APPLICATION FOR DETERMINATION OF
"PUBLIC CONVENIENCE OR NECESSITY"
ALCOHOL SALES

Pursuant to Section 23958 and 23858.4
California Business and Professions Code

TO BE SUBMITTED TO CITY CLERK’S OFFICE
ROOM 395, CITY HALL

COUNCIL FILE NO. ______________
TIME LIMIT FILE: ______________

BACKGROUND INFORMATION

As part of the application, the applicant must submit the names and addresses of property owners of all property adjacent (including across the street/alley) to the subject property on gummed labels. Applicant must also submit the following information: 1) notarized signature, 2) a site plan prepared by a map maker (see Planning Department for map maker's list), 3) one 4- by 6 -inch picture of the property from each side of the site, and 4) a copy of all previous building permits for the site (Room 101, 201 North Figueroa Street). When you meet with ABC to get the crime and license concentration information for your site, you must bring back the ABC information (on the ABC form) to the City Clerk.

Project Name  428AD
Address  428 S. Hewitt St.; Los Angeles, CA 90013
Type of Business  Live Music Venue
Applicant  Group SHS, LLC
    Name  428 S. Hewitt St., Los Angeles, CA 90013
    Address
    (323) 316-5311
    Phone Number/Fax Number
Property Owner  Timothy Krehbiel
    Name  428 S. Hewitt St.; Los Angeles, CA 90013
    Address
    (213) 215-3011
    Phone Number/Fax Number
Representative  Christopher Murray c/o Rosenheim & Associates, Inc.
    Name  21600 Oxnard Street, Suite 630; Woodland Hills, CA 91367
    Address
    Phone: (818) 716-2782  Fax (818) 593-6184
    Phone Number/Fax Number

A. PROJECT DETAILS

THE FOLLOWING QUESTIONS ARE TO BE ANSWERED BY ALL APPLICANTS:

1. Has the City previously approved a conditional use permit for alcoholic beverage sales at this site? Yes X No  
   If Yes, what is the City case number(s):  ZA 2013-4132 (CUB)(ZV)

2. Have you recently filed for a new conditional use permit? Yes X No  If Yes, provide the City case number(s):  
   ZA 2013-4132 (CUB)(ZV)

3. Has a previous ABC license been issued? Yes _ No X  If Yes, when and what type of license: N/A

4. Type of Alcohol Sales Requested (on- or off-site, beer and wine, full alcohol, etc.):  On-site sales and dispensing of a full line of alcoholic beverages

5. Size of Business  Interior: 2,217 Square Feet / Outdoors: 3,123 Square Feet

6. % of floor space devoted to alcoholic beverages  Approximately 35%
7. Hours of Operation:
   a. What are the proposed hours of operation and which days of the week will the establishment be open? 
      Sunday thru Thursday 8:00 AM to 12:00 AM and Friday and Saturday 8:00 AM to 2:00 AM
   b. What are the proposed hours of alcohol sales? Sunday thru Thursday 8:00 AM to 11:45 PM and Friday and 
      Saturday 8:00 AM to 1:45 AM

8. Parking:
   a. Is parking available on the site? (If so, how many spaces?) 428AD is located within the East Los Angeles State Enterprise Zone. As a result, the proposed Project is only required to provide five parking 
      spaces. As proposed, two parking spaces are located on-site and three are provided off-site via lease, as 
      permitted by Condition No. 15 of City Planning Case No. ZA 2013-4132 (CUB)(ZV).
   b. If spaces are not available on the site, have arrangements been made for off-site parking by lease or 
      covenant? Yes, by lease.
   c. Where? 966 East 4th Street; Los Angeles, CA 90013

9. Has the owner or lessee of the subject property been suspended from the sale of alcoholic beverages on the 
   subject property or fined by the Alcoholic Beverage Control Department (ABC) in the last 365 days and if so, for 
   what reasons? No/Not Applicable. Provide ABC case number and a copy of final ABC action. N/A

10. Will video game machines or pool or billiard tables be available for use on the subject property and, if so, how 
    many? No.

