



## RODEO 39 RENAISSANCE



Managing Partner Atmquist: project recognizes 'how diverse OC is'

37,000 SF center counts 27 small tenants

### Center the Latest Sign of Life for Stanton and Experiential Retail

By KARI HAMANAKA

When a developer references Hong Kong night markets and music videos from rapping country star Lil Nas X to describe the aesthetic

of its latest retail project, the city of Stanton might not immediately come to mind as the most likely location.

But that's the home of Frontier Real Estate Investments' new Rodeo 39 Public Market,

which officially came online with a grand opening this past week.

It's the largest—and among the more eclectic—additions to OC's retail scene in a few

► Stanton 11



### Spongberg's Menu: Family-Style Franchiser

**RESTAURANTS:** 300+ units; top El Pollo owner

By KARI HAMANAKA

Improving customer service, keeping a facility clean and installing strong leadership. It all sounds like the basics to running a restaurant and, as simple as it sounds, it has gotten Roland Spongberg far in the indus-

try. The CEO of Cypress-based restaurant franchisee WKS Restaurant Group started out in the restaurant business with no experience to his name in 1987, losing money every month the first three years.

He reversed course, increasing profits unit by unit, all the while funneling his earnings into buying his next restaurant.

"I'd say the food business expanded over

► Spongberg 49



CEO Spongberg: 'you have to rely on good people'

#### OTHER HONOREES

Martha Daniel, IMRI, Page 4  
Elena and Josh Kornoff, SCSW, Page 6

Caius Griu, Apex Golf Carts, Page 6  
John Clark, Prudential Overall Supply, Page 8

### Allied Takes Interest In Huge UK Firm

**SECURITY:** G4S reveals potential deal

By PETER J. BRENNAN

Allied Universal, already the biggest private security firm in North America, is considering acquiring a United Kingdom-based firm in a deal that could make the Santa Ana company one of the world's largest employers.

On Oct. 9, G4S plc, a London-based security services company with 533,000 employees, disclosed that it has received "interest" from Allied.

"The Board of G4S plc confirms it has received an expression of interest from Allied Universal Security Services LLC regarding a possible offer for the entire issued and to be issued share capital of the Company," G4S said in a statement last week.

"There can be no certainty that an offer will be

► Allied 15



Allied CEO Jones eyeing UK firm valued near \$4B

### Irvine's White Nelson Joins Audit Firm CLA

**ACCOUNTING:** Treinen says WNDE found 'ideal fit'

By PETER J. BRENNAN

Irvine's White Nelson Diehl Evans LLP, the 10th largest accounting firm in Orange County, said it will join CliftonLarsonAllen LLP, effective Nov. 1.

"CLA is the ideal fit for us," WNDE Managing Partner Paul Treinen told the Business Journal.

"This is the best thing that will happen to our people in their careers and to our partners. It allows them to be on a very stable training platform and creates greater opportunities for advancement. It allows them mobility across the country and also allows them to define what they want to be in their career."

WNDE counts about 140 workers, including 27 partners. Along with its Irvine headquarters, it also

► WNDE 49



Treinen: runs OC's 10th largest accountancy

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**RESTAURANTS:** Yogurtland launching new Holsom concept in Surf City

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**HOSPITALITY:** Industry braces for hotel development slowdown

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# WNDE

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has an office in Carlsbad.

WNDE's roots go back to the early 1900s; it represents more than 3,000 businesses and 3,500 individual clients. It's known for manufacturing, distribution, professional services, retail and nonprofits, among other services.

CLA, which traces its roots to Minnesota and Wisconsin, is now the eighth largest accounting firm in the U.S.; its annual revenue exceeds \$1.2 billion. The professional services firm has 6,500 employees in 120 offices nationwide, including their locations in Irvine.

In addition to audit, tax and consulting work it also offers wealth advisory and outsourcing services.

## Consolidation Continues

This is the second time in the past three months that a major independent accounting firm based in Orange County has decided to join a bigger national firm from the Midwest.

In August, **Squar Milner**, which was Orange County's seventh largest firm and the biggest headquartered here, decided to join Chicago's **Baker Tilly US LLP**, saying it was a great opportunity to grow both nationally and worldwide. Those two firms will have 4,300 employees when they combine on Nov. 1.

