

CITY OF LOS ANGELES
CALIFORNIA

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May 28, 2020

Honorable City Council
City of Los Angeles
c/o City Clerk
Room 395, City Hall
Los Angeles, California 90012

Attention: Armando Bencomo, Legislative Assistant

**REQUEST AUTHORITY TO NEGOTIATE AND EXECUTE A NEW LICENSE WITH
FOODA INC AT 201 NORTH LOS ANGELES STREET, SPACE 102**

The Department of General Services (GSD) requests authority to negotiate and execute a new license agreement with Fooda Inc (Fooda) for the operation of a pop-up restaurant in Space 102 at the Los Angeles Mall (LA Mall) located at 201 North Los Angeles Street.

BACKGROUND

In 2014 the Municipal Facilities Committee (MFC) approved the release of a Request for Proposals (RFP) for commercial tenants in the LA Mall that allowed for a 2.5 year term. This policy was established in recognition of the potential for redevelopment through the Civic Center Master Plan (CCMP). An RFP was subsequently issued and generated several proposals and one new lease. The RFP remained open on the L.A. Business Virtual Network (LABAVN).

On February 22, 2018, GSD requested policy direction from the MFC for both existing leases and potentially new commercial tenants in the LA Mall and received continued approval to issue an RFP with terms through 2023. A reassessment by the Office of the City Administrative Officer (CAO) in October 2019 made space for an updated RFP to be released in December 2019 to offer leases and licenses through 2025.

The Garden Food Court located on the north side of the mall currently has two businesses remaining in operation out of the six spaces in total. This new license will add new food options for LA Mall visitors and generate foot traffic that benefits all LA Mall tenants.



GSD reviewed the proposal and evaluated it based on the criteria outlined in the RFP. The criteria for review, evaluation and scoring considered under the RFP were as follows: proposed use of the space, performance under other leases, contracts, number of years in business, proposed operating and marketing plans; proposed fee; proposer's statement of qualifications and background.

An evaluation and scoring committee consisting of City employees from the Department of Transportation, Council District 14, and GSD selected Fooda based on their ability to cater marketable products, strong marketing plan, and benefit to employees and visitors to the City Hall complex.

Fooda has been in operation for over 10 years and licenses space with over 1,000 companies including CBRE, Blackstone, The Irvine Company, and Deloitte. They partner with over 1000 restaurants across the county with a blend of mom and pops and popular national brands. They have strict standards for partner restaurants such as high ratings on restaurant review websites, Grade-A health ratings, menus built for lunch at work, and a Fooda training program. Their use of technology allows customers to see rotating restaurant schedules to plan meals.

TERMS AND CONDITIONS

Fooda will manage logistics involved with daily pop-up lunch service. A different local restaurant will pop-up each day by bringing pre-cooked meals (Monday-Friday) from 11:30am to 1:30pm, with the restaurant team responsible for set up, service and clean up. No food will be stored on-site. Fooda will provide a custom website, Fooda app and rewards program, and equipment for the pop-up setup. Fooda earns a commissions percentage from our restaurant partners based on meals sold. Menu prices are the same as in the restaurant's brick and mortar location. Fooda will retain liability for the use of the premises and its partners.

The license term will be for one year then continue on a month-to-month basis. Fooda will be responsible for all utilities, except water. Fooda will utilize the space in "As-Is" condition and intends to conduct minor cosmetic improvements subject to City approval such as painting and installing signage. Fooda will obtain all necessary permits to operate a food service business. The City will not provide any allowance for improvements. A complete set of terms and conditions are outlined on the attached term sheet.

RATE ANALYSIS

Fooda has proposed 3% revenue sharing for each day of gross revenue exceeding \$600 that will be paid on a monthly basis with supporting financial documentation. As they only occupy the space for two hours each day, market comparables from surrounding retail operations of a similar nature are not applicable. Other LA Mall leases are charged a base rent and then a percentage rent on revenue earned.

As the City has not engaged in pop-up proposals in the past, there is no historical data to evaluate this fee against the market for a base rent. This percentage rent is a

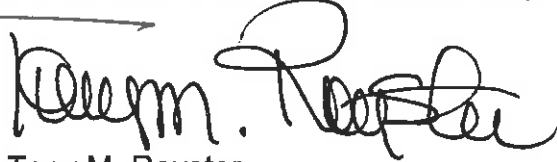
reasonable rate given the City's goal of filling retail spaces to generate additional foot traffic for all tenants in the mall.

FISCAL IMPACT

The license fee will generate an unknown amount of revenue to the General Fund. There will be no negative financial impacts to operational costs of the LA Mall.

RECOMMENDATION

That the Los Angeles City Council, subject to the approval of the Mayor, authorize the Department of General Services to negotiate and execute a license agreement with Fooda Inc to operate a pop-up take-out restaurant in Space 102 in the LA Mall under the terms and conditions substantially as outlined in this report.

A handwritten signature in black ink, appearing to read "Tony M. Royster". The signature is written in a cursive style with a horizontal line above it.

Tony M. Royster
General Manager

Attachment: Term Sheet

LEASING TERM SHEET

MFC DATE

LANDLORD

ADDRESS

TENANT

ADDRESS

LOCATION

AGREEMENT TYPE

USE

SQUARE FEET

TERM

RENT START DATE

LEASE START DATE

OPTION TERM

HOLDOVER

SUBLET/
ASSIGNMENT

TERMINATION

RENTAL RATE

ESCALATION

RENTAL ABATEMENT

ADDITIONAL RENT

PROPERTY TAX

OPEX

CAM

OTHER

SECURITY DEPOSIT

MAINTENANCE/
REPAIR

MAINTENANCE/
REPAIR DETAILS

TENANT
IMPROVEMENTS

PARKING

UTILITIES

CUSTODIAL

SECURITY

PROP 13
PROTECTION

INSURANCE
(City)

INSURANCE
(Landlord)

OTHER: