Wood & Salt Tavern in Bixby Knolls, Risü in Downtown, and Heritage sandwich shop in the South Rose Park neighborhood.

The civil unrest in Long Beach on May 30 following the death of George Floyd added to the strain of COVID-19, Loper said, noting that hundreds of retail stores and restaurants suffered damages and theft upward of tens of thousands of dollars. However, grooming services such as nail salons and barbershops have drawn the shortest straw in 2020, as they have been forced to remain fully closed longer than most other businesses, he added.

“There’s going to be a huge number of those businesses that are going to fail,” Loper said. “Businesses have just been devastated.” ■

## Assistance programs are keeping the multifamily market mostly intact—for now

■ By **BRANDON RICHARDSON**  
Senior Reporter

Despite the economic woes brought on by COVID-19, including historically high unemployment, a mixture of assistance programs has kept renters in their homes, stalling any major impacts to the multifamily market.

“I’m not surprised vacancy rates aren’t going up,” said John Loper, associate professor of real estate at the USC Price School of Public Policy. Loper noted that even those who would be vacating space in normal circumstances are staying put.

“It’s expensive to move,” he said. “If you’re unsure about your job, you don’t want to make that change.”

While average multifamily rents have decreased amid the coronavirus pandemic in many major markets, including Los Angeles—particularly for luxury units—nationally, average rents increased \$2 in July to \$1,460, according to a report by Yardi Matrix, a national commercial real estate analysis firm. However, July marked the second month in a row that year-over-year national rent growth was -0.3%.

In Los Angeles County, average rent year-over-year decreased 2.1%. From June to July, rents in the county experienced a minute decrease. The Yardi report forecasts an overall LA County average rent decrease of 0.4% for 2020.

Sales velocity of multifamily properties are down about 60%, said Robert Stepp, principal of local brokerage firm Stepp Commercial. Many property owners are opting to refinance due to low interest rates rather than selling, Stepp added. One new trend is an increasing number of investors trading out of the Long Beach multifamily market for areas like Santa Monica and West Hollywood.

“I think that’s because the political environment in Long Beach has become less desirable to outside investors,” Stepp said, citing stricter rent controls in the city.



People pass a “for rent” sign outside an apartment complex on Ocean Boulevard. Photo by Thomas R. Cordova.

Despite national rent increasing while millions remain jobless, occupancy remains high—95.5% in LA County as of late June. Stepp said Long Beach’s occupancy is even higher, coming in between 97% and 98%.

“We actually had tenants making more money now than they did working,” Stepp said. “Across the board, [rent] collections have been strong.”

Tenants have been making full or partial rent payments thanks to expanded unemployment benefits, which included an additional \$600 per week from the federal government for those impacted by the pandemic. However, those payments came to an end in late July and congressional infighting has delayed further economic assistance for

residents.

“We expect the market to take a dip sometime in October,” Stepp said.

In addition to extra unemployment assistance, many cities and states adopted eviction moratoriums that prohibited landlords from kicking out tenants impacted by the virus for nonpayment. Long Beach passed its own moratorium, which was extended through September to match the state mandate.

“When the eviction moratorium is over I expect to see some more vacancies,” Loper said.

While some have concerns about a mass eviction leaving thousands homeless following the end of moratoriums, Loper said he

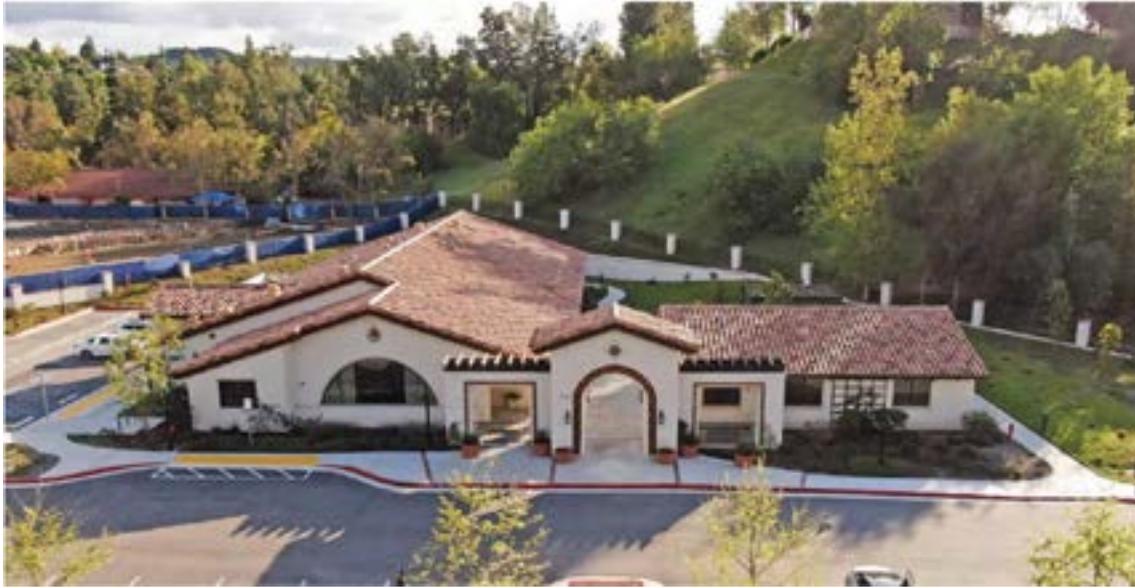
expects more of a reshuffling: some people moving for work, while others downgrade to more affordable units.

If there is a mass eviction, Loper said it is unlikely to lower average rents—at least at first.

