

CITY OF LOS ANGELES  
CALIFORNIA

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June 25, 2015

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

Attention: Eric Villanueva

**REQUEST FOR AUTHORIZATION TO NEGOTIATE AND EXECUTE A NEW LEASE  
WITH FARIBA ATIGHEHCHI, dba 110 SUNSHINE SMOOTHIES DRNK COFFEE +  
TEA/QWENCH JUICE BAR FOR RETAIL SPACE AT 201 NORTH LOS ANGELES  
STREET IN LOS ANGELES CALIFORNIA**

The Department of General Services (GSD) requests authority to negotiate and execute a new Lease with Fariba Atighehchi, dba 110 Sunshine Smoothies, DRNK Coffee + Tea/Qwench Juice Bar for the operation of a coffee, fast-food and juice bar at 201 North Los Angeles Street in Los Angeles to expand her existing business. The term of the lease requested is 2 ½ years.

**BACKGROUND**

In February 2015, GSD released a Request for Proposals (RFP) to qualified vendors to operate a retail/commercial business at 201 North Los Angeles Street. Subsequently, it was discovered that the 2 ½ year term offered in the RFP was in conflict with the two year term recommended by the MFC on January 30, 2014. Considering the investment required to improve the spaces and time needed to recoup the outlay of expenses to start the business, the 2 ½ term would best serve the tenant's business plan. The City Attorney advised that since the council did not authorize the two year term, the term may be reconsidered by the MFC and the proposed amount of time to be added (6-months) may not be significant enough to warrant amending the RFP

GSD received one inquiry for space 23A by phone and three proposals for Space 10D. Ms. Atighehchi is currently operating a coffee / juice fast casual eatery in Space 24 on a month-to-month holdover. The subject retail spaces were awarded to Ms. Atighehchi based on her retail experience and financial wherewithal in operating her current business in the L.A. Mall, DRNK Coffee and Tea/Qwench Juice Bar.

Spaces 23A and 24 are located in the north food court in the L.A. Mall. Space 23A is approximately 476 square feet and is contiguous to Space 24, which is 1009 square feet. The proposer's plan is to combine the successful business at Space 24 which experiences customer lines out of the door with Space 23A to reduce crowding, benefiting the customer base with indoor seating. The proposal will require opening and supporting the adjoining walls. The tenant has experience in building improvements having several similar retail shops in the Los Angeles area. Space 10D, is a kiosk located on Los Angeles Street (east vehicle turn-in at CHE). It will serve as a separate component offering grab-and-go items comparable to items currently sold in Space 24. This space will not require much TI work because it's small area (403 sf) and unique façade (all glass).

The proposer is a current tenant in the L.A. Mall and is aware of the City's mandatory ordinance requirements including the Living Wage Ordinance and will conform accordingly upon notification by City staff.

The proposed lease agreement will contain the following:

#### TERMS AND CONDITIONS

LOCATION:	201 North Los Angeles Street
USE:	The sites will be operated as a coffee, juice and fast food establishment
TERM:	2 ½ years with one 2 ½ years extension option
SQUARE FEET:	Space 23A is approximately 476 square feet, Space 24 is approximately 1009 square feet and Space 10D is approximately 403 square feet
BASE RENT:	\$1.65 square foot per month for Space 10D \$1.45 square foot per month for Space 24
PERCENTAGE RENT:	6% (based on gross sales, or whichever is greater)
ESCALATION:	Commencing on the (1 <sup>st</sup> ) day of the second lease year and every lease year thereafter, a 3% rent rate will be charged

ADDITIONAL RENT: HVAC and Public Maintenance fee \$.40 sf per month (\$59.40). These additional rental charges are subject to a 3% annual increase commencing on the first day of the second lease year and every lease year thereafter until the lease expires, plus a monthly compactor fee of \$165.00 with a 5% annual step increase; and monthly Mall Merchants Association Dues for Space 10D will be \$6.05 and Space 24 will be \$22.28

PARKING: Up to (2) permits on Level P-1 City Hall East at \$132/mo per permit

SECURITY DEPOSIT: Tenant shall provide (2) months rent in advance as a security deposit

#### FISCAL IMPACT

The base rent from this coffee / juice fast food eatery will generate revenue to the General Fund in the amount of \$2,818.20 monthly or \$33,818.40 annually. The rent prices are based upon a recently (March 15, 2015) prepared third-party market rent analysis (attached) for the Los Angeles Mall. The proposed rental price is slightly higher than the market rental analysis rate.

