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COVER STORY
Vanishing La Jolla
Empty storefronts, horrible traffic and parking problems are putting a blemish on La Jolla’s once pristine image. Page 7.

Women Who Impact San Diego
Our choices for Women Who Impact San Diego.

Commercial Real Estate
A new nonprofit organization, the Association for Commercial Tenants, is fighting back against the unethical practice of dual-agency brokerage.

California Squashes Its Young
In this era of anti-Trump resistance, many progressives see California as a model of enlightenment. Yet if one looks at the effects of the state’s policies on key Democratic constituencies, millennials, minorities, and the poor — the picture is dismal.

Tom Hom
Only his family and a few close friends are aware of the artistic talents of Tom Hom, a legend in the Chinese American community and in the halls of City Hall and the state Legislature. The San Diego Chinese Historical Museum is letting others view Hom’s artistic achievements through a new exhibit: “Unseen Portrait: The Art of Tom Hom.”

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NextBus, Cubic’s Real-Time Passenger Information business, presented its Cubic Virtual Ticket Agent to its first U.S. airport industry audience at the 89th annual American Association of Airport Executives earlier this month.

The Cubic Virtual Ticket Agent is an innovative hybrid of a virtual walk-up ticket office, video-linked call center and ticket vending machine, which helps public transit agencies to decrease or eliminate the need for customer service representatives at the least busy stations on a rail line.

The technology makes important customer information available in remote locations where there is limited space for a full-ticket office. It can also help ease congestion at locations during peak hours thanks to its efficiency and speed of response, according to Cubic. Customer service operators can remotely answer customer questions, offer advice about best fares and reassure passengers about their onward travel. It is also a practical solution for airports with links to public transportation plus a number of other applications for airports and airlines.

A trial at the U.K.’s Stansted Airport, in partnership with train operating company Abellio Greater Anglia, has received positive endorsements since its October 2015 debut. Travelers cite the ease of use and how much they enjoyed the experience of talking to, and seeing via video link, a remote agent. The Virtual Ticket Agent has received three industry awards in the U.K. since the start of the Stansted Airport trial.
San Diego is one of the most improved energy efficient cities in the country, according to the American Council for an Energy-Efficient Economy’s 2017 City Energy Efficiency Scorecard. San Diego moved into 13th place overall with a 54.5 percent score and was recognized as the second most-improved city from the ACEEE’s 2015 Scorecard.

“This new ranking shows how far we’ve come in creating a more energy efficient city in recent years,” said Mayor Kevin L. Faulconer. “We’re now the No. 1 city for solar panel installations in the country, we are using cleaner-burning fuels in our city vehicles and we have committed to powering our city by 100 percent renewable energy. With the passage of our landmark Climate Action Plan, we’re setting the example for how to build a better and cleaner future for the next generation.”

ACEEE’s City Energy Efficiency Scorecard ranks US cities based on the strength of their policies and programs advancing energy efficiency in local government, buildings, transportation, and across their communities.

A news conference on May 10 announcing the 2017 Scorecard rankings also provided an opportunity for the city’s Chief Sustainability Officer, Cody Hooven to highlight San Diego’s position as an up-and-coming city for energy efficiency policy. The city’s substantial scoring improvement was primarily due to the adoption of the Climate Action Plan adopted by City Council in 2015 and its goals to reduce energy use in homes and greenhouse gas emissions throughout the community.

“Our department views energy efficiency as central to achieving the city’s Climate Action Plan initiatives,” said Environmental Services Department Director Mario X. Sierra. “San Diego’s efforts to address climate change serves as a model and hopefully a motivator for other cities to improve their energy efficiency.”

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San Diego County Investment Pool Reaches $10.5 Billion

The San Diego County investment pool has reached an all-time high of $10.5 billion while maintaining a “AAA” rating, County Treasurer-Tax Collector Dan McAllister announced.

The pool, managed by the County Treasury, is a local government fund comprised of money from more than 200 public agencies. Agencies that are required to invest their money in the fund include the county, all 42 local public school districts, five community college districts, and water and fire districts. Voluntary participants include the San Diego Regional Airport Authority, SANDAG, MTS, and other special districts.

For 17 consecutive years, the investment pool has received a “AAA” rating. This year, Fitch Ratings indicated the pool has the highest underlying credit quality (or lowest vulnerability to default) and a very low sensitivity to market risk.

Sanford Burnham Prebys Scientist Joins Forces to Fight Childhood Brain Cancer

Rady Children’s Institute for Genomic Medicine (RCIGM) announced that Robert Wechsler-Reya has been named program director for the Joseph Clayes III Research Center for Neuro-Oncology and Genomics. Wechsler-Reya, a professor at Sanford Burnham Prebys Medical Discovery Institute, will retain his position as director of the Tumor Initiation and Maintenance Program at SBP’s NCI-designated Cancer Center and will hold a joint appointment at the Institute for Genomic Medicine.