“[Landlords] will reduce security deposits, they will allow people with lower credit scores—they will reduce the requirements to get in,” Loper said, noting that most landlords will work to keep good tenants, especially during economic crises.

“In an uncertain market, they’d rather have half the rent than no rent,” he said. “Finding someone else to move in costs money.” ■

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# Buy this post office in Belmont Heights and your check's in the mail

■ By **TIM GROBATY**  
Columnist

If you've ever dreamed of owning a post office—and few of us have not—what you'd perhaps consider to be a rare opportunity is on the market now for \$2.5 million.

It's a bit of money, but a pretty fair price for the 1961 mid-modern building in a nice part of Belmont Heights on Fourth Street and Loma Avenue.

There are a couple of things that a less imaginative investor might balk at, not the least of which is the fact that the current tenants won't leave for a while, if at all.

The Loma Station, as it's called, is still a working location for the United States Postal Service, and its lease on the building runs through March 2024, at which point they'll either leave, giving you the chance to convert the building into something more profitable than the \$111,000 a year USPS will pay you in rent, or they'll renew their lease for another 10 years upon which time you'll likely be able to raise the rent to the 2024 market rate.

What the USPS will choose to do, nobody knows, says Juan Huizar, of Sage Real Estate Group, who is co-listing the property with Gia Silva of INTI Realty. "I've tried to get an answer from

the Postal Service, but nobody will tell us anything." Still, given the Postal Service's wobbly financial status these days, you might wager that the Belmont Heights building will be vacant soon.

The building right now is zoned institutional, says Silva. That will allow the buyer to eventually use it for a variety of purposes, including medical, restaurant, museum, school, religious and much more.

Silva and Huizar are in agreement that its best and most lucrative use would be for a 20-30-unit housing development, which doesn't fall under industrial zoning, but getting a variance for that should be no hill for a developer climber, given the city's continuing need for additional housing.

"It's a tremendous property," admitted Huizar. "A 21,000 square-foot lot in Belmont Heights, you just can't find that."

But now that such a location has been found, the Realtors say the world is knocking on their door. "Usually with commercial properties, you might average a phone call a week," said Huizar. "Now we're getting calls not only from local investors, but from up and down the coast and out of state."

"The phones are exploding," added Silva.

The four years remaining on the



Real estate agents Juan Huizar, left, of Sage Real Estate Group and Gia Silva of INTI Realty have co-listed the 1961 mid-modern Belmont Heights building, which is currently home to a branch of the United States Postal Service. Courtesy photo.

lease is practically a good thing, say the brokers. It gives the buyer some time to make plans and maybe wait for this whole COVID thing to blow over, all the while collecting rent from the USPS, which is a pretty solid client without the "musta got lost in the mail" excuse to fall back on for being late on

payments.

"If you were to buy it, either the Post Office decides to stay, which is still pretty awesome. And if someone's looking to make a lot of money, if and when the postal service leaves, there's a great opportunity to make a lot more." ■

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# ‘It’s a very difficult situation’: Long Beach families reflect on pandemic parenting



Sarah Floyd walks across Pacific Avenue with her 2-year-old son John-John Padron in Long Beach. Photo by Thomas R. Cordova.

■ By **ALENA MASCHKE**  
Senior Reporter

For parents, the past few months have been especially rough. The summer, normally filled with summer camps and visits to relatives’ homes became an endless game of what to do next.

As the new—virtual—school year looms, parents are finding creative solutions, like so-called “pandemic pods,” to keep their little ones supervised during the day.

## ‘Pandemic Pods’

Parents across the country are forming small groups and pooling their resources to have their children educated by private tutors at home.

For Marcela Gallic, the small group of three girls that her 6-year-old daughter became a part of in early June has offered relief from juggling her demanding job at an immigration law firm and the task of keeping her daughter entertained—without being glued to a screen all day.

“To me, it was a perfect solution,” Gallic said. She and her husband work from home, and the three families rotate the location of their “classroom” every week.

Their “pandemic pod” is in session from 9 a.m. to 2 p.m. on weekdays. The three girls work through a topic each day, led by educational aide Lizzie Berberet.

From a Paris-themed day, when the group made chocolate croissants and learned a few words in French, to a witch-themed session that had them whip up potions in the household blender, Berberet said she tries to keep things fun, but educational.

“Pinterest is my best friend,” she said. For the 22-year old, who is currently in the process of completing her teaching certificate, the position as a private educator was a perfect opportunity to gain experience and earn some extra cash along the way. “Professionally, this is kind of an ideal situation for me,” she said.

For the three girls, none of whom have siblings, the group offers an important space to socialize. “It was an incredible setup for them to still have the social interaction, someone to play with,” Gallic said.

While the benefits are enormous, Gallic said she is worried what will happen

once the funds the family had originally saved for summer camp—and which went toward funding the tutor instead—run out.

Her daughter attends the private West-erly School, which charges \$22,775 in tuition for the 2020-2021 school year, a bill that is still due, even as classes have moved to virtual learning. Tacking on the cost of a private tutor would be a significant challenge, said Gallic.

“I would love to, but it is a burden financially. I might have to think of another solution, like reducing hours,” she noted. “It’s a very difficult situation.”

## A fear of exposure

A middle school teacher herself, Alison Morales has struggled to find a childcare and educational solution for her two children during the pandemic, and the pressure has only increased now that classes are about to resume after the summer break.

The preschool her 3-year-old attended has reopened, but Morales said she and her husband don’t feel comfortable sending their daughter back. It’s not the school, she said, but the other families that have

her concerned.