11. Will you have signs visible on the outside, which advertise the availability of alcohol? TBD

12. How many employees will you have on the site at any given time? 10 to 20 per shift.

13. Will all employees who sell alcohol attend the local State ABC training class on how to properly sell alcohol? 
    Yes.

14. What security measures will be taken including:
   a. Posting of rules and regulations on the premises to prevent such problems as gambling, loitering, theft, 
      vandalism and truancy. Yes, all applicable rules and regulations will be posted.
   b. Will security guards be provided and if so, when and how many? Yes, three to five security guards will be 
      provided each night during facility operation. One Security Guard for each active performance room, plus 
      ticket takers, with guard cards, in each room. The On-Site Manager will also have a guard card.

15. Will there be minimum age requirements for patrons? If so, how will this be enforced? 
    Yes, Patrons will be 21 years of age or older, and Security Guards will use electronic age verification 
    devices.

16. Are there any other alcoholic beverage outlets within a 600-foot radius of the site? Provide names and address 
    of such business and type of business. No.

17. Are there any schools (public or private and including nursery schools) churches or parks within 1,000 feet of 
    your proposed business? Where? (Give Address) No.

18. Will the exterior of the site be fenced and locked when not in use? Yes.

19. Will the exterior of the site be illuminated with security lighting bright enough to see patrons from the street? 
    Yes.

B. THE FOLLOWING QUESTIONS ARE TO BE ANSWERED WHERE ONLY THE OFF-SITE SALE OF ALCOHOLIC 
   BEVERAGES IS SOUGHT:

1. Will the gross sale of alcohol exceed the gross sale of food items on a quarterly basis? N/A

2. Will cups, glasses or other similar containers be sold which might be used for the consumption of liquor on the 
   premises? N/A

3. Will beer and wine coolers be sold in single cans or will wine be sold in containers less than 1 liter (750ml)? 
   N/A

4. Will "fortified" wine (greater than 16% alcohol) be sold? N/A

C. THE FOLLOWING QUESTIONS ARE TO BE ANSWERED WHERE ONLY THE ON-SITE SALE OF ALCOHOLIC 
   BEVERAGES IS SOUGHT:

1. What is the occupancy load as determined by the Fire Department (number of patrons)? Interior Occupancy = 
   207 Patrons / Exterior Occupancy = 208 Patrons
2. What is the proposed seating in all areas? Interior = 55 Seats / Exterior = 190 Seats

3. Is there to be entertainment such as a piano bar, jukebox, dancing, live entertainment, movies, etc.? (Specify?) Yes, as the establishment is a live-music venue containing one room where singer/songwriters perform their materials. Public dancing, however, is not permitted.

4. If a cocktail lounge is to be maintained incidental to a restaurant, the required floor plans must show details of the cocktail lounge and the separation between the dining and lounge facilities. N/A

5. Food Service
   a. Will alcohol be sold without a food order? Yes
   b. Will there be a kitchen on the site as defined in the Los Angeles Municipal Code? No, but there will be food trucks, on-site, within the beer garden area.

6. Will discount alcoholic drinks or a "Happy Hour" be offered at any time? Provide a copy of the proposed menu if food is to be served. Yes, the 428AD may offer "Happy Hour". The food menu will rotate depending on the food truck(s) serving the venue.

D. PUBLIC CONVENIENCE AND NECESSITY EVALUATION

The City of Los Angeles is very concerned if a new request to sell alcohol is subject to one of the conditions below. There is a strong likelihood that the City will deny your "public convenience or necessity" application if one of the above listed conditions apply to your site. (It is strongly suggested that you contact your Council Office and discuss your project. If the Council Office does not oppose your project, you should then check with your local area police vice unit as well as the Planning Department Public Counter at (213) 482-7077 for the determination of whether the proposed site is within a Specific Plan area, and the Community Redevelopment Agency (CRA) project staff at (213) 977-1682 or 977-1665, to determine if your site is in a CRA Project Area. If any of the five conditions listed below apply to your site, you should carefully consider if you want to file for a Public Convenience or Necessity finding.