After these mergers are completed, the biggest accounting firm headquartered in Orange County will be Brea-based **LSL CPAs and Advisors**, which has 115 of its 125 employees in Orange County.

## SoCal Push

Adding the WNDE employees will about double CLA's employee count in Southern

## White Nelson Diehl Evans LLP



- **HEADQUARTERS:** Irvine
- **BUSINESS:** accounting
- **MANAGING PARTNER:** Paul Treinen
- **EMPLOYEES:** 140
- **OC CPAs:** 80
- **NOTABLE:** Treinen, who joined the firm in 1990, in 2018 took over MP role from Dave Doran who retired after 42 years.

California to more than 300 people.

"Welcoming WNDE team members broadens our Orange County presence and brings us to the San Diego area," said **Randy Wells**, managing principal of CLA's Southern California offices.

WNDE's clients are often companies with annual revenue in the \$40 million to \$70 million range.

"We're telling them that they will have the same providers, but a wider pallet" of services, Treinen said.

"This is an absolute win."

All employees at WNDE will be joining CLA, he said. The combination may allow WNDE's local office to expand as well, Treinen said.

"We'll have greater access to more clients. Growth begets opportunities for staff."

## Many Similarities

WNDE has often been approached by prospective suitors over the years, Treinen said.

"CLA was interested in us because we have a lot of similarities," he said. "They value the private sector like we do. They have a culture that is unmatched. We are a family-oriented firm. CLA is similar."

"It was the right time because it's about scale, risk aversion, access to resources, combining great people," he said. ■

# Fullerton Crossings

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onset of the pandemic, and the second-priciest retail deal of the year in OC.

The most expensive deal in OC was another Merlone Geier sale, for a collection of six neighborhood shopping center across OC totaling some 700,000 square feet.

Those six centers—one each in Dana Point, Irvine, Lake Forest, and Mission Viejo, and two in Huntington Beach—sold for a cumulative price of nearly \$290 million, according to reports. They traded hands prior to the pandemic, at a price of about \$424 per square foot, according to records.

**ShopCore Properties**, a retail arm of private equity giant **Blackstone Group** whose West Coast offices are in San Diego, bought that collection of buildings.

## Irvine Co. Ties

The buyer of Fullerton Crossings is yet another San Diego investor: **Realty Income Corp.** (NYSE: O).

The \$21 billion-valued real estate investment trust is known for buying free-standing, single-tenant commercial properties.

Its executive team has deep knowledge of OC's retail market; it's non-executive chairman is **Mike McKee**, long the No. 2 executive at **Irvine Co.**, OC's largest real estate owner. He left Newport Beach's Irvine Co. in 2008 and has since taken on several executive positions in the real estate world; he currently serves as a principal at **Peter Ueberroth's Contrarian Group**.

Despite having anchor tenants whose financial results have been strong during the pandemic, the \$86 million price for Fullerton Crossings fell short of prior expectations.

When the center first hit the market in March 2019, brokers quoted a listing price closer to \$100 million. **Eastdil Secured** had the listing

Sam's Club, one of two anchors at property that trades for \$86M



for the center, according to **CoStar Group Inc.** records.

The deal for Fullerton Crossings is the highest-priced retail sale reported in OC since April, when a private retail investor based in Roseville acquired a 133,000-square-foot Home Depot store in Brea.

That stand-alone center traded for nearly \$45 million, or \$337 per square foot.

## Future Plans

Merlone Geier remains in the early stages of the entitlement process for its most closely watched development site in OC, the Five Lagunas mall in Laguna Hills, renamed Village at Laguna Hills last year.

The most recently-announced plan from the developer for the site calls for turning the property into a mixed-use project with as much as 250,000 square feet of retail and as much as 390,000 to 520,000 square feet of office space, apartments and a 125-room hotel.