“The families that have chosen to put their kids back into the preschool, they’re mixing,” Morales said. “They aren’t observing the safety rules.”

After some consideration, Morales and her husband decided to pair up their 3-year-old with another child her age whose mother stays at home watching the two.

“Both of our families are taking a similarly cautious approach to pandemic exposure,” she said. “This provides a safer environment than a daycare or preschool that would include multiple families, who may or may not be following the local health orders.”

Morales said she would like to send her children back to school, once she felt more confident that other families were taking the necessary precautions. “Schools, childcare centers and workplaces are only as safe as individuals allow them to be,” she added.

## Fighting two battles

For parents who already had challenges to overcome before the pandemic, re-

(Please Continue to Page 14)

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Lizzie Berberet, 22, teaches Isabella Gallic, 6, left, Neva, 5, center and Vivienne, 6, at a home in Signal Hill. Photo by Thomas R. Cordova.

(Continued from Page 13)  
duced childcare offerings added another hurdle to the mix.

Now in her second year in the Long Beach Rescue Mission's Bridge program, Sarah Floyd said having her drug and al-

cohol counseling and other treatment options moved online hasn't been ideal, but she's managed.

"The Zoom meetings are just kind of impersonal to me," Floyd said.

But having her son, John-John, return to Precious Lamb preschool when it reopened at the end of last month, has been a huge help, she noted.

Having her 2-year-old son at home full time was difficult for Floyd, who attends classes at LBCC and participates in the Rescue Mission's apprentice program.

"Whenever he's home, he doesn't have that social interaction, so he goes 'mommy, mommy, mommy.' He doesn't understand that I'm in class," the 37-year-old explained.

At times, John-John's preschool teacher helped her by talking through the situation over the phone, and giving her pointers on setting boundaries between work and play time. "Every week I was on the phone with her, I didn't know what to do," Floyd said.

For her son, the isolation was challenging as well. "Not being able to be around his friends and in class was really difficult for John-John, he didn't understand," she noted.

When the preschool reopened, Floyd rejoiced. "Even though they're only open two days a week, that's something," she said.

On Mondays and Wednesdays, she takes John-John to a small, private day-care. "You don't even know how much that's helped me!" she added. ■

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Congratulations Jerry on your retirement and on your many accomplishments at Aquarium of the Pacific!

# ‘No better time’: New charter high school focused on student activism to open in Long Beach

By VALERIE OSIER  
Reporter

In the midst of a pandemic and a nationwide reckoning over racial injustice, a new charter high school focused on student activism and civic engagement is set to open this fall in Long Beach.

We The People Charter High School so far has about 30 ninth-grade students set to start on Aug. 24, according to executive director Anita Ravi. Administrators hope to open with a total of 50 freshmen students and are still accepting applications.

The opening comes as massive protests and civic unrest erupted nationwide over police killings and racial inequity.

“I don’t think there’s a better time, frankly, with everything that has been going on this summer,” Ravi said.

The school’s curriculum is what Ravi calls civic-action based, where the students work to understand current problems, the roots of the problems and ways to fix them, she said. In the first year, the students will focus on the local community and the problems it faces. For environmental sciences, for example, they will be studying climate change and pollution’s effects on Long Beach.

“We want our kids to be attached to their city and have a say in what that process is because it’s their future,” Ravi said.

The school will still teach regular state regulated coursework, including English, math, Spanish and physical education, for all four years with about seven teachers. The students will be learning through the lens of civic engagement and also complete a service project.

Ravi has been working to get the school approved since about 2018. It was twice denied authorization by the Long Beach Unified School District because of funding and enrollment concerns before the Los Angeles County Board of Education approved it in March 2019.

The school then had to delay opening because officials couldn’t find a facility. It has since joined the campus of another local charter school, Intellectual Virtues Academy, located on Long Beach Boulevard near Pacific Coast Highway.

Like all LA County schools, the tiny charter is starting out online only, but Ravi said the school will be reassessing every five weeks as coronavirus cases fluctuate in the county. Because of its small size, she expects the school will be able to adjust quickly if needed.



The founding staff of We The People Charter High School, which is focused on student activism. Photo by Anita Ravi.

Ravi said the school plans to expand each year, with 360 kids spread across four grades.

Ravi said that while students can come from anywhere in the city, the majority of the students signed up so far come from the immediate area around the school with many who are already activists. Ravi said

she has seen an uptick in parent interest in the school in the wake of the protests.

The school is still enrolling students and there’s no minimum GPA requirement for incoming ninth-graders.

“We believe all kids can learn and all kids have issues that they care about,” Ravi said. ■

## Thank you, Jerry Schubel,

for your lifelong dedication to the health of our ocean planet. Your leadership has truly made a difference.



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# Outgoing president and CEO of aquarium reflects on his time in Long Beach—and his love of fish

■ By **TIM GROBATY**  
Columnist

A few years ago I asked Jerry Schubel what, exactly, makes him qualified to run an aquarium. Like, did he used to work in a tropical fish store in a strip mall somewhere or what?

Schubel, who came to Long Beach in 2002 to become president and CEO of the Aquarium of the Pacific, told me, without a tinge of braggadaccio, but rather in a way that he thought might help me with a fact or two for my story, that he had come here after having been president and CEO of the New England Aquarium and, for 20 years, from 1974 until 1994, he had been dean of Stony Brook University's Marine Sciences Research Center. He was also an adjunct professor, research scientist, and associate director of Johns Hopkins University's Chesapeake Bay Institute.