The Joseph Clayes III Research Center for Neuro-Oncology and Genomics is applying state-of-the-art sequencing and analysis technologies to each patient’s tumor to establish a profile—a fingerprint—that is used to tailor therapy. This includes rapid whole genome sequencing, RNA sequencing, and epigenetic analysis on every child’s tumor.
LA JOLLA: The Vanishing Village

By Randi Crawford

Empty storefronts, horrible traffic, parking nightmares blemish La Jolla's once-pristine image

“Think globally, act locally,” coined by David Brower in 1970, is often associated with the environmental movement. But I believe that if town centers are to survive, it may be the only way to fight against the seismic shift taking place all over the country with respect to how people shop and spend their time.

I moved to California in 1998. My husband and I looked at homes in La Jolla, a place we had never been before, and couldn’t get over the sheer beauty. It felt like we were in Europe with the homes on the hills, overlooking the bluffs and the ocean below. It was magnificent. And in the heart of this beautiful setting was the downtown with Prospect and Girard streets that boasted lots of people shopping, eating and simply strolling on a beautiful, sunny, California day.

Today, almost 20 years later, La Jolla, with approximately 48,000 residents is still surrounded by its beauty, with exquisite homes and so much to offer, including: UCSD Scripps Institute of Oceanography, museums, the La Jolla Playhouse, fine dining and beautiful hotels. Tourists can watch the seals and sea lions, snorkel, kayak, hit up the Birch Aquarium, play golf at Torrey Pines overlooking the ocean, eat, sip specialty coffee and shop.

Needless to say, La Jolla has it all. But does it?

Today, when you walk up and down the two main streets in La Jolla, you will see a lot of empty storefronts and, frankly, it no longer holds that pristine look.

I spoke with several people who have lived in La Jolla for years (store owners, Realtors, restaurateurs), and have watched the decline. They have seen retail stores come and go. When I questioned people, I got a lot of great feedback, but there are some things that everyone universally agrees on, and they are obvious:

1. Getting in and out of La Jolla is very challenging because there is only one road.
2. Traffic is horrible.
3. Parking is a nightmare.

I had some people tell me that La Jolla consists of these three things: restaurants, juice bars and gyms. There are lots of trendy gyms, regular gyms, yoga studios, Pilates studios, and one-on-one training facilities. One retailer told me about a new gym that was started by a few “hot Australian men with hot accents and even hotter bodies.” Apparently, that’s the place to be right now. And juice bars are popping up on every corner. Each one, more popular than the next.

While population demographics contribute to the success or failure of a downtown including age, education, income, housing ownership, home pricing and the town’s employment base, what I’m learning is that the majority of shopping in La Jolla is from tourists, and they aren’t shopping. La Jolla definitely has the demographics, but the locals don’t shop in town because there’s not much there and it’s inconvenient.

Scott Patrick, owner of Village Gifts and Engraving, moved his business from La Jolla to Solana Beach. He believes that several factors are contributing to the problem. “Online shopping has changed behavior. Now people can push a button and have something delivered to their door in two days,” he said. While his business in particular consisted of locals, he said that it’s hard to grow a business when people don’t drive in and can’t find parking. He also said that the rents are astronomical, especially on Prospect, and overall La Jolla is getting stale.

“La Jolla really doesn’t have a nightlife to speak of, nobody shops except for tourists during the summer, and the landlords drive the tenants out with the high rents,” said Marc Lipschitz, a Realtor who has been in La Jolla his whole life.

Sheryll Jackman opened her luxurious Seaside Homes, selling high-end home furnishings, in 2009, on Herschel Street immediately behind Brooks Brothers. She said her initial lease was attractive but that the escalation clauses and falling sales forced her to close the business. She closed Seaside Homes in 2014.

“When combined with our overhead, including the escalating costs of employees, it was impossible to cover the total costs by the gross receipts being generated due to the changes in the distribution channels,” said Jackman. “These changes in distribution channels and the way people were sourcing home furnishings, i.e., the Internet, imports from Asia, shipping concessions to individuals not available to businesses, the public’s expectations of deep discounts leaving retail vendors very little in the way of margins necessary to generate any kind of profits.”

Jackman also said that local custom fab-
rification of furnishings, especially upholstery “all led to the realization that we could no longer sustain the high-end services and products that had been our trademark.”

Jackman said businesses in La Jolla are “at the mercy of the city of San Diego” and “its much larger business taxes, special promo taxes, and a myriad of other taxes that businesses have to navigate and pay for just to do business in La Jolla to help carry the rest of the city.”

She said she believes another impediment which businesses in La Jolla have to cross is the lack of major tourist hotels in the village. “With convention hotels located miles away, it is most likely that their occupants would not visit the La Jolla Village.”

Jackman also thought that the Obama Administration, when it took office in 2009, would “do something to help spur the economy. Silly Me!”

The Ascot Shop does a tremendous amount of work to bring people in the door, and keep them there. They host events every other weekend, they have trunk shows, and they stay progressive to keep up with customer needs.

Andy White, Ascot Shop owner, has personally seen several “big corporate retail chains” come and go within a three- to six-month time period. “The rents are high and there is virtually no foot traffic. There are a lot of tourists, but they just aren’t doing that type of shopping,” said White. He said that someone will come in from out of town, talk with him for 20 minutes, walk around the store admiring everything, and then leave.