1. The proposed site is in an area with a long-term level of undue concentration of alcoholic beverage outlets.

   There are no current ABC licenses within 1,500 foot radius of the subject premises.

2. The geographic area is the target of special law enforcement activity, i.e., police task force is working on reducing vice in the area, or eliminating juvenile crime (such as cruising or graffiti) or gang activity.

   We are unaware of any applicable targeted law enforcement activity in the area.

3. The proposed site is in close proximity to sensitive uses, including schools, parks, churches, youth activities, homeless shelters, mental health or alcohol or drug treatment centers.

   The following sensitive uses are located within a 1,000-foot radius of the Subject Property:
   - Los Angeles County Department of Public Social Services - 813 East 4th Street
   - LADWP Substation Regional Center - 1212 Palmetto Street
   - Saslow Dog Park - across the alley from the Subject Property

   As noted in the determination letter issued by the Los Angeles Department of City Planning's Zoning Administrator on July 9, 2014, "it can be determined that the proposed use will not detrimentally affect nearby residentially zoned communities in the area of the City involved, after giving consideration to the distance of the proposed use from residential buildings, churches, schools, hospitals, public playgrounds and other similar uses, and other establishments dispensing, for sale or other consideration, alcoholic beverages, including beer and wine."

4. The geographic area has elevated levels of alcohol-related crimes, including but not limited to: public intoxication, drinking under the influence, assault, vandalism, prostitution, drug violations, and/or loitering.

   In the determination letter issued by the Los Angeles Department of City Planning's Zoning Administrator on July 9, 2014, the Zoning Administrator addressed alcohol-related crime concerns in the following statements:
   "The crime statistics suggest that this Reporting District is in a high crime area. The numbers of crimes themselves suggest the influence of the adjacent Skid Row on the crime numbers. Thus, the raw data is not truly indicative of the crime situation in the Reporting District. AEGIS security report notes that the Arts District is a "small pocket" in a relatively volatile neighborhood which is known for higher than average crime rates. It would stand to reason that crimes taking place within this area are not necessarily resulting from residents or customers of local businesses but rather resulting from the adjacent higher crime areas. Thus, the granting of the application will not result in an undue concentration of premises for the sale or dispensing for consideration of alcoholic beverages, including beer and wine, in the area of the City involved, giving consideration to applicable State laws and to the California Department of Alcoholic Beverage Control's guidelines for undue concentration...while also giving consideration to the number and proximity of these establishments within a one thousand-foot radius of the site". 
5. The proposed site is located in a Specific Plan or Community Redevelopment Agency Project area that specifically includes a policy to control future alcoholic beverage sales. The Subject Property is not located within a Specific Plan or Community Redevelopment Agency Project area that specifically includes a policy to control future alcoholic beverage sales.

E. If the project site is not subject to one of the above criteria, your project will be evaluated by the City Council with consideration given to the following possible benefits and detriments to the community:

1. Possible Benefits
   Would the business:
   a. Employ local residents (how many) Yes, with exception of some of the performers, all of the employees will be local residents (upwards of 30 people).
   b. Generate taxes (provide estimate) Approximately $19,000 per month.
   c. Provide unique goods and services (which ones) Yes, very few venues like 428AD, which showcase artists testing out new material before a public audience, exist in Los Angeles.
   d. Result in an aesthetic upgrade to the neighborhood (in what exact way) Yes, 428AD will maintain a clean and attractive exterior, and is conditioned through 2013-4132(CUB)(ZV) to continue to do so. Further, there will be extensive upgrades made to the building, as well as the outdoor garden, which will include several new trees, fire-pits, and other green space.
   e. Contribute to the long-term economic development (how) Yes, 428AD is synergistically situated to provide a necessary and unique service to Los Angeles’ arts, music and entertainment industries, while benefitting from the increased business obtained due to the facility’s proximity to these industries. Further, many of the venue’s attendees will become patrons of the other local businesses (e.g., restaurants and specialty shops).
   f. Provide a beneficial cultural/entertainment outlet (specify) Yes, 428AD will provide musicians a unique and intimate venue to test their new material before a public audience. Additionally, this venue will support local artist and poets, with a place to showcase their work.

