

## Communication from Public

**Name:**

**Date Submitted:** 11/08/2021 09:42 PM

**Council File No:** 21-1238

**Comments for Public Posting:** The Board Report submitted by the El Pueblo Department indicates a corporate business transfer to individual merchants. If an existing merchant corporation is transferring a portion of its business, the stakeholder merchant must retain 51% and the 49% would go to added entity in the corporation, as stated in the Concession Agreement. If a business transfer is "sold" to another entity. The sale price must be stated to verify if the business was sold at a "market rate." Otherwise, if not at "market rate", the deficit is a "gift of public funds" and needs to be disclosed to the Controller, City Attorney and City Council. El Pueblo is owned by the City of Los Angeles and the Concession Agreement is a government contract. Recommendation (3) from the El Pueblo Department to the Arts, Parks, Health, Education and Neighborhoods Committee states, "3) Authorize the Department, with the assistance of the City Attorney, to make any technical corrections to effectuate the transfer of interest as detailed in this report." Unfortunately, the City Attorney's Office has made many errors on previous attempted transfers of merchants contracts at El Pueblo. This Board Report is vague at best.

## Communication from Public

**Name:**

**Date Submitted:** 11/08/2021 07:14 PM

**Council File No:** 21-1238

**Comments for Public Posting:** Objection to the transfer of W-17A Concession Agreement to Bertha Gomez based on the State of California's procedures for contracts and the City of Los Angeles contract requirements and due diligence to ensure Transferee as a qualified Contractee with regard to experience operating a restaurant that serves food and alcohol, financial feasibility and documentation of Ms. Gomez' "inability" to operate a profitable Center Puesto on Olvera Street as indicated in the C-9 Concession Agreement signed in 2010. Ms. Gomez opted to pay Tier B Rent-due to her inability to be profitable. At the very minimum a pro forma should have been submitted to the El Pueblo Commission to indicate Ms. Gomez' plan for transition that includes a budget for "County Health Permit Re-set", wages, improvements, etc. In addition, the City of Los Angeles has not disclosed Ms. Gomez' ability to pay the re-set of rent to Market Rate or a plan to Re-set the rent. The Board Report to the El Commission fails to inform the Board and the public of the financial disclosures regarding any sale of a concession or the ability of the transferee to perform according to the concession terms: 12.1.5. Re-set to Market Rate. If the City approves a transfer to a merchant pursuant to Section 12.1.1.2, upon the transfer, the Rent due hereunder from transferee re- sets to a market rate.....Thereafter, for all transfers approved by the City after the first 60 months of this Concession Agreement, transferee's Rent will be computed pursuant to Article 7. The Board Report failed to explain the structure of a corporate transfer: 12.1.2. Transfers to Qualified Entities. Any assignment permitted in this Article may be made to a legally formed and legally qualified entity (corporation, limited liability company or partnership) provided that such an assignee includes an assignee authorized by this Article who is the Majority Owner. The Majority Owner must be the day-to-day operator of the concession. Lastly, W-17's labor force was unionized. Where are the protections for the workers? Union wages should be calculated and included in a pro forma. The City of Los Angeles' lack of investigation into the financials and experience of Ms. Gomez and CD-14s involvement in the rush of the transfer of W-17 to an inexperienced operator is cause for alarm. Please do your due diligence and require financials and full disclosure of the corporate structure with regard to who will retain 51% interest in

the corporation and have a daily presence in the operation of the restaurant.