White said his store is like a “museum” to travelers. When asked why he no longer carried the brand Vineyard Vines, he said it’s because no matter how much inventory he carries, if he doesn’t have exactly what a customer wants at that exact moment, they will go home and order it online. Even if White offers to order it and have it shipped directly to their house, they prefer to order it online. The Ascot Shop La Jolla is a family run business and they aren’t going anywhere. They may watch the big guys come and go, (Like Saks Fifth Avenue which tried not once, but twice in La Jolla), but this family is determined to keep that something special going.

Not so for another retailer. After 62 years, the Burns Pharmacy closed in 2014, bringing to an end a storied history in La Jolla. Burns was one of La Jolla’s oldest independently owned retail stores when it shut it doors in April, 2014.

Wayne Woods, a co-owner, said the financial viability of an independent drugstore on Girard Avenue was a driving force in their decision.

At the time of the closing, Woods told the La Jolla Light that “in recent years insurance companies has narrowed profits margins such that the pharmacy is no longer a profitable business.” He added that mail order pharmacies had also taken its toll on Burns.

Warwick’s is the country’s oldest family owned and operated bookstore located in the heart of La Jolla, but how do they stay in business with Amazon taking over the world? They sell books as well as specialty gifts, stationary and colorful office supplies. I met with Nancy Warwick and Julie Slavinsky, director of events and community relations, and they had a lot to say. I specifically asked them about their customer base, because it reaches far and wide, and Warwick’s does a lot to keep their customers happy. If you just go to their events calendar, it may look busier than your own. They have weekly author readings, a blog on their website, coffee every other Tuesday with the author, and sidewalk cleaning, litter and graffiti abatement, upgraded trash cans, benches, public art and tree canopies. This should help attract more independent store owners to consider La Jolla to open up for business.

They both felt that independent shops would do well, but they really like the idea of a “food hall/marketplace.” Their vision includes a fine cheese shop, a chocolatier, a butcher with organic grass-fed meats, a bakery, an olive vendor, a wine shop and specialty foods. Something like that would offer the locals and tourists a place to come together and have the experience they are looking for, while reinvigorating the village.

Amazon has clearly impacted their business. Their customer base comes in regularly, but their book sales are off. After our conversation, I realize that shopping with Amazon isn’t just a threat to retailers, it’s a threat to all of us, and we don’t even realize that we are the ones creating it. Almost nothing compares to the convenience of Amazon. In fact, nothing even comes close.

But what we aren’t focusing on is the collateral damage that online shopping is creating within our own communities.

A study by Civic Economics analyzed Amazon and empty storefronts and concluded that the reality of the limited demand for retail space will ultimately affect every business district and shopping center in America. In 2015, Amazon sold $55.6 billion worth of retail goods nationwide, while avoiding $704 million in sales taxes. These sales are the equivalent of 39,000 retail storefronts or 133 million square feet of commercial space, which might have paid $528 million in property taxes. That’s a total of more than $1.2 billion in revenue that is lost to state and local governments.

A woman who specializes in analyzing e-commerce said La Jolla isn’t an anomaly, but rather the norm. People are shopping on-
line, period. But while you see the physical stores, and plenty of people walking around, do you actually see people shopping?

In order to survive, La Jolla must evolve to meet consumer demands. It needs to figure out its strengths because it can't compete on price and convenience with online shopping.

There are some places that will survive and thrive in this new marketing world: specialty shops that give customers an experience, food, coffee and juice bars, and places where people need to physically go for waxing, eyelash extensions, jewelry repair, fitness programs and such.

**Challenges Ahead for La Jolla's Business District**

By Delle Willett

The Village of La Jolla, “The Jewel by the Sea,” has lost some of its luster. Dirty sidewalks, potholed streets, overflowing trash cans and litter don’t go unnoticed by affluent visitors and business men and women who come from all over the world to look at investment properties with Mike Slattery of Cushman Wakefield, an industry-wide market expert, specializing in La Jolla since the mid-80s.

“IT’s the first thing they notice when they come here. La Jolla has not been given the attention that they think it deserves. They are confused by this,” said Slattery. The problem is, in a nutshell, that La Jolla has not received the funds needed to improve and beautify itself. And La Jolla is unable to implement any projects in the public right-of-way (sidewalks, streets, medians) due to city liability regulations. But that’s about to change.

The La Jolla Community Foundation supported an effort to establish a Maintenance Assessment District (MAD) for the Village of La Jolla, which was approved by those within the district by mail ballot and ratified Nov. 15, 2016, by the San Diego City Council.

“La Jolla will join 63 other MADs in San Diego; it’s a time-tested solution for raising additional money for the communities,” explained Nancy Warwick, owner of Warwick’s Bookstore and a member of the steering committee.

Starting in December 2017, commercial, recreational, nonprofits, multi-family and single-family residents will be assessed based on what each property owner would realize from services provided by the MAD. Residential owners will pay about 16 percent of the total collected and commercial properties will pay 84 percent of the total assessments.

The district has 1,347 properties with 1,158 owners. The city owns six parcels and must contribute $37,500 annually. The MAD annual budget is an estimated $502,000. Its boundaries are Torrey Pines Road, La Jolla Boulevard, Pelican Street, Girard Avenue and Torrey Pines Road.