2. Possible Detrimental Impacts
   Is the immediate area in which the license is sought subject to: (Check with your local Police Department area “Senior Lead Officer”)
   a. Excessive calls to the Police Department — See attached COMPSTAT Report for the Central District.
   b. Police resources being already strained — See attached COMPSTAT Report for the Central District.
   c. High rates of alcoholism, homelessness, etc. — See attached COMPSTAT Report for the Central District.
   d. Large "youth" (under 21) population — See attached COMPSTAT Report for the Central District.

3. With regard to the operation of the proposed business explain:
   a. The method of business operation: (large volume of alcohol to food sales, "late" hours (after midnight), high % unskilled (no ABC training class) staff, high % of underage (under 21) staff, etc.) 428AD is required, pursuant to City Planning Case No. 2013-4132 (CUB)(ZV), to comply with 31 different conditions of approval. Many of these conditions are operational in nature and relate to service and sales of alcohol. For example, 428AD staff must be trained via the Los Angeles Police Department’s Standardized Training for Alcohol Retailers (a.k.a. "STAR Training") and an electronic age verification device must be utilized to confirm that patrons are 21 years or over. A copy of City Planning Case No. 2013-4132(CUB)(ZV) is attached to this application for reference.
   b. Would the business duplicate a nearby business already in existence? No, 428AD is an extremely unique venue. 428AD is a small intimate live-music venue, where singer/songwriters can showcase new material in advance of general public release. It is uniquely situated to provide a necessary and valuable service to the Los Angeles based arts, music and entertainment industries.
   c. Other non-alcohol sales business options available so alcohol does not have to be sold, e.g., more specialty products, broader range of items like fresh meats or fruits and vegetables, etc. No / Not Applicable - A kitchen is not included as part of 428A, as it is operationally superfluous. Due to the shorter length of the musical sets, patrons will be served with small fare, which will be supplied by a continuous rotation of food trucks. The location does not have space for a kitchen and it is not within the focus of the operator’s business model.
The City Council will evaluate these factors and make a decision on the overall merits of your request. Therefore, you should answer below as to why you believe any of these above listed beneficial or detrimental conditions apply to your project and provide any documented proof to support your belief.**

Answers to the "above listed beneficial or detrimental conditions" applicable to 428AD have been provided above under each listed item/question. Additionally and where applicable, documentation that supports these responses and/or statements has been attached to this application.

** You may add additional pages to your response if needed. Please utilize numbering system of this form to assist in the review of the responses.

F. APPLICANT'S AFFIDAVIT

Under penalty of perjury the following declarations are made:

a. The undersigned is the owner or lessee if entire site is leased, or authorized agent of the owner with power of attorney or officers of a corporation (submit proof).

b. The information presented is true and correct to the best of my knowledge.

[Signature]

Date: 9/5/14

Signature of property owner if tenant or lessee is filing application

State of California
County of Los Angeles

On September 5, 2014, before me, Ruben Avitia, Notary Public, personally appeared Paul O'Brien and Timothy Krebs, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf on which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

[Seal]

Signature of Notary Public

The Planning Department has a list of private map makers who will prepare the names and addresses for you. This list is available at the public counter, 201 North Figueroa Street 4th Floor, or 6262 Van Nuys Boulevard, Van Nuys. Alternatively, you may obtain a list of such adjoining owners from the City Clerk's Office (Room 730, 201 North Figueroa Street) or from a title company and prepare the labels yourself.
From: Group SHS llc.
428 S. Hewitt St.
Los Angeles, CA 90013

Subject: “Letter of Public Necessity”

To Whom it May Concern:

This letter is to address this issue of public convenience.