#### RECOMMENDATION

That the Los Angeles City Council authorize the Department of General Services to negotiate and execute a new lease agreement with 110 Sunshine Smoothies to operate a fast casual eatery at 201 North Los Angeles Street under the terms and conditions substantially as outlined in this report.



Tony Royster  
General Manager

Attachment

HAMMAD & ASSOCIATES, INC.

**MARKET RENT VALUE CONCLUSION:**

	<b>Suite</b>	<b>Tenant Name</b>	<b>Square Footage</b>	<b>Power</b>	<b>Water</b>	<b>Market Rent</b>
Food court	101	Vacant	833		NO	\$1.25
Food court	102	Wok Inn	885	YES	NO	\$1.25
Food court	103	Vacant	968	YES	NO	\$1.25
Food court	104	California Salsa	1,110	YES	NO	\$1.25
Food court	105	Leon's House of Nutrition	893	YES	NO	\$1.25
Food court	106	Ichiban of Tokyo	937	YES	NO	\$1.25
East wing	2	GSD Public Safety Office	5,985	YES	NO	Na
East wing	3	City Storage	12,941	NA	NA	Na
East wing	3A	Vacant	2,230	NA	NO	\$1.00
East wing	4	CYS Pharmacy	11,910	YES	NO	\$0.65
East wing	6	Vacant	2,600	NA	NO	\$1.00
East wing	7	Café Saint Michel	925	YES	NO	\$1.25
East wing	8	Sandwich and Pastry Place	998	YES	NO	\$1.25
East wing	8A	GSD Central Duplicating	2,615	YES	NO	\$0.85
East wing	9	California Pita	1,881	YES	NO	\$1.25
East wing	9A	Vacant	640	NA	NO	\$1.00
East wing	10A	Lee, Dr. Arlene, Dentist	1,095	YES	NO	\$1.00
East wing	10B	GSD Mail Services Automation	1,239	YES	NO	Na
Sidewalk	10C	Chase Bank ATM	234	YES	NO	Na
Sidewalk	10D	Vacant	234	NA	NO	\$1.00
CHE	11	Vacant	463	NA	NO	\$1.00
West wing	12	Bilingual Foundation	4,119	NA	NO	\$0.80
West wing	13	GSD Civic Center Movers	802	YES	NO	\$1.00
West wing	13A	Better T C	172	YES	NO	\$1.50
West wing	13B	LAFCU ATM	72	YES	NO	Na
West wing	14B	Express Lotto	120	YES	NO	Na
West wing	15	ACEBSA	1,985	YES	NO	\$1.20
West wing	15	Vacant	1,040	NA	NO	\$1.00
West wing	16	Vacant	964	NA	NO	\$1.00
West wing	17	ACEBSA	1,537	YES	NO	\$1.20
West wing	18	Elite Dry Clean	723	YES	NO	\$1.00
West wing	18A	Affirmative Action Committee	282	YES	NO	\$1.00
West wing	18B	LADOT Transit Store	777	YES	NO	\$1.00
West wing	19	Sears Shoe Repair	884	YES	NO	\$1.00
West wing	21	LADOT Adjudication Div.	2,266	YES	NO	\$1.00
West Wing	22	Quizno's Sub	1,631	YES	NO	\$1.25
West wing	22A	Sbarro Italian Eatery	1,600	YES	NO	\$1.25
West wing	23	Federal Photo Studio & PO	1,232	YES	NO	\$1.00
West wing	23A	Vacant	660	NA	NO	\$1.00
West wing	24	Robeks & Coffre	1,009	YES	NO	\$1.25