So, no real boots-on-the-ground experience in working in a tropical fish store, then. Just another guy with a Ph.D. in oceanography from Johns Hopkins University.

Schubel's 18-year successful if not triumphant tenure as the aquarium's president ended a week ago, when he handed the facility over to his successor, Peter Kareiva, who will be the aquarium's third leader since it opened on June 20, 1998 under founding president Warren Iliff.

One of Schubel's initial and longest ambitions for the aquarium was to make the facility an educational institution as well as a beautiful way to display and allow people to interact with the sprawling array of animals that can be found in the Pacific Ocean.

He established the Aquatic Forum, a series of lectures, seminars and panel discussions that bring scientists, policymakers, and other experts to explain and discuss ways of dealing with often complex, and often controversial, environmental issues facing California and the nation, such as climate change, rising sea levels, drought, pollution, aquaculture and sustainable energy.

He was also generous with his time as an expert on matters of the sea. And was instrumental as a source for the Long Beach Post's award-winning series on climate change, "Close to Home: How Climate Change Is Changing the Future of Long Beach."

Schubel, too, has learned a few things as a result of his emphasis on education.

"I've learned that there's a great thirst among the general public for accurate and clearly expressed information that is delivered in a way that they can use it to improve their own lives and the environment," he said. "The lectures, the Aquatic Forum, the Aquarium Academy, they all work together and as long as they give information that's relevant to their lives and delivered in a way that's understandable—it's like journalism. Give them the facts in an understandable way."

He has accomplished that through hit-

ting up nationally renowned experts from scientific communities, universities and wherever else he can find them.

"I call it 'catch-and-release,'" he said. "We bring them in, suck all the knowledge and information we can get from them, and then let them go."

After spending the better part of his life dealing with aquariums and sea life, has Schubel just about had a bellyful of fish?

"Not at all. I do like fish. They're tasty and they're good for your health," he says.

He's a bit miffed at the governmental permit process that has finally allowed for aquaculturists to farm shellfish, but so far farming fin fish has not been allowed, a matter of concern because allowing the raising of food fish would not only provide the jobs that will be much needed when COVID-19 is finally reached a manageable level, but it would also put a dent, at least, in the severe overfishing, both legally and illegally, that has plagued all of the world's oceans.

"The ocean has to play a much bigger role in the future and California and Long Beach can set an example," said Schubel. "Life is going to change with sea level rise and climate change and as we come out of COVID there's going to be a huge wake in terms of funding. The ocean can play a role in providing jobs and money. The state has done a very good job in protecting the coast, but now we have to develop opportunity zones as a complement to nature without harming the sea. And with COVID, now's the time to do that. Never fail to take advantage of a big crisis."

If COVID offers us a chance to further develop a controlled and sustainable harvest of the sea, the coronavirus has also had a bit of a calming effect on the planet, with the world, at various stages, shutting down, leaving cars off the roads, airplanes on the tarmac and ships at harbor.

Not only has the sudden drop in transportation cleaned up the air, however temporarily, it has also made life undersea more tolerable, he said.

"The ocean is less noisy now. Marine mammals are moving back to places they haven't been to in years. The disease has focused the spotlight on the need to rethink a lot of things we're going to have to do in the future in terms of how and where we work."

As well as a lot of personal sacrifices and a lot of work. I reminded Schubel that sacrifice and hard work aren't things that people enjoy as a rule.

"No, you're right, they don't, but that's what it will take: Patience, consistency of commitment and lots of work," he said. "People's wants far exceed their needs, that's true. Having a healthy relationship with nature is critical, though. We have great creativity in California and it leads to innovation in tech and other areas, but not so much in the ocean, because we have a permit system that strangles innovation. I think we should use that creativity to solve



Dr. Jerry Schubel, who served as president and CEO of the Aquarium of the Pacific for 18 years before retiring last month, is pictured at the facility's Moon Jelly touch station. Photo by Brandon Richardson.

some of these persistent problems."

Another thing Schubel accomplished was the controversial move of taking Long Beach's name off what was originally called the Long Beach Aquarium of the Pacific.

"Yes, we got some flak for that, but it was my position that we serve Long Beach better by being a national and international institution, rather than a regional one," he said. "It was a confident decision, and I think it worked."

Perhaps Schubel's greatest legacy is the aquarium's latest addition, Pacific Visions, an ambitious \$53 million extension that was added to the facility with its opening in February. It is, Schubel is fond of saying, an installment dedicated to "the one animal that's putting all the other animals on this planet at risk." That is, of course, us.

"Pacific Visions was the culmination of a lot of work we put in on developing a platform that would justify its \$50 million cost," he said. "There was some discussion about bigger tanks for bigger animals, but then you're pretty much stuck with that."

And even though COVID struck before Pacific Visions could get firmly on its feet, Schubel believes that when it opens again, it will reach its full potential. "We've had great feedback from scientists and people in academics for its ability to deliver information to the public. It's got a beautiful theater and it's a perfect place for lectures and other programs. There are a lot of excellent programs at colleges and universities, but a lot of the public can feel intimidated by going to a campus. Our theater is very conducive to getting our message across to people. It's what we wanted to do."

But of course, for all the talk about education and coming up with possible solutions for all the planet's calamities both past and future, there is the matter of the aquarium still being a great place to spend a couple of hours looking at its thousands of animals in brilliantly designed habitats.

Schubel's favorites cleave fairly close to those of the general public. "I would have

to say penguins, sea otters, sea lions." I remind him that sea otters are actually brutal killers, though they are undeniably cute.

"Yes, they hide their true dispositions very well."