The funds raised will be applied to ongoing efforts to enhance the community, including landscape maintenance, street and sidewalk cleaning, litter and graffiti abatement, upgraded trash cans, additional trash collection, benches, enhanced signage, traffic calming, public art, and tree canopies. This increased maintenance will begin in 2018.

Some maintenance of public parks within the district will be included in the MAD. Enhance La Jolla will work with city Parks and Recreation Department to determine what services should be provided in these areas.

The MAD will be administered by Enhance La Jolla, a nonprofit formed by the La Jolla Community Foundation, with a board of directors consisting of property owners and community stakeholders within the district. Enhance La Jolla will be responsible for preparing the annual draft budget, retaining contractors, and overseeing and administering the maintenance services.

It will have the ability to see projects through from fundraising to completion. The city of San Diego will oversee Enhance La Jolla’s administration of the MAD to ensure compliance with local and state statutes.

Warwick believes that there are many residents who will donate money to beautification projects, now that the MAD is in place. “I expect Enhance La Jolla, which will manage both the MAD assessments and spearhead capital campaign projects, will be very successful because the residents truly treasure the Village,” she said.

A proposed project through the MAD is “The Belvedere Promenade,” which will implement the 2004 La Jolla Community Plan of a pleasurable shopping and outdoor-dining pedestrian promenade on Prospect Street. Designed by architects Alcorn & Benton, The Belvedere plan relocates parking spaces and modifies the roadway for efficient and pedestrian-friendly vehicular travel. The new public Belvedere vista point will overlook Ellen Browning Scripps Park and the Pacific Ocean beyond—a destination for tourists and residents alike.

MAD compliments La Jolla’s Business Improvement District (BID); while the MAD focuses on physical projects and ongoing maintenance, the BID focuses on business development and retention.

The BID was established about 30 years ago and is managed by the La Jolla Village Merchants Association, an all-volunteer association whose mission is to enhance village merchants’ opportunities to do business. Sheila Fortune is the association’s executive director.

In the BID, business owners are assessed annually to fund activities and improvements to promote the investment and they don’t have an emotional connection to the Village or the property,” said Fortune. “So the voluntary association board is trying to reach out to them to help them develop a sense of place. To educate them why La Jolla is special. Why we need people to be engaged. Why they need to not just look at the bottom line. We watch the market and try to work with the new tenants, whoever that are, to care if they make it.”

The association is currently doing surveys to see what residents would like in the Village. “We are trying to find out what the residents want, what the tourists want, and proactively go after that type of business that fits their particular space.”

According to Warwick, La Jolla’s business community, with over 1,300 businesses, has managed to maintain a thriving residential base of support, despite being a popular and busy tourist fitness destination.

“In my opinion, we only need more children’s apparel stores and a gourmet market, now that Jonathan’s is gone. My dream is to have a gourmet food hall with a cheese shop, local butcher, chocolatier, bakery, and beer and wine purveyor. It would attract both residents and tourists, and it would add an exciting element to the community.”

Warwick is especially excited about a new arts district, developing on Fay Avenue. It includes the transformation of Jonathan’s market to The Lot, a state-of-the art movie theater, and The Conrad—The Conrad Prebys Performing Arts Center which will serve as a heart of cultural, community and arts education event activities in La Jolla.
Lisa Chappel is vice president for facilities management at Mission Federal Credit Union who is shaping sustainable practices across San Diego’s member-owned, nonprofit cooperative. At Mission Fed, she oversees all management aspects of the organization’s more than 30 retail branches and corporate office buildings. She works behind the scenes to ensure Mission Fed’s facilities function in a manner that effectively supports the organization’s objectives, current needs and future goals. Her strategic planning touches nearly every aspect of the credit union’s daily operations. In 2014, Chappel founded Mission Fed’s Green Team to provide education, support and planning of eco-friendly solutions. Her planet-first initiatives led Mission Fed to reduce total greenhouse gas emissions by 274.9 metric tons in 2015 — savings equivalent to more than 650,000 miles logged by an average passenger car. From October 2015 to October 2016, nine branches cut peak hour energy consumption by nine percent of their total energy costs. She is a member of CREW (Commercial Real Estate Women) of San Diego, founder of the Giving Club, a community-centric group that gives to Rancho Penasquitos-based organizations and residents. She also heads the San Diego chapter of the International Facility Management Association.

Ann Albert is chief financial officer of Voice of San Diego and vice president of Girard Capital Inc. Voice of San Diego, founded in 2005 by Buzz Woolley and Neil Morgan, is San Diego’s first nonprofit news organization producing hard-hitting investigative reporting. She helped with the startup, set up the accounting, operations and human resources systems. She does all of the accounting for both Voice and Girard Capital. She also provides accounting and management services for Glorieta Bay Inn in Coronado. She is also the accountant for the Girard Foundation, a private nonprofit foundation supporting K-12 education in San Diego County.

Lisa Hitt is the chief financial officer of Pacific Building Group, a 33-year-old local general contracting firm. As the CFO, one of her biggest achievements has been building systems which support accounting, IT, operations, risk management, safety, and insurance functions. She established the internal safety group to create a safe work environment for the firm’s 150 employees, sub-contractors and clients who are often on-site during construction projects. She is also president of the San Diego Construction Financial Management Association (CFMA). She also invests her time in the East County Posse, whose mission is to assist people who need help with a “hand up, instead of a hand out.” Hitt is one of a handful of women in the male-dominated group, but this hasn’t stopped her from leaving her mark. She serves on the board of directors and chairs the appropriations committee, working with the YMCA Armed Services to start and fund Operation Hero. She is also on the board of the San Diego Construction Financial Management Professionals.