As is conveyed by the statistics, there are two basic issues of concern, with regards to entitlement of another “onsale” license.

The first issue of concern is the average number of criminal offenses in a district. As our application indicates, we are in a district that has a higher average level of crime. What these statistics don't demonstrate is that this district is extremely segregated. Within the district is Little Tokyo and The Arts District. These communities have active BID patrols, busy retail, and are relatively low in crime.

As is pointed out by the Zoning Administrator's determination, this district also includes more depressed areas like Skid Row, Fabric District, and Dodger Stadium. These more depressed areas obviously have a different dynamic with regards to the levels of reported crimes. Please refer to the attached maps of police crime activity: item #1 and #2. Item #1 shows the district at large. Item #2 shows where crimes are happening in the district. Item #2 also shows a rough boundary of the Arts District.

As our business is focused on supporting the community's safety and have taken measures not only to deal with interior safety, but issues like exterior lighting, cameras, and security personnel. This will ensure an even safer environment.

The second issue pertains to the issue of over-saturation.

The focus of our business is to provide a destination for pedestrian traffic. The Arts District, and all of Downtown, is exploding with Projects like Barker Block and One Santa Fe. To answer this huge increase in population, we have positioned our business in the epicenter of the rapidly expanding Arts District.

We feel that our project, which includes a 3000 sq. ft. public garden, will be a focal point for residents, as well as exhibitions by local artists. Timothy Krehbiel, one of the partners executing the project, has resided at the property since 2001 and will continue to live on the second floor after we open. Another partner, Paul Oberman, has operated public spaces in the Arts District since the early 1990’s. (see wiki: Spanish Kitchen Arts District Los Angeles)

Here are some of the figures, which support a need for our project:

Since 2006, the Arts District has benefited from:

37% Increase in Downtown residency

20% Growth Among Major Branded hotels with the Addition of Over 1,000 Rooms

Approval of the Proposed NFL Stadium, Farmers Field
Completion of Major Entertainment Sites, Including LA Live and One Santa Fe

This population growth has created a need for destinations like ours, Item #4 shows Downtown's population growth over the last several years.

A quote from the determination letters for the Barker Block Development describes the spirit of development in the Arts District:

"Through renovation of the site, the Project will create no more than 297 new Joint Living and Work condominium units within the Artists-in Residence District and 3 commercial condominiums, which will help to further reinforce the existing artists' and artisans' community, create a more active 24-hour neighborhood, and provide needed accessory retail uses for the existing and new residents as well as for the numerous neighborhood businesses." (ZA-2005-3672(ZAD)(SPR))

We have gone to great lengths to address neighborhood concerns regarding our project at 428 Hewitt St.

In the spirit of outreach, we have presented the project at our local HOA's, LARABA, and BID (where our partner sits on the board). LARABA and the Neighborhood Council have issued letters of support.

Furthermore, we have done the following:

Retained professional security company to create a detailed security plan, including exterior dedicated patrol, lighting, and cameras. (available on request)

Retained professional, bonded, sound company to run two separate tests. The first for the impact of interior sound on the neighborhood. The second, with 150 people on the patio to test exterior sound impact on the neighborhood. There was zero sound impact on Molino Lofts and Barker Lofts. (available on request)

Hosted project “Open House” at project location (direct invitation to Barker Block HOA and Molino HOA), where sound tests and security reports were available. Also, the head of the security company was on hand to field questions.

Our project is exactly what the Arts District needs: A pedestrian accessible public space, which is born from the arts community and embraces it's spirit.

Regards,

Paul Oberman