And, of course, the octopus. "They're one of the most intelligent animals in the world's oceans," said Schubel. "It's ironic that they haven't evolved to the point where they have a longer life span. They only live for about three years."

He recalled his days at the New England Aquarium, "when we couldn't figure out why we were losing so many fish from this one tank, so we finally set up a video camera, and it showed an octopus crawling out of its tank and slithering across the floor and climbing up. It ate a few fish, then went back to the floor and climbed back into its tank."

For most of his career in Long Beach, Schubel said he's worked seven days a week. "Probably about 11 to 12 hours a day on weekdays then on Saturday and Sunday, I slack off to eight to 10 hours. But in the past two weeks I've been scaling down my hours."

At the end of last month, his day scaled back to zero.

He and his wife Margaret plan to move to Oceanside, a few miles from their daughter's home in Carlsbad.

"My wife is a very patient person," said Schubel. "She's always been very involved with the aquarium and everything I did. And she's a wonderful writer and editor. She and I wrote all of the films we've done at the aquarium, and many of them won awards."

Whether Schubel earns the title of president emeritus upon his retirement remains to be seen. "It's an honorary title," he says. "It doesn't carry any duties. It's just up to the board of directors whether they feel I'm worthy of it," he said.

Memo to the board: He is. ■



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## DR. JERRY SCHUBEL

Under Dr. Jerry Schubel's leadership,  
the Aquarium of the Pacific has become a world class attraction  
and education center. Our sincerest thanks to Dr. Schubel  
for his years of dedication to this institution and our Downtown.

We wish him all the best in his retirement.

# ‘I love this city’: New president and CEO of the Aquarium of the Pacific settles in to new role

■ By **TIM GROBATY**  
Columnist

Less than a week before he was to take over as president and CEO of the Aquarium of the Pacific, Peter Kareiva was packing up stuff from his office at UCLA, and packing up stuff from his apartment in Westwood and then he was going to head up to Seattle to pack up stuff from the home he shares with his wife Celina, a noted photographer and artist. Soon, his new office will be stuffed.

“It’s gonna take about a month to get it all down to Long Beach,” he said, and that’s OK, because, while he plans to hit the ground running in his new job, the aquarium itself is hardly running at all because (do we even have to say this anymore) of COVID-19.

Replacing retiring President/CEO Jerry Schubel, who ran the facility for 18 years, is a daunting task for anyone, but Kareiva’s complete job-landing resume would gobble up the better part of a long story. The high points run backward from his current job as the director of the Institute of the Environment and Sustainability at UCLA. Before coming to UCLA, he

was the chief scientist and vice president of The Nature Conservancy, where he was responsible for maintaining the quality of over 600 staff engaged in conservation science in 36 countries. And before that he was Director of Conservation Biology at the NOAA Northwest Fisheries Science Center after a long stretch of college and university jobs teaching at the University of Washington, Brown University, Stanford University, the University of Virginia, Oxford University and others.

There’s a lot more, but we’ve seen enough to know he’s our man for running the aquarium.

“One of my good friends said, “Yet again you’re trying to show us how many jobs you can get with a Ph.D. in ecology,” he said.

Oh, yeah, his education: Kareiva studied political science and zoology at Duke University for his bachelor’s degree, and ecology and applied mathematics at Cornell University for his Ph.D.

Kareiva is fully aware of the kayak-size shoes he’ll soon be slipping into.

“Jerry’s done a fantastic job, in getting the aquarium connected with the



Peter Kareiva took over as president and CEO of the Aquarium of the Pacific last month. Photo by Andrew Reitsma.

community, in its volunteer program, cultural events, its lecture series. And he’s a fantastic scientist,” said Kareiva. “I think perhaps the only area in which I’m his equal is in terms of my connections in the scientific community, and that comes mainly from my job at The Nature Conservancy,” one of the largest and most

trustworthy environmental groups in the world. “I suspect that might be one of the reasons I got this job.”

It’s obvious that Kareiva comes to the aquarium at an exceedingly challenging time. Because of COVID, the facility has either been closed altogether or been limited solely to outdoor exhibits, while cutting the admission price to \$12, about a half to a third of its normal admission of \$24.95 for kids to \$34.95 for adults.

As for his long-term plans for the aquarium and what direction he wants to take it, Kareiva said, “First I’ve gotta learn how to work the aquarium before I make any determination about that.”

So, let’s guess. For one thing, he is, like Schubel, extremely interested in aquaculture and its potential to help bring jobs as well as a sustainable food source to California and beyond. While overfishing, pollution and climate change have brought havoc to the planet’s wild fish population, Kareiva believes that farming fish can be a booming business in California as it is in other countries.

“In the market now you’ll see a lot about ‘regenerative agriculture,’ ” he said. That’s a way of caring for healthy soil on farms and ranches to employ several techniques such as composting, crop rotation, planting windbreaks, cutting back on tilling and other means to reduce carbon loss and pull in and trap carbon dioxide from the atmosphere. “It’s very popular in California right now,” he said. “But it’s all about making beef and ranching. If we’re going to celebrate regenerative agriculture for beef, then we should celebrate it 10 times more for aquaculture.”

So look for aquaculture to be on Kareiva’s syllabus once the aquarium is back up and running, if not sooner.

“I love teaching,” he says, and, so education, a huge, if not main part of Schubel’s contribution to the aquarium, will remain high on Kareiva’s list of priorities.

“I’d like to use the aquarium as a sort



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of STEM program for disadvantaged communities,” he said. “And to produce short videos for online instruction. A lot of time those educational videos consist of nothing more than a whiteboard and a person talking, but at the aquarium you could have the actual animals, a sea otter or a sea lion to elevate the experience.”