Karen Burges During Karen Burges’ 30-year tenure managing and directing NAIOP San Diego, she has helped grow the chapter from 50 to more than 750 members. Over the past six years, NAIOP San Diego has experienced a 30 percent growth in membership. She took the lead in creating the Developing Leaders Mentorship program, where 200 industry professionals, 35 years and younger, receive intensive mentoring from seasoned commercial real estate professionals through seminars and individual access. Through NAIOP Foundation she helped start a scholarship program for commercial real estate students at three San Diego universities. With her coordination, NAIOP has also had significant impact upon local, state and national legislation, with the goal of promoting job growth and enhancing economic development within the commercial real estate industry. She helped NAIOP adopt the 1st Marine Special Operations Raider Battalion from Camp Pendleton. NAIOP provides supplies and assistance to these Marines and their families.

Teresa Stivers is the chief executive officer of Walden Family Services and her extensive community involvement with organizations tackling the issues of education, health and community services and affordable housing positively impacts San Diego. She oversees the organization’s five offices throughout Southern California, offering foster care, adoptions and youth services. Under her leadership, Walden has launched a program to service young people staying in foster care until age 21; established visitation centers that provide supervised visits for birth families and children in foster care; and launched programs to support pregnant women and parenting teens. Stivers also is an avid volunteer. She is a member of the San Diego Regional Chamber’s Education and Workforce Development Committee, a member of the San Diego County Taxpayers Association and on the executive board of Housing YOU Matters, a broad-based coalition that advocates for sound solutions for increasing housing supply and lowering costs of building new homes.

Dr. Amanda Gosman is a board-certified plastic surgeon and is the chief of the Plastic Surgery Division and director of craniofacial surgery at Rady Children's Hospital. She is also the director of craniofacial and pediatric plastic surgery at UC San Diego Medical School. Pveled by her personal drive to address the disparities in class and privilege among people around the world since high school, Gosman began working with different international medical organizations after medical school, traveling to Ecuador, Guatemala and remote parts of Central and South America. With this extensive experience providing health care and education to underserved communities around the world, she selected aspects of her experiences that she admired most for her own international nonprofit organization. In 2010, she founded ConnectMed International, a humanitarian nonprofit that provides free surgical services and support multidisciplinary care and educational outreach to underserved communities. She and her team have provided free reconstructive and craniofacial surgeries for the most vulnerable people in Guatemala, Mexico, Vietnam and Malawi.
Debra Rosen is president and chief executive officer of the North San Diego Business Council. In her eight years as president, she has built the chamber into a respected regional business organization, diversifying the membership and its board of directors. She has aggressively advanced a competitive agenda which includes building a strong chamber membership and advocacy, strengthening political relationships, forging a Think Local First initiative, and protecting business interests on a local, state and federal level. She is credited with turning around two underperforming nonprofits. Rosen has developed and implemented strategic plans, restored profitability for member programs and won market share in competitive regions while delivering growth for the chamber, its members and business community. Before taking over the chamber, she worked for the Downtown Business Association of Escondido. She holds a bachelor's degree from San Diego State University.

Crystal Sargent is a big-thinking sales and marketing executive who is passionate about helping businesses and people grow. She recently established Invested Advisors Inc., a San Diego-based business-to-business management consulting firm. She has also launched Invested Traveler, whose motto is “take your team farther.” Invested Traveler believes that “companies with happy, engaged teams perform better — much better and Invested Traveler takes you there with custom-curated travel experiences for your team that will educate and inspire them to reach their fullest potential.” Before launching Invested Advisors and Invested Traveler, Sargent was a senior vice president of marketing for Torrey Pines Bank. She serves on several boards, including the Old Globe Theater and the Alzheimer’s Association. She earned her bachelor’s degree in history from the University of Wisconsin-Madison and has a master’s degree in business and marketing from the Illinois Institute of Technology.

Renae Arabo is the chief marketing officer for RJS Law. She brings to the firm more than 20 years of finance and accounting background along with a strong talent for marketing and public relations. She previously worked at Neighborhood National Bank where she assisted in community outreach and public relations. Her diverse background includes more than 10 years as a property manager for Shamoun Investments Co., where she marketed and managed an impressive portfolio of commercial and real estate properties throughout San Diego County. This experience led her to serve as project manager and chief designer on a number of large-scale residential and commercial projects, including the remodeling of the RJS Law Building in Downtown San Diego. She is particularly passionate about promoting business development in the East County where she has lived for more than 40 years. She is a prominent member of the San Diego Chaldean Community.

Lisa Chappell is proud to recognize the leadership, accomplishments and qualities of our own Women Who Impact San Diego nominee, Lisa Chappell, Vice President Facilities Management. Through her work, activities and relationships, Lisa embodies the belief that the Mission Fed community is not merely a place where she works; it is a place she actively improves.

Congratulations, Lisa and to all of the other nominees, for being Women of Impact in the workplace and in our community.