A timeframe for the project remains in limbo. ■

## Merlone Geier



- **FOUNDED:** 1993
- **HEADQUARTERS:** San Diego
- **FOUNDERS:** Peter J. Merlone; Bradley A. Geier
- **BUSINESS:** retail investor
- **NOTABLE:** sold Fullerton Crossings for \$86 million



# Spongberg

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the years," Spongberg said. "I think more people take advantage of going out to eat more often. There's less cooking at home."

That's been a boon for him and WKS.

Today, the company's footprint totals 302 franchised restaurants across the **El Pollo Loco**, **Wendy's**, **Krispy Kreme**, **Denny's**, **Corner Bakery** and **Blaze Pizza** brands.

That makes it the 29th largest restaurant franchisee in the United States.

The company was one of five honored by the Business Journal with a **Family-Owned Business Award** on Oct. 7 (see stories, pages 4, 6 and 8).

## Family Ties

"It's a great business," Spongberg said of the industry. "It's a people business and I love to see people progress. I work with some great people and I've watched many of them progress over the years. When you have as many restaurants as we do, you have to rely on good people. You can't be all of it."



67 El Pollo Loco units in WKS fold

Spongberg oversees thousands of workers across the restaurants and corporate office. That also includes three sons, a son-in-law and nephew who are part of WKS, although Spongberg is quick to point out with a business that size, it can't be just a family business.

"You can't just have the same name as I do to grow and be promoted. That's not going to work," Spongberg said. "We have about 11,000 employees and so it has to be opportunity for all."

## Real Estate Background

In 1987 Spongberg had the opportunity to move from the real estate development world into food. He had previously been building in Southern California with a partner since 1982.

A friend of his lived next door to the president of Denny's, and the idea of becoming an El Pollo Loco franchisee was floated. Spongberg and his friend, neither with any restaurant experience, built three locations.

"We lost money every month, and in 1990 there was a recession and my partner said 'Let's get out of this business. We don't know what we're doing,'" Spongberg recalled.

He ended up buying out his friend, turning the restaurants around and slowly adding to the portfolio.

"The restaurant business is like two businesses," Spongberg said.

"One is running restaurants, and two is finding the sites and building them, and trying not to build any bad sites."

That's not unlike the development business, the CEO pointed out, saying his time as a builder proved incredibly helpful to growing WKS.

Spongberg continued adding El Pollo Locos. Today WKS has 67 units, making it the \$640 million-valued Costa Mesa-based grilled chicken chain's (Nasdaq: LOCO) largest franchisee.

WKS didn't begin diversifying until around 2004 when a friend operating four El Pollo Locos and a Denny's said he wanted to retire and sell his restaurants to Spongberg.

Spongberg told his friend he wasn't interested in Denny's, but he'd take the El Pollo Locos. The conversation continued for three more months until his friend put his foot down and told him it was the package of units or nothing. Spongberg took the package.

Denny's turned out to be good idea. The

location that came with the acquisition was doing around \$1.9 million in sales when Spongberg took it over. Eighteen months later WKS brought sales up to \$2.5 million.

"We said 'Denny's is a pretty good business' and there's a lot more Denny's," Spongberg said.

Last year WKS bought **QK Holdings LLC**, adding more than 90 additional Denny's, and making it the largest franchisee of the diner-style chain in the U.S. with 127 units. It added some 4,500 employees as part of the deal.

WKS is also the largest Wendy's franchisee in the state with 55 locations.

He said WKS' portfolio mix is good at the moment, and he's not looking at any other brands to expand. Instead, growth continues to be measured not unlike the early days when Spongberg was finding his footing in the industry.

"We continue to expand in the brands that we operate in," Spongberg said. "We don't have a plan to buy X number of restaurants because there might be some [restaurants] for sale this year; there might not be any. We organically grow by about 10, 12 restaurants a year and we continue to grow that way." ■

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## WKS Restaurant Group



- **HEADQUARTERS:** Cypress
- **BUSINESS:** restaurant franchisee of El Pollo Loco, Denny's, Wendy's, Krispy Kreme, Blaze Pizza and Corner Bakery
- **CEO/FOUNDER:** Roland Spongberg
- **EMPLOYEES:** 11,000 (companywide); 70 (headquarters)
- **NOTABLE:** 29th largest franchisee in the U.S., continues growth through new buildouts

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