“The ideal teaching now, even before COVID, is to flip the classroom: no lecture, just activities. You might watch a video of a lecture then have a discussion. But the real learning is active learning and that’s what you can do at the aquarium, for both kids and adults, that’s where synapses connect that didn’t connect

before. People are inspired. You can get people to engage in things they never thought of.”

At The Nature Conservancy, Kareiva was involved in a mentoring program with youths to help them get the skills needed to apply for college. “We had a lot of volunteers working with the kids. People like to make a difference in someone else’s life. It’s a powerful thing to do.”

More immediately, Kareiva is familiarizing himself a bit better with Long Beach.

“I’m going to rent a car and look around for a place to live within a couple of miles of the aquarium,” he said. Then,

he plans to walk to and from work.

“I haven’t owned a car for a long time,” he said. “I’ve always rented apartments where I can walk to work. I’ve been walking to work for 30 years. You walk to work and sort of plan your day, and then you walk home and just detox. It’s calming and it’s kept me healthy.”

And he already has a good familiarity with the aquarium, if only as a visitor. “I’ve been several times,” he said. “When friends come to visit I take them to Long Beach, partly because I love the city. It’s got a lot of neat neighborhoods and it’s very walkable.”

Kareiva said he was once offered a job

to direct the London Zoo. “I was going to take it, but my kids didn’t want to move to London. They were at that age...” That age when they didn’t want to leave their friends and move off to a country where they’d have to grapple with the metric system and a foreign language where boys are blokes and girls are birds.

Now, though, his kids are grown and living in the Pacific Northwest and they’re excited about their pop’s new gig.

“They can hardly wait to come down and visit the aquarium and get a backstage view of it,” says Kareiva. “I think this is the first job I’ve had where my kids have been excited to visit me.” ■

## Aquarium budget

(Continued from Page 1)

thing that is certain is uncertainty.” He explained that the shortfall estimates are based on being able to reopen the interior by mid-September, which may or may not be allowed depending on the status of the pandemic. If the

aquarium is forced to keep its interior closed, the financial strain will only be exacerbated.

“If we exhaust all our resources of cash, it will really leave us in a tough position next year,” Brown said. “It will definitely be a challenge.”

Average monthly operating expenses at the aquarium are about \$3.17 million during a normal year. While

monthly expenses have been reduced to about \$2 million, most costs simply cannot be overlooked, while keeping the aquarium alive, both literally and figuratively.

“If one person comes in or if 10,000 people come in, the collection still needs fresh, clean water, they need food and they need care,” Brown said. “Running an aquarium doesn’t have a

lot of variable costs that you can just lop off when attendance is down.”

On July 28, 1,200 people visited the aquarium, compared to 6,400 on the same day last year. On holiday weekends, such as Fourth of July, Brown said it is not unheard of for 11,000 people to visit the aquarium on a single day, a prospect that is out of the question for the foreseeable future.

The aquarium projected a total of 1.66 million visitors for the year, with the summer months being the busiest, but now Brown said they will be lucky if they reach 700,000. In addition to drastically reduced attendance numbers, the price of admission has been cut by two-thirds since most of the attractions are not open.

During the summer months, the aquarium would normally have about 400 staff, which includes seasonal hires. After 82 layoffs and 100 furloughs, Brown said staffing is little over 200.

“We’re in a critical situation,” Brown said. “The big thing for us is to remain an aquarium that is recognized nationally, not just for our great collection, but for the topics and information we bring to the forefront on climate change and sea level rise. The Aquarium of the Pacific is a very special institution and it’s something the city should be really proud of.” ■



On a normal day, adults and children alike would line the tank and railing of Aquarium of the Pacific exhibits; however, due to COVID-19, indoor exhibits remain closed. Photo by Brandon Richardson.



The otter exhibit, usually a guest favorite, is deserted. Photo by Brandon Richardson.



The Aquarium of the Pacific requires its guests to have their temperature checked prior to entering the outdoor exhibit area. Photo by Brandon Richardson.

# Community banks cash in on PPP application surge, win new clients

■ By **ALENA MASCHKE**  
Senior Reporter

Designed as a way to help small businesses through trying times, the Paycheck Protection Program quickly became a headache for many local business owners. Tight application timelines and reports of funds running out put pressure on entrepreneurs to cobble together applications in record time.

While many large banks struggled to respond to the surge of applications for the federal assistance program, community banks were able to quickly shift their operations toward assisting their clients, both new and existing, with their applications.

Locally, community banks report that this assistance, at a time when businesses needed it the most, has won them favors with customers and even added a few new clients to their portfolio.

Once their applications were submitted, many applicants waited for weeks without any updates from their financial institutions. If they made a mistake, there was no guarantee they would get a chance to correct it before funds ran dry, as large banks struggled to reach out to individual applicants while also handling day-to-day business.

The Small Business Administration has not shared any data on unsuccessful applications, making it difficult to deter-

mine how many applicants failed to get their PPP loans approved and which financial institutions handled their applications.

But data released on successful applications shows that the program became a show of force for small and local financial institutions.

For many local banks, the PPP application period was an all-hands-on-deck situation.

“We made it our bank’s sole focus,” said Thomas ‘TJ’ Chavez, senior vice president and SBA sales manager at Tustin-based Sunwest Bank. His team brought on temporary staff to help process applications, some were later hired permanently.