Your success is our bottom line.

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A glaring and dubious conflict of interest has long been rampant in the world of commercial real estate. This practice known as “dual agency” describes a brokerage firm that represents both landlords and tenants in the same negotiation. It should be obvious to a first-year law student — or even someone with just a passing knowledge of law — that those two parties have opposing interests.

Unfortunately for most tenants, most commercial real estate brokerages primarily represent landlords. That makes buyers second-class citizens in negotiations. Adding to the frustration for tenants are international organizations such as the Building Owners and Managers Association (BOMA), which have broad reach and help stack the deck against tenants.

What recourse do representatives of tenants/buyers have? For starters, there’s a new nonprofit association ready to fight for the underdogs in this equation. The Association for Commercial Tenants (ACT) was specifically created to provide educational support, legislative guidance and industry unification. ACT stands in opposition to the inherent conflict of interest created by dual-agency brokerage, and is striving to even the playing field.

Many would say it’s about time. Here, then, is a look at the history of this unfair relationship, the unveiling of a ray of hope for those on the wrong end of landlord-tenant negotiations, and a rundown on the weapons tenants now have to fight back.

The Opening ACT

Landlords own buildings and tenants rent space in those buildings to operate their businesses. Tenants represent all kinds of businesses — law firms, supply companies, bio-techs, pharmaceutical start-ups and so on. Some companies own the buildings they occupy; some rent to save upfront capital that can be used to later grow the business.

Commercial brokerage was created more than a century ago, and it began as a way to help landlords sell and lease properties. It was only later that tenant representation became part of the industry.

BOMA came along and helped create a huge support system for landlords and their professionals. This union-like organization aggregated the voice of landlords, and gave a boost to a group that already had an unfair advantage.

Rental dollars paid for the industry to flourish. Holding all the cards, landlords were then able to manipulate the system to unfair advantage.

For example, over the past two decades there’s the all too common example of buildings magically growing in size. How is that possible? Building owners have found ways to get architects to be creative in their square-foot measuring guidelines. A space that was 100,000 square feet 20 years ago may suddenly be listed at 110,000 square feet today. Artificially growing the space means that the price can be bumped up. The building hasn’t gotten any bigger — but the interior spaces that are added to the measurement equation somehow grow, to the delight of owners. These are the kinds of practices that can be installed when a group is backed by money and clout.

Tenants, on the other hand, have long treated office space as a “need-to-have” expense. For tenants, leasing space is not their expertise. Therefore, they continually get taken advantage of — legally, economically and flexibility-wise.

Buyers have long had no bargaining power, no voice, and no super hero standing up for them (except for a few tenant-representation companies that exclusively work for tenants in lease and purchase transactions).

Now one of the leading providers of exclusive tenant representation has created an organization to be the counterbalance to BOMA—a group whose members today represent 10.5 billion square feet of property in the United States. The goal of ACT is to bring tenants the bargaining power, voice and protection that they deserve.

Why ACT Now?

After 25 years of providing award-winning professional service in commercial real estate brokerage and serving as a pioneer in the industry that exclusively represents tenants, my wife (COO of Hughes Marino) Shay Hughes and I founded ACT. Our mission is to expose landlords and other organizations that take advantage of commercial tenants, and shine a light into the dark corners of commercial real estate.
Shay and I own and operate commercial real estate firm Hughes Marino — a nationally recognized, 100-percent-family-owned business headquartered in San Diego. With offices up and down the West Coast, Hughes Marino has partners that span across the country and around the globe.

Commercial real estate tenants need and deserve an organization that is empowered to stand up for their rights. BOMA wields tremendous influence, monitors and lobbies legislative issues and publishes codes and standards on building measurements and other industry issues. ACT gives tenants a seat at the table and a voice to demand truth, justice and fairness.

Prior to founding ACT, I have personally taken on an active role in changing the industry. In 2014, I was responsible for getting California’s Legislature and Gov. Jerry Brown to sign Senate Bill 1171 into law. Dubbed the Dual Agency Disclosure Law, it went into effect in January 2015. It was a small step toward overall transparency in commercial real estate brokerage disclosure, and a large victory for tenants.

Following that passage, in December 2016, California’s State Supreme Court upheld an appellate court ruling (Horiike v. Coldwell Banker) stating that dual agents have an inherent conflict of interest — and also encouraged Sacramento to modify the laws on dual agency in the state.

Our goal now is to make dual agency illegal in California — and across the United States.

Benefits of ACTion

Who can join ACT? Any company, or representative of a business or firm, that engages in the act of renting commercial office space.

One of ACT’s major functions is to create awareness and propose legislation regarding the conflict of interest within dual-representation agencies. By becoming a member of ACT, companies are gaining strength in numbers. How? By uniting together with other tenants who negotiate with powerful landlords.

ACT is a nonprofit, and not a union, but members realize economic benefits in the same way any interest group with a shared interest bands together and stands united for a common cause.

Members have access to educational content, are frequently updated on codes, standards and practices, and can enter into transactions with the peace of mind knowing they are supported by unified clout.

Another benefit: ACT is revolutionizing the landlord-tenant relationship by creating a private registry of landlords that includes ratings by member companies. The nonprofit’s members can rate landlords on a scale that will note if certain entities are blacklisted for unacceptable business practices.