“What we were noticing is that the larger banks were not able to act as swiftly as Sunwest was,” Chavez said. “A lot of clients felt really abandoned by their large banks at this time.”

In total, 551 successful Long Beach applications were handled by financial institutions other than the nation’s top five retail banks. Citibank, one of the nation’s largest banks, saw only eight successful applicants through the process.

Out of 750 PPP applications in Long Beach that led to a loan being issued, a whopping 144 were handled by locally-based Farmers & Merchants Bank, making it the top facilitator locally, ahead of national banks like Bank of America, J.P. Morgan Chase and Wells Fargo. Long



International City Bank headquarters and the new Pacific Premier Bank location in Downtown Long Beach. Photo by Brandon Richardson.

Beach-based International City Bank processed 16 successful applications.

“Regional and community banks provide customized solutions to their customers, because we can,” said Henry Walker, president of Farmers & Merchants Bank.

During the small window of opportunity for PPP applications to be submitted, Walker said staff were working 18-hour days to make sure their clients got a fair shot.

“We had to really hustle,” he recounted. But, he noted, “the team spirit was amazing.”

That might benefit the bank in more

ways than one, by winning new clients for and uniting its staff. “There’s a level of pride throughout the employee base that we were able to step up as a first responder, as a hero, so to speak, for our community,” Walker said.

In the long-run, Walker said he hopes that the positive experiences clients had with community banks throughout this critical process will underline some of the benefits of banking locally.

“Our sector is critical to the U.S. economy, because we’re the banks that people can have a relationship with and tell their story to,” he said. “And we’ll listen.” ■

# Small Long Beach vet clinic mistakenly receives \$5 million coronavirus relief loan

■ By **KELLY PUENTE**  
Reporter

Veterinarian Dr. Seonah Jo, who runs Los Coyotes Pet Hospital in East Long Beach, was one of many struggling small business owners who applied for a federal Paycheck Protection Program loan to help ease the strain from the coronavirus pandemic.

Jo had expected a relatively small, six-figure sum to help pay her handful of staff. As she was waiting for her loan to be approved in May, she was suddenly shocked to find that Bank of America had processed and deposited \$5 million into her account.

“I was scared; we told the bank immediately,” she said Friday.

Jo said the multimillion dollar loan turned out to be a clerical error. The bank

rescinded the funds and later loaned her the correct amount of about \$100,000, she said. Bank of America declined comment.

Congress in May approved the \$670 billion Paycheck Protection Program to curb skyrocketing unemployment and help small businesses keep their workers on the payroll. The loans are eligible for forgiveness under certain criteria.

But as agencies work to rapidly dole out the funds, concerns have been raised over the possibility of fraud and errors like the glitch in Long Beach. A June report from the Government Accountability Office noted that the program lacked sufficient safeguards and oversight.

The program has since reopened for another round of applications due this month, and the U.S. Department of Treas-

ury in July released a detailed database of who has received loans thus far.

The Business Journal analyzed a list of Long Beach small businesses who received loans and spotted Los Coyotes Pet Hospital as an outlier for receiving \$5 million to \$10 million for a staff of just 10.

In all, more than 700 local businesses received loans in the range of \$150,000 to \$10 million. (The Long Beach Post and Long Beach Business Journal also applied for and received a small-business loan for \$238,395).

The list includes churches, restaurants, law firms, skilled nursing facilities, hotels and charitable organizations. The government only lists a range of money the businesses received, making it impossible to say how much local companies reaped from the government.

For example, the Aquarium of the Pacific and local arms of the YMCA and Goodwill all received loans in the \$2 million to \$5 million range, while local restaurant chain Los Compadres received between \$1 million and \$2 million.

The businesses that received loans in the highest range of \$5 million to \$10 million include: Daylight Transportation LLC, a trucking company; Mangan Inc., an engineering firm; Obagi Cosmeceuticals, a skincare company; The Children’s Clinic; W.A. Rasic Construction Company; Tristar Risk Management; and Tristar Service Company.

Visit <https://app.workbenchdata.com/workflows/83843/> to see the Long Beach Business Journal’s database on local small businesses that have received PPP loans. ■

# Irvine-based Premier Pacific Bank acquires Opus Bank, rebrands locations

■ By **ALENA MASCHKE**  
Senior Reporter

Pacific Premier Bankcorp Inc., the holding company of Premier Pacific Bank, acquired Opus Bank earlier this year, a process that was completed last month, with locations changing their signage to reflect the new ownership in recent weeks.

“We are excited to complete this transaction, the largest in the company’s history, in just under four months after announcement,” the bank’s chairman, president and CEO, Steven Gardner, said in a statement.

“I am particularly proud of this accomplishment given the challenges presented by the COVID-19 pandemic,” Gardner added. The acquisition, he

noted, has increased the bank’s capital and liquidity, enhancing its ability to be “a source of strength to our clients and communities impacted by the COVID-19 pandemic.”

With the addition of Opus, Pacific Premier has grown its assets to approximately \$20 billion. The bank now has an approximate \$14.6 billion in outstanding loans and \$15.8 billion in deposits.

The acquisition will also allow Pacific Premier to grow its network of banking offices to 46 additional locations in California, Oregon, Washington and Arizona.

“We have already made significant progress in integrating the two organizations and we will complete the Opus system conversion early in the fourth quarter of 2020,” Gardner said. ■

# Can banking help fix financial racial inequity?

■ By **ALENA MASCHKE**  
Senior Reporter

The protests over the death of George Floyd at the hands of Minneapolis police and the broader issue of racial injustice have sparked pledges to address racial inequity from a broad swath of businesses across various sectors of the U.S. economy. Banking has been no exception.