The ACT team is available by telephone or email, and delivers monthly bulletins to members, annual white papers on industry standards and updates on legislative and legal matters.

Examples of common lease discrepancies that ACT can provide information on include: base year expenses; operating expense reconciliation; capital expenses versus recoverable expenses; measurement of space; landlord relocation provisions; damage and destruction provisions; subleasing and assignment provisions; option to renew, contract, expand provisions; and parking expenses and double dipping with building expenses.

Coming soon, there are plans in the works for an ACT annual meeting, where members can participate in educational sessions with commercial real estate experts, as well as network with like-minded peers.

For more information about ACT, or to find out about how to join, visit actrealestate.org, or email info@actrealestate.org.

Jason Hughes is president, CEO, and owner of Hughes Marino, an award-winning California commercial real estate company with offices in San Diego, Orange County, Los Angeles, San Francisco and Silicon Valley. This article originally appeared in Attorney Journal (www.attorneyjournalsd.com)
California Squashes Its Young
By Joel Kotkin and Wendell Cox

The state’s suffocating economic policies are driving out a new generation

In this era of anti-Trump resistance, many progressives see California as a model of enlightenment. The Golden State’s post-2010 recovery has won plaudits in the progressive press from the New York Times’s Paul Krugman, among others. Yet if one looks at the effects of the state’s policies on key Democratic constituencies — millennials, minorities, and the poor — the picture is dismal.

A recent United Way study found that close to one-third of state residents can barely pay their bills, largely due to housing costs. When adjusted for these costs, California leads all states — even historically poor Mississippi — in the percentage of its people living in poverty.

California is home to 77 of the country’s 297 most “economically challenged” cities, based on poverty and unemployment levels. The population of these cities totals more than 12 million. In his new book on the nation’s urban crisis, author Richard Florida ranks three California metropolitan areas — Los Angeles, San Francisco, and San Diego — among the five most unequal in the nation. California, with housing prices 230 percent above the national average, is home to many of the nation’s most unaffordable urban areas, including not only the predictably expensive large metros but also smaller cities such as Santa Cruz, Santa Barbara, and San Luis Obispo. Unsurprisingly, the state’s middle class is disappearing the fastest of any state.

California’s young population is particularly challenged. As we spell out in our new report from Chapman University and the California Association of Realtors, California has the third-lowest percentage of people aged 25 to 34 who own their own homes — only New York and Hawaii’s are lower. In San Francisco, Los Angeles, and San Diego, the 25-to-34 homeownership rates range from 19.6 percent to 22.6 percent — 40 percent or more below the national average.

No big surprise, then, that California’s millennials are more likely to stay at home with Mom and Dad into their 30s. Approximately 47 percent of Americans aged 18 to 34 lived with parents or other relatives in 2015, according to the American Community Survey — but in California, the figure is 54 percent. California’s younger generation, particularly in the cities, seems increasingly destined to live as renters.

The biggest losers from California’s housing crisis are, ironically, the very people whom progressives claim to care about most: the poor and minorities, who also constitute most millennials. Hispanics, now approaching a majority of the state’s population, account for 43 percent of the 25-to-34 cohort. Rates of homeownership for African-American and Hispanic Californians have dropped at four times the rate of Asians and non-Hispanic whites in the last 10 years, while minority homeownership in the Golden State now lags most of the country, notably Texas and the southeast.

Much of this can be traced to California’s long-standing bias against suburban development. Reducing greenhouse-gas emissions remains an obsession. But unless the rest of the country (or the world) adopts California’s strict emissions rules, the state’s regulations are likely to have little or no impact on climate change. Recently passed legislation will make things worse by imposing even more stringent regulations on greenhouse gases, mandating a 40 percent cut from 1990 levels by 2030. This represents the ratcheting up of a regulatory regime that will slow California’s already-torpid rate of issuing building permits, which is well below the national average.

California’s housing policies pose a profound long-term threat to the state’s social stability and economic viability. The state has seen a net loss of about 1.7 million domestic migrants since 2000. After slowing during the Great Recession and its aftermath, out-migration is again growing, even in the booming Bay Area. Some 29,000 more people left the Bay Area than arrived in 2016. The San Fran-
Cisco metropolitan area saw net migration plunge from plus-15,000 in 2013 to minus-12,000 three years later.

Contrary to some reports, the people leaving California are not predominantly poor and uneducated. IRS data show that California’s outmigration between 2013 and 2014 was concentrated among middle-aged people with higher average incomes than households that stayed in California or moved there. This trend contrasts dramatically with Texas, arguably the state’s strongest economic competitor.

Here again, new policies will only make things worse. The Bay Area’s 2040 regional plan calls for concentrating 75 percent of new housing development on barely 5 percent of the region’s developed land mass. One alternative plan assumes that 78 percent of new housing in the Bay Area would be multi-family and 22 percent single-family (detached and attached). The regional Air Quality Agency has drawn up intrusive plans, seeking to levy tolls on all freeways, ban gas stoves, and urge less meat consumption.

Young people overwhelmingly prefer single-family houses, which represent 80 percent of home purchases nationwide for people under 35. If millennials continue their current rate of savings, notes one study, they would need 28 years to qualify for a median-priced house in San Francisco—but only five years in Charlotte and just three in Atlanta. This may be one reason, notes a recent ULI report, why 74 percent of Bay Area millennials are considering moving out in the next five years.

Regional planners and commercial chambers should indeed look to California as a model — of exactly what not to do. The state’s large metro areas are no longer hot growth spots for millennials, who are flocking to suburbs and exurbs elsewhere. Since 2010, the biggest gains in millennial residents have been in low-density, comparatively affordable cities such as Orlando, Austin, and Nashville. Ultimately, the battle for California’s future — and much of Blue America’s — will turn on how these regions meet the challenge of providing housing and opportunities to a new generation of workers and young families. A California that works only for the wealthy and well-established is not sustainable.

America’s “youth culture” was invented, more or less, in California in the 1960s, from the surfing spots of L.A. and Orange County to the countercultural hotbeds of the Bay Area. But today, California is turning on its young, with policies that ensure that most millennials will never fully “launch,” leaving many destined either to move elsewhere or become wards of an ever-expanding welfare state. The Golden State can still create an environment for growth and family formation — but only if it reclaims its historical role as the nation’s beacon of opportunity and youthful enthusiasm.

Joel Kotkin is the presidential fellow in urban futures at Chapman University and executive director of the Center for Opportunity Urbanism. Wendell Cox is the principal of Demographia, a public-policy consultancy, and a senior fellow at the Center for Opportunity Urbanism, based in Houston.
Tourism in the North County

Coming next issue
in conjunction with the North San Diego Business Chamber.
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Tom Hom and the Chinese American Experience
Museum exhibit reveals artistry of one of San Diego’s most talented political leaders

Only his family and a few close friends are aware of the artistic talents of Tom Hom, a legend in the Chinese American community and in the halls of City Hall and the state Legislature.

The San Diego Chinese Historical Museum is determined to let others view Hom’s artistic achievements through a new exhibit: “Unseen Portrait: The Art of Tom Hom.” It is being shown through Aug. 20 at the Downtown San Diego museum, 328 J St.

Now at 90 years old, for the first time ever, Tom Hom is going public with his art. The exhibition features over 50 works on display that capture over 70 years of the artist’s work, including sketches, cartoons, watercolors, and oil paintings. From his early pencil sketches created when Hom was receiving treatment for tuberculosis at a sanatorium, to his recent watercolor works that explore themes of identity, “Unseen Portrait” is a rare look at the artistic journey of this Chinese American community leader.

As the son of Chinese immigrants, Hom grew up in a San Diego where racial discrimination kept minorities from getting certain jobs and living in certain neighborhoods. Hom was born in 1927 on the site where the museum now stands in the historic Chinatown, San Diego.

Until his first day of school, Hom did not speak a word of English. Despite the odds, he and his 11 siblings went after the American dream and built a better life for themselves. In 1963, Hom became the first minority elected to the San Diego City Council and the second Asian elected to the state Legislature.

Eventually, he started his own business and was in the position to give back to the community — to preserve the rich heritage, including the San Diego neighborhoods where Asians were once forced to live. This heritage and journey is also captured in his original artworks that document Hom’s hopes, dreams, and achievements, complementing his recent memoir, “Rabbit on a Bumpy Road.”

“Unseen Portrait: The Art of Tom Hom’ is close to our hearts because of Tom Hom’s extraordinary legacy in San Diego’s Chinatown and the Gaslamp Quarter,” said Tiffany Wai-Ying Beres, executive director of the San Diego Chinese Historical Museum. “Hom has played a vital role in making San Diego the great city as we know it today. We are thrilled to reveal the unseen portrait of Tom Hom as an artist.”

Exhibit viewers will see a portrait of Tom Hom’s experience in San Diego through:
• An introduction about Tom Hom’s life, career and artwork.
• 1950s cartoons and sketches during his time at the sanatorium with tuberculosis.
• Watercolor and oil paintings of the Asian American experience in San Diego.

Living the American Dream
Tom Hom, son of two Chinese immigrants, was born in San Diego’s Chinatown in the 1920s when much of American society was segregated, socially and economically.

He entered school in San Diego, like other children who lived in Chinatown, speaking only Chinese. As he grew older, he faced limited job opportunities and discrimination in housing.

He never lost faith in the American dream and went on to achieve success for himself, his family, and the greater good of a diverse America, breaking age-old barriers of prejudice and segregation.

In 1963, Hom made San Diego history by becoming the first minority ever elected to the San Diego City Council. Later, this Chinese American won a seat in the California Assembly.

Among Hom’s many contributions, he helped transform San Diego’s skid row into the vibrant Gaslamp Quarter and led efforts to establish the San Diego Chinese Historical Museum.

In 2014, Tom Hom published his autobiography, “Rabbit on a Bumpy Road,” that told his story of being an Asian American who achieved the American Dream with some adverse times and triumphant times along the way. Today, Tom Hom is a respected elder who has contributed to the success and growth of San Diego and has inspired a new generation of Americans to greater achievement in economic growth and civic responsibilities. His journey and words of wisdom offer encouragement to all who believe in the future of America.
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