In a statement issued at the end of July, American Banking Association President and CEO Rob Nichols said his organization, the largest trade association in the banking sector, was committed to addressing racial inequity.

“ABA is engaging in an open discussion of how the banking industry can advance two key principles that everyone should agree on: that all Americans should have a truly equal opportunity to prosper [and] that economic inclusion is essential to creating these opportunities,” Nichols said.

But some experts on the issue have questioned how much of a difference even the most committed banking institutions can make in a country where, according to the Brookings Institute, the typical White family holds 10 times the wealth of the typical Black family.

The economic effects of the coronavirus pandemic are likely to exasperate the racial wealth gap, preliminary research suggests.

According to data collected and analyzed by the consulting firm McKinsey, 31% of Black respondents said their income had been negatively impacted by the pandemic, compared to 24% of their White counterparts.

In a different survey, the consulting company found that Black- and minority-owned businesses were also more likely to be hurt by the economic impact of the pandemic. Many were already in a precarious financial situation before lockdown orders slowed down the economy and they tend to be concentrated in the most affected industries, like personal care and grooming.

“It would require a very dramatic step for banks to actually close the racial wealth gap,” said economist William Darity Jr., who has spent decades researching the economics of racial inequity.

Darity, who also serves as director of the Samuel DuBois Cook Center on Social Equity at Duke University, has come to the conclusion that nothing short of reparations will be sufficient to fix the disparity in resources that slavery and discriminatory practices have created over centuries.

“I think people underestimate the magnitude of the task,” Darity said. Overall, he estimates that it would take an investment of \$10-12 trillion to eliminate the racial wealth gap, a figure that far surpasses the reserves of any bank in the nation.

Black capitalism, a concept that re-

lies on Black-owned businesses and banks to bring prosperity and wealth to their communities, has been heralded as a solution to economic racial inequity by thought leaders across the political spectrum.

The issue Darity and other prominent researchers have raised with this solution is the underlying lack of resources that has continuously plagued Black communities, and by extension, the businesses and banks that serve them.

“You would have to build Black wealth independently by something like a reparations program, to build Black businesses,” Darity explained. “You have to address the wealth disparity first.”

Others have retained hope that banks can play a major role in resolving racial inequity early in the process, before the contentious issue of reparations has been debated and decided on.

Kenneth Kelly, chairman of the National Bankers Association, said he is hopeful and optimistic that the current momentum can translate into real change for Black communities.

In its letter, the American Bankers Association cited a partnership with the

National Bankers Association, which was created to advocate for the nation’s minority and women-owned banks, as one pillar of its commitment to resolving racial injustice.

Many of the national association’s member banks were founded in response to previous uprisings focused on racial inequity. First Independence Bank of Detroit, of which Kelly is the current chairman and CEO, emerged shortly after the city’s riots in 1967.

Kelly said that mentorship and training resources provided by the American Bankers Association could make a significant difference for Black-owned banks and their customers, using education on new technologies as an example.

“Many of our banks don’t have the wherewithal and staff to really spend a tremendous amount of time to understand the different technologies that are out there,” Kelly said. “Something as simple as that is a big deal to a small institution like ours.”

Kelly acknowledged that Black banks have been stifled by the lack of economic power their client base holds. “If you don’t have the underlying economics to support it, it’s very difficult to have the basis to grow,” he said.

Still, Kelly warned that talk of reparations may risk slowing down the momentum for more incremental process that was kicked off by the recent wave of protests. Reparations are a politically contentious issue and as such, he argued, they could distract from more tangible and achievable solutions.

“Let’s focus on what we can do today that will have an outcome that will be positive for tomorrow,” Kelly described his credo.

The current momentum, he noted, can create awareness and engagement on the issue of economic inequality between Black Americans and their White neighbors. But Kelly said it will be everyone’s task, from the banking industry to the news media, to hold mainstream institutions to their promises.

“The reality is, this is not history we’re not familiar with. We have seen this movie before,” he said. The important question, Kelly argued, was what the outcomes of these efforts are a year, two years or five years down the line, and whether they represent real systemic change.

“I think it is incumbent on all of us, to continue to ask these questions along the way,” Kelly said. ■

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**Mortgage**

(Continued from Page 1)

handymen—the low mortgage rates are giving an indirect boost to industry sectors that benefit from a well-funded pool of homeowners.

“I think that’s really going to help the economy,” Daly said.

Despite record unemployment in other sectors of the economy, the demand for residential properties remains high.

“The last two months in particular have been crazy, crazy busy,” said Phil Jones, owner and CEO of Coldwell Banker Coastal Alliance.

After a dramatic drop in listings during the first months of the stay-at-home order, buyers and sellers alike are slowly warming up to the idea of viewing, selling and buying property again, as distancing and hygiene procedures become a fixture of daily life.

“The demand is just overwhelming,” Jones said.

Meanwhile, there hasn’t been an influx of inventory into the market the way there was during the Great Recession.

“As a result of the short inventory and the demand, prices are holding steady,” Jones added.

While some homeowners may begin to feel the financial pressure now that additional federal unemployment



Allen Byma and his wife Adina stand on the front porch of their home with their kids Wyatt, 14, Ariella, 12, Shelby, 9, in Bellflower. The family took advantage of the low refinance rates to remodel their home. Photo by Thomas R. Cordova.

payments have been terminated, Jones said he expects the residential market to continue on its current path, as long

as mortgage rates remain low.

“There’s still a sizable segment of the population that has the ability

to buy and realize their American dream,” he said